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**TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
SOUTH COVE LANDING**

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Exhibit "A" - Articles of Incorporation for South Cove Landing Boatslip Owners' Association, Inc.

Exhibit "B" - Bylaws for South Cove Landing Boatslip Owners' Association, Inc.

Exhibit "C" - Pier and Boatslips

DEC 8 2 17 PM '89
 FRED STEPHENS
 CLERK OF COURT

Recorded this 7 day of Dec, 1989
 Vol. 599 Page 142 and certified
 J. G. Smith
 Oconee County, S.C.

DRAWN BY AND MAIL TO:
 JENNIE G. MARSHALL
 PARKER, POE, ET AL
 2500 CHARLOTTE PLAZA
 CHARLOTTE, NC 28244

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FILED FOR RECORD
OCCONEE COUNTY

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
Dec 8 2 1989
SOUTH COVE LANDING

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made this 7th day of December, 1989 by CRESCENT RESOURCES, INC. (formerly Crescent Land & Timber Corp.), a South Carolina corporation, hereinafter referred to as "Declarant".

STATEMENT OF PURPOSE

Declarant is the owner of certain property located in Oconee County, South Carolina, which is more particularly described on that certain map recorded in Plat Book 257, Page 419 in the office of the Clerk of Court for Oconee County. Declarant desires to create on the property shown on said map an exclusive residential community of single-family residences to be named SOUTH COVE LANDING (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. Declarant further desires to construct and provide for the maintenance and upkeep of a lighted entrance monument to be located at the entrance to the Development, which entrance monument will be for the common use and benefit of all property owners in the Development. In addition, Declarant desires to construct a pier, containing boatslips, over the waters of Lake Keowee and adjoining a portion of the Development, which pier and boatslips will be for the common use and benefit of property owners in the Development whose property does not adjoin the waters of Lake Keowee, and to provide for the maintenance and upkeep of such pier, boatslips and the portion of the Development adjoining them.

Declarant desires to provide for a system whereby property owners in the Development whose property does not adjoin the waters of Lake Keowee will pay for the maintenance and upkeep of the pier, boatslips and adjoining land. Property owners in the Development whose property adjoins the waters of Lake Keowee will not pay for the cost of such maintenance and upkeep and will not be entitled to the use and enjoyment of the pier, boatslips and adjoining land.

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 property and each owner thereof.

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Declarant further desires to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the pier, boatslips and adjoining land and collecting and disbursing the assessments and charges hereinafter created, in order to efficiently preserve, protect and enhance the pier, boatslips and adjoining land and to insure the non-waterfront property owners' enjoyment of the specific rights, privileges and easements in and provide for the maintenance and upkeep of the pier, boatslips and adjoining land.

To that end the 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, SOUTH COVE LANDING BOATSLIP 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. "Access Lot" shall mean and refer to that certain 0.19 acre tract of land located in the Development which is adjacent to the Pier and which is more particularly shown and described as "Common Area A" on the Map, as well as all structures, lighting and other improvements located thereon. The Access Lot shall be owned by the Association for the common use, benefit and enjoyment of the Non-Waterfront Lot Owners, to provide access to and from the Pier and Boatslips. The Access Lot is adjacent to a public right-of-way.

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

Section 3. "Association" shall mean and refer to SOUTH COVE LANDING BOATSLIP OWNERS' ASSOCIATION, INC., a South Carolina non-profit corporation, its successors and assigns.

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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. "Boatslips" shall mean and refer to those certain four (4) boatslips located within the Pier which is constructed over the waters of Lake Keowee, which Boatslips are designated as Boatslips A through D on Exhibit "C" attached hereto and incorporated herein by reference, and which Boatslips are more particularly addressed in Article V, Section 8 of this Declaration.

Section 6. "Bylaws" shall mean and refer to the Bylaws for the Association attached as Exhibit "B" hereto and incorporated herein by reference.

Section 7. "Common Area" or "Common Areas" shall mean and refer to the Pier, Boatslips and Access Lot, collectively. The Common Areas shall be owned by the Association for the common use, benefit and enjoyment of the Owners of Non-Waterfront Lots only, subject to individual Non-Waterfront Lot Owners' exclusive rights to use specified Boatslips.

Section 8. "Declarant" shall mean and refer to Crescent Resources, Inc., its successors and assigns.

Section 9. "Development" shall mean and refer to South Cove Landing, a single-family residential development proposed to be developed on the Property by Declarant.

Section 10. "Entrance Monument" shall mean and refer to the easement area reserved and granted by Declarant in Article III, Section 9 hereof, over a portion of Lot 11 of the Subdivision, and the stone monument, entrance sign located on such monument, lighting, landscaping and other improvements to be constructed on such area, to be used for an entryway for the Subdivision and for the purposes set forth in said Article III, Section 9.

Section 11. "Lot" or "Lots" shall mean and refer to the separately numbered parcels depicted on the Map, which Lots do not include the Common Area.

Section 12. "Map" shall mean and refer to the map of South Cove Landing recorded in Plat Book 257, Page 419 in the office of the Clerk of Court for Oconee County, South Carolina.

Section 13. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 14. "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

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Section 13. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 14. "Non-Waterfront Lots" shall mean and refer to those Lots in the Development which do not adjoin the waters of Lake Keowee, which Non-Waterfront Lots are Lots 1, 2, 10 and 11, as shown on the Map.

Section 17. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including the Declarant if it owns any Lot, but excluding those having such interest merely as security for the performance of an obligation.

Section 18. "Pier" shall mean and refer to that certain pier or piers, containing the Boatslips, constructed over the waters of Lake Keowee, which Pier adjoins the Development at the Access Lot and which Pier is shown on Exhibit "C" attached hereto and incorporated herein by reference and is more particularly addressed in Article V, Section 8 of this Declaration.

Section 19. "Property" shall mean and refer to the property shown on the Map, exclusive of the public rights-of-way shown on the Map, which Property includes the Lots and the Access Lot.

Section 20. "Subdivision" shall mean and refer to South Cove Landing Subdivision, as the same is shown on the Map.

Section 21. "Waterfront Lots" shall mean and refer to those Lots in the Development which adjoin the waters of Lake Keowee, which Waterfront Lots are Lots 3 through 9, as shown on the Map.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

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

ARTICLE III

RESTRICTIONS

Section 1. Land Use and Building Type. All Lots in the Subdivision shall be known and described as residential lots

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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 2½ stories in height above ground shall be erected or permitted to remain upon any Lot. No mobile home, modular home or shell home may be erected or permitted to remain on any Lot. A private garage (not exceeding three car capacity), outbuildings and fixed piers and floating boat dock facilities incidental to the residential use of the Lot are expressly permitted upon the condition that they are not rented, leased nor otherwise used for remuneration, subject to the other covenants and restrictions contained herein. No garage or outbuildings shall at any time be used as a residence and no enclosed boat houses or two story piers are permitted. Piers, docks and boathouses shall be subject to approval by Duke Power Company and/or any governmental entity having jurisdiction at the time such improvements are made. Any ownership or leasing arrangement for a Lot meeting the definition of a "vacation time sharing ownership plan" or a "vacation time sharing lease plan", as defined in §27-32-10 S.C. Code of Laws, 1976, as amended, is hereby prohibited.

Section 2. Dwelling Size. The square footage requirements hereinafter set forth are enclosed heated floor area and are exclusive of the area in basements, unheated porches of any type, attached or detached garages, carports, and unheated storage areas, decks or patios.

(a) **For Waterfront Lots:** Any one story dwelling erected upon any Waterfront Lot shall contain not less than 1600 square feet; any 1½ story or split level or tri-level dwelling shall contain not less than 1800 square feet and the first floor shall contain not less than 1000 square feet; any 2 or 2½ story dwelling shall contain not less than 1800 square feet and the first floor shall contain not less than 1000 square feet.

(b) **For Non-Waterfront Lots:** Any one story dwelling erected upon any Non-Waterfront Lot shall contain not less than 1400 square feet; any 1½ story or split level or tri-level dwelling shall contain not less than 1600 square feet and the first floor shall contain not less than 1000 square feet; any 2 or 2½ story dwelling shall contain not less than 1600 square feet and the first floor shall contain not less than 1000 square feet.

In addition, any dwelling erected upon any Lot must front on Beech View Court.

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

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appearance and shall be constructed in a proper, workmanlike manner. No single-family residential dwelling costing less than \$50,000.00 (in terms of 1989 dollar value) shall be permitted on any Lot. 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 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 aesthetically 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) 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, and no metal, fiberglass, plastic or canvas tent, barn, carport, garage, utility building, storage building or other metal, fiberglass, plastic or canvas structure shall be erected on any Lot or attached to any residence.

Section 5. Building Setback Lines. No building on any Lot (including any stoops or porches) shall be erected or permitted to remain within the front (street right-of-way), rear, side or side abutting right-of-way (for a corner Lot) building setback lines as shown and/or noted on the Map. Notwithstanding any rear setback restriction noted on the Map, no building shall be erected or permitted to remain nearer than fifty (50) feet to the rear (waterside) lot line of any Waterfront Lot. Boathouses, piers and dock facilities are exempt from the rear setback restrictions provided they comply with the provisions set forth in Section 1 of this Article. 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. Any dwelling erected upon any Lot must front on Beech View Court.

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, but is not obligated, to waive in writing such

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violation of the setback covenants upon agreement of the Owner of the Lot upon which the violation occurs, provided that such change is not in violation of any zoning or subdivision ordinance or other applicable law or regulation.

Section 7. Combination or Subdivision of Lots. Should the Owner of a numbered parcel on the Map combine with portions of or all of another numbered parcel, the aggregate shall be considered as one Lot for the purpose of these covenants. No Lot shall be subdivided by sale or otherwise so as to reduce the Lot area shown on the Map. 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.

Section 8. Utility Easements. Easements for the installation and maintenance of utilities (electricity, septic, sewer, water, gas, telephone, cable t.v., etc.) and drainage facilities are reserved over the front and rear ten (10) feet of each Lot and the Access Lot. A drainage and utility easement five (5) feet in width is reserved along each side lot line of each Lot and the Access 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 said easements so reserved, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may interfere with drainage and the flow of water within the easement areas. The Owner of each Lot shall maintain that portion of said Lot lying within the easement areas as defined herein and shall maintain such improvements as may be located thereon except those improvements installed and maintained by a public authority or utility company. Declarant reserves the right to create and impose additional easements over any unsold Lot or Lots for street drainage, utility and entry signage installation purposes by the recording of appropriate instruments, and such shall not be construed to invalidate any of these covenants.

Section 9. Entrance Monument Easements. Non-exclusive perpetual easements for the purposes of landscaping and maintaining an entryway and erecting and maintaining an entrance monument for the Subdivision are hereby reserved by Declarant for itself, its successors in interest and assigns, and granted to the Owners, over the northwesterly corner of Lot 11 of the Subdivision, the location of which easements is shown and designated as "50' x 50' Sign Easement" on the Map (the "Easement Tract").

Declarant and/or the Owners, or any number of them, or any organization formed by them or Declarant for this purpose (for the purpose of this paragraph only, such parties shall be

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referred to collectively as the "Owners"), shall have the right to landscape and maintain the Easement Tract as an entryway to the Subdivision. Further, Declarant and/or the Owners shall have the right to erect and maintain a stone monument with an entrance sign thereon (collectively, the "Entrance Sign") on the Easement Tract bearing the name of the Subdivision and Declarant, which Entrance Sign shall be built to the applicable governmental standards for signs, and to erect and maintain lighting for the Entrance Sign, planters and other improvements typically used for an entryway (the Easement Tract, the Entrance Sign, lighting, landscaping and other improvements to be constructed on the Easement Tract are herein collectively referred to as the "Entrance Monument"). Declarant and/or the Owners shall have the right to go upon the Easement Tract in order to erect, repair and maintain the Entrance Monument, including the landscaping thereof and the erection and maintenance of the Entrance Sign, lighting, planters and landscaping thereon.

The Owners shall be responsible for repairing and maintaining the Entrance Monument, including the maintenance of the signage, planters and lighting located thereon, shall provide and pay for lighting of the signage located thereon, shall keep the Entrance Monument clean and free from debris and shall maintain the landscaping thereon in accordance with the highest standards for private parks, including any necessary removal and replacement of landscaping. The Owners may carry out these responsibilities through any association formed by the Owners or Declarant for this purpose.

Section 10. 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 or other metal fencing is not permitted, except that 2" x 4" metal mesh may be used with split rail fencing to contain animals or children within rear or side yards. Perimeter fencing shall not have more than fifty percent (50%) of any of its surface closed as viewed from a point on a line of sight perpendicular to the line of the fence. A wall constructed of brick or stone and used in lieu of a fence is exempt from the openness test.

Section 11. Signs. No signs of any kind shall be displayed to the public view on any Lot with the following exceptions which may not exceed five square feet in size: (a) one sign advertising the property for sale or rent; and (b) one sign used by a builder to advertise the property during the construction and sales period; and (c) temporary political signs. These restrictions shall never apply to permanent entry signs, or to temporary entry signs or advertising, or for sales

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signs installed by Declarant or its agents prior to the sellout of the Subdivision.

Section 12. Antennas; Satellite Dishes or Discs. No freestanding radio or television transmission or reception towers, antennas or discs shall be erected or maintained closer than 75 feet to the boundary line of Lake Keowee, or within the front or side yard setback of any Lot. Customary roof-mounted antennas which may extend not more than ten (10) feet above the highest roof line ridge of the house are permitted.

Section 13. 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 clothesline may be erected or maintained on any Lot other than a clothesline located directly behind and within thirty (30) feet of the residence. 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 14. Offstreet Parking. 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. No truck or commercial vehicle in excess of one-ton load capacity or any vehicle under repair, or any wrecked or junked motor vehicle shall be parked upon or permitted to remain on any Lot or the Access Lot. No trailer, mobile home, recreational vehicle, camper or boat shall be used as a residence, either temporarily or permanently, or be parked upon or be permitted to remain on the Access Lot for any period of time, or on any Lot for a period exceeding 24 hours unless it is parked off the street and not within the front or side yard setbacks of the Lot. All automobiles, trucks and other vehicles described above must have a current license plate affixed unless parked in an enclosed garage. No automobile, truck or any other vehicle shall be parked upon or permitted to remain on the Access Lot.

Section 15. Sewage Disposal and Wells. 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 well water and 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. No well shall be located closer than forty (40) feet from any side lot line unless an exception in writing is granted by Declarant.

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Section 16. Nuisances. No noxious or offensive trade or activity shall be carried on 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 except that dogs, cats, or other household pets may be kept or maintained provided they are not kept, bred, or maintained for commercial purposes. The number of household pets kept or maintained shall not exceed three (3) in number except for newborn offspring of such household pets which are under nine (9) months in age.

Section 17. 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, except during such reasonable time period as is necessary for completion. No construction materials of any kind may be stored within forty-five (45) feet of the street curb. Any damage to any street, curb or sidewalk or any part of any Common Area or any utility system caused by the Owner or the Owner's builder shall be repaired by such responsible Owner. The Owner of each Lot shall at all times keep contiguous public and private areas free from any dirt, mud, garbage, trash or other debris which is occasioned by construction of improvements on such Owner's Lot. Declarant may provide for the cleaning of public and private areas due to the activities of the Owner or Owner's builder and may assess the Owner a reasonable charge not to exceed the actual cost for such cleaning. Each Owner's builder shall, consistent with standard construction practices, keep all portions of the Lot free of unsightly construction debris and shall at all times during construction either provide dumpsters for the containment of garbage, trash or other debris which is occasioned by construction of improvements on a Lot, or take other measures consistent with standard construction practices necessary to keep the Lot free of such garbage, trash, or other debris.

ARTICLE IV

PROPERTY RIGHTS IN COMMON AREAS

Section 1. Ownership of Common Areas. Declarant shall convey the Common Areas to the Association. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas shall remain private property.

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and shall not be considered as dedicated to the use and enjoyment of the public.

Section 2. Non-Waterfront Lot Owners' Rights to Use and Enjoy Common Areas. Each Non-Waterfront Lot Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas which shall be appurtenant to and shall pass with the title to his 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 Non-Waterfront Lot Owners and the safety of all Non-Waterfront Lot Owners on the Common Areas;

(b) the right of the Association to suspend the voting rights of a Non-Waterfront Lot Owner in the Association and the right of the Association to suspend the right to use the Common Areas by a Non-Waterfront Lot 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; and

(d) The rights and easements herein reserved by Declarant to go upon the Common Areas in order to repair and maintain the Common Areas and for any other purpose required or permitted hereunder.

Owners other than Non-Waterfront Lot Owners shall have no rights to use the Common Areas.

Section 3. Delegation of Use. Any Non-Waterfront Lot Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities located thereon to the members of his family, his guests, or his tenants.

ARTICLE V

THE ASSOCIATION

Section 1. Membership. Every Owner of a Non-Waterfront Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Non-Waterfront Lot.

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

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

(b) Class B Lots. Class B Non-Waterfront Lots shall be all Non-Waterfront 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 Non-Waterfront Lot owned by it.

Section 3. Relinquishment of Control. Upon the expiration of five (5) full years after the registration of this Declaration, all of the Class B Non-Waterfront Lots shall automatically convert to Class A Non-Waterfront Lots, unless Declarant, in its sole discretion, elects to convert the Class B Non-Waterfront Lots to Class A Non-Waterfront Lots at an earlier time.

Section 4. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Common Areas as well as its own books, records, and financial statements available for inspection by all Non-Waterfront Lot Owners, Mortgagees holding Mortgages on Non-Waterfront Lots (hereinafter, "Non-Waterfront Lot Mortgagees") and insurers and guarantors of Mortgages that are secured by Non-Waterfront Lots. All such documents shall be available upon reasonable notice and during normal business hours. In addition, any Non-Waterfront Lot 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 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.

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Section 6. Maintenance. The Pier, Boatslips and Access Lot, being of benefit to all Non-Waterfront Lots, shall be maintained exclusively by the Association, which maintenance shall include landscaping. Maintenance for the Pier and Boatslips shall include the maintenance, repair and reconstruction, where necessary, of the Pier and Boatslips, including all lighting and other fixtures, poles, wires, railings and other facilities located thereon and providing and paying for the lighting thereof. Maintenance for the Access Lot shall include repair and maintenance of any structures and walkways located thereon, as well as providing, maintaining and paying for the lighting thereof to the extent necessary for the safety and enjoyment of the users thereof. The Association shall also maintain all utilities and all storm and drainage easements located within the Common Areas, together with common amenities located within the Common Areas not maintained by public entities or utilities.

The Association shall not be responsible for the maintenance of any Lots or the improvements within the boundaries thereof. The Owners shall be responsible for same.

Section 7. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of all Common Areas which the Association is obligated to maintain and in order to fund unanticipated expenses of the Association or to acquire furniture, equipment or services deemed necessary or desirable by the Board of Directors. Such reserve fund shall be collected and maintained out of the Boatslip Assessments, as hereinafter defined, as set forth in Article VI, Section 2(h) of this Declaration.

Section 8. Pier, Boatslips and Access Lot. The Association shall own, maintain, repair and, if destroyed, replace, as a common expense of the Association, the Pier and Boatslips constructed over Lake Keowee and attached to and adjoining the Development at the Access Lot, as well as the Access Lot.

In the initial deeds of the Non-Waterfront Lots, Declarant shall designate by letter designation one Boatslip as an appurtenance to each Non-Waterfront Lot conveyed. Such deed(s) shall provide that the grantee is granted the exclusive right to use such Boatslip. Once designated in such initial deed(s), the exclusive right to use a particular Boatslip shall not be separated from ownership, but rather shall run with the title to the Non-Waterfront Lot to which the Boatslip is designated as an appurtenance. Any deed, deed of trust, mortgage, transfer or other conveyance of such Non-Waterfront Lot shall also transfer or convey the right to use the Boatslip appurtenant thereto, even if not expressly included therein.

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In the event that the Pier contains more Boatslips than there are Non-Waterfront Lots in the Subdivision, then any Boatslip which is not designated as an appurtenance to a Non-Waterfront Lot shall remain the property of the Association. Such an undesignated Boatslip shall be owned by the Association for the common use and enjoyment only of the Owners of Non-Waterfront Lots, their families, guests and invitees, for the purpose of temporarily docking boats, and may not be leased by the Association to, or used by, any other party or the public. No boat or other recreational vehicle shall be permitted to remain overnight in any undesignated Boatslip.

The use of the Pier, Boatslips and Access Lot is and shall be subject to each of the following:

- (a) Rules and regulations for use promulgated by the Association;
- (b) All laws, statutes, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon; and
- (c) Rules and regulations for use by Duke Power Company, its successors and assigns.

Access for the Non-Waterfront Lot Owners to and from the Pier and Boatslips shall be over and across the Access Lot.

The Board of Directors, pursuant to the Bylaws attached hereto as Exhibit "B", shall adopt rules and regulations governing the use of the Pier, Boatslips and Access Lot and the personal conduct thereon of the Members and their families, guests and invitees. Should Members desire to amend such rules and regulations, then a meeting of the Members may be called and held, in accordance with Article III of the Bylaws, for the purpose of voting to amend such rules and regulations. If such a meeting is duly called and held, the Non-Waterfront Lot Owners may direct the Board of Directors to make such amendments to the rules and regulations governing the use of the Pier, Boatslips and Access Lot, including additions to and deletions of portions of such rules and regulations, as are approved by a vote of the Members, in accordance with Article III of the Bylaws.

The Pier and Access Lot may only be used by Owners of Non-Waterfront Lots, their families, guests and invitees. Each Boatslip may only be used by the Owner(s) of the Non-Waterfront Lot to which such Boatslip is designated, their families, guests and invitees.

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ARTICLE VI

COVENANT FOR BOATSLIP AND SPECIAL BOATSLIP ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Boat Slip and Special Boat Slip Assessments. The Declarant, for each Non-Waterfront Lot owned within the Property, hereby covenants, and each Owner of any Non-Waterfront 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 Boat Slip Assessments and Special Boat Slip Assessments, as hereinafter defined, for maintenance and repair costs of the Pier, Boat Slips and Access Lot, 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 Non-Waterfront Lot against which each such assessment or charge is made and upon the right to use the Pier, Access Lot and the Boat Slip appurtenant to such Non-Waterfront Lot. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Non-Waterfront Lot at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass to a Non-Waterfront Lot Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Boat Slip Assessments. The assessments to be levied annually by the Association against each Non-Waterfront Lot ("Boat Slip Assessments") shall be used as follows:

- (a) to maintain, repair and reconstruct, when necessary, the Pier and Boat Slips, including all lighting and other fixtures, poles, wires, railings and other facilities located thereon;
- (b) to maintain any and all drainage pipes, inlets, basins, ditches, swales and other facilities installed upon the Pier, Boat Slips and Access Lot;
- (c) to maintain, repair and reconstruct, when necessary, any and all structures, lighting fixtures, poles, wires, railings and other facilities located upon the Access Lot;
- (d) to provide and pay for lighting of the Pier, Boat Slips and the Access Lot, to the extent necessary for the safety and enjoyment of the users thereof;
- (e) to keep the Pier, Boat Slips and Access Lot clean and free from debris, to maintain same in a clean and orderly condition and to maintain the landscaping on

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the Access Lot in accordance with the highest standards for private parks, including any necessary removal and replacement of landscaping;

- (f) to pay all ad valorem taxes levied against the Pier, Boatslips and Access Lot and any other property owned by the Association in connection therewith;
- (g) to pay all lease payments, if applicable, to Duke Power Company for the lease of the land on which the Pier and Boatslips are located;
- (h) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;
- (i) 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;
- (j) to provide any other service which the Association is authorized to provide; and
- (k) to maintain a contingency reserve equal to 10% of the sum of the amounts needed to carry out the purposes described in subsections (a) through (j) above for the purposes set forth in Article V, Section 7 hereof.

Section 3. Payment of Boatslip Assessments: Due Dates.

The Boatslip Assessments provided for herein shall commence as to each Non-Waterfront Lot on January 1, 1990. The Boatslip Assessments for the calendar year 1990 shall be Four Hundred Thirty-five Dollars (\$435.00) per Non-Waterfront Lot, one-half (1/2) of which amount shall be due and payable no later than January 31, 1990 and the remaining one-half (1/2) of which amount shall be due and payable no later than July 31, 1990. The Boatslip Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 4 of this Article VI, and shall be due and payable in two (2) semi-annual installments of one-half (1/2) each, such installments being due and payable no later than January 31 and July 31, respectively, of each such year. The Board of Directors shall fix the amount of the Boatslip Assessment as to each Non-Waterfront 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 Boatslip Assessment, as well as the amount of the first installment due, to each Non-Waterfront Lot Owner on or before January 1 of such year. In addition, the Association shall send written notice that the second Boatslip Assessment installment is due and the amount of such installment to each Non-Waterfront Lot Owner on or before July 1 of each year. Should a Non-Waterfront Lot be conveyed by an Owner during a calendar year, then the Boatslip Assessment applicable to such

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Non-Waterfront Lot shall be prorated between the buyer and seller of such Non-Waterfront Lot as of the date of closing of such conveyance.

Section 4. Maximum Boatslip Assessment.

(a) For calendar years 1991 and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Boatslip Assessments each year by a maximum amount equal to the previous year's Boatslip Assessments times the greater of (1) ten percent (10%), or (2) 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 Boatslip Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Boatslip Assessments may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members.

(b) From and after January 1, 1991, the Boatslip Assessments may be increased without limitation if such increase is approved by a vote of no less than two-thirds (2/3) of all votes entitled to be cast by Members, taken at a duly held meeting of the Members in accordance with the Bylaws.

(c) The Board of Directors may fix the Boatslip Assessments at an amount not in excess of the maximum set forth in Subparagraph (a) above (the "Maximum Boatslip Assessment"). If the Board of Directors shall levy less than the Maximum Boatslip Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association as to the Pier, Boatslip and Access Lot cannot be funded by such lesser assessment, the Board may, by a vote in accordance with the Bylaws, levy a supplemental Boatslip Assessment ("Supplemental Boatslip Assessment"). In no event shall the sum of the Boatslip and Supplemental Boatslip Assessments for any year exceed the applicable Maximum Boatslip Assessment for such year.

Section 5. Special Assessments for Boatslip Improvements. In addition to the Boatslip Assessments authorized above, the Association may levy, in any assessment year, a special Boatslip Assessment ("Special Boatslip Assessment") applicable to that year only for the purpose of defraying, in whole or in

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part, the cost of any construction, reconstruction, repair or replacement of the Pier and Boatslips, and any capital improvement located on the Access Lot, including lighting and other fixtures, poles, wires, gailings and other facilities located thereon and personal property related thereto. Provided that any such assessment must be approved by a vote of no less than two-thirds (2/3) of all votes entitled to be cast by Members, taken at a duly held meeting of such Members in accordance with the Bylaws.

Section 6. Assessment Rate. Both Boatslip and Special Boatslip Assessments must be fixed at a uniform rate for all Non-Waterfront Lots.

Section 7. 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 Non-Waterfront Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Non-Waterfront Lot is binding upon the Association as of the date of its issuance.

Section 8. Special Assessments Regarding Damage to Common Property. In addition to the powers for assessments set forth herein, the Board of Directors shall have the power to levy a special assessment applicable to any particular Non-Waterfront Lot Owner responsible for damage to Common Area(s) through intentional conduct or any act or omission of himself, members of his family, his agents, guests, employees or invitees.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any Boatslip Assessment installment not paid by its due date as set forth in Section 3 of this Article VI, 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 Non-Waterfront Lot 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 Non-Waterfront Lot Owner or foreclose the lien against the Non-Waterfront Lot and the right to use a Boatslip in the manner provided by law for the foreclosure of real estate mortgages, 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 Non-Waterfront Owner may waive or otherwise escape liability for the assessments provided for herein by not using the Common Areas and/or his Boatslip or by abandoning his Non-Waterfront Lot. The Association shall be obligated to perform its obligations and provide the services provided for hereunder

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only to the extent that the Non-Waterfront Lot Owners fully and timely pay to the Association all assessments to be paid by them, as provided in Article VI of this Declaration.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Article VI shall be subordinate to the lien of any first Mortgage on a Non-Waterfront Lot or any mortgage or deed of trust to the Declarant. Sale or transfer of any Non-Waterfront Lot shall not affect the assessment lien. The sale or transfer of any Non-Waterfront 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 a Boatslip or Special Boatslip Assessment, as applicable, collectable pro rata from all Non-Waterfront Lot Owners, including the foreclosure sale purchaser. Such pro rata portions are payable by all Non-Waterfront Lot Owners notwithstanding the fact that such pro rata portions may cause the Boatslip Assessment to be in excess of the Maximum Boatslip Assessment permitted hereunder. No sale or transfer shall relieve the purchaser of such Non-Waterfront 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 VII

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. All improvements and all fixtures and personal property included in the Common Area and all personal property and supplies belonging to the Association shall be insured in an amount equal to 100% of the current replacement cost (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 or other hazards covered by a standard extended coverage endorsement, windstorm and water damage, vandalism and malicious damage and all perils covered by a standard "all risk" endorsement. All such policies shall provide that adjustment of loss shall be made by the Board of Directors. In

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addition to the provisions and endorsements set forth in Section 4 of this Article, the fire and casualty insurance described herein shall contain the following provisions:

(i) a waiver by the insurer of its right to repair and reconstruct instead of paying cash;

(ii) standard "Agreed Amount" and "Inflation Guard" endorsements;

(iii) construction code endorsements if the Common Area becomes subject to a construction code provision which would require changes to undamaged portions of any building thereby imposing significant costs in the event of partial destruction of such building by an insured peril;

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

(v) a provision that the coverage will not be prejudiced by act or neglect of one or more Non-Waterfront Lot 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 fire and casualty 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 Non-Waterfront Lot Owners or Non-Waterfront Lot 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 Non-Waterfront Lot Owners or Non-Waterfront Lot 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 as the Development, covering each member of the Board of Directors, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$1,000,000 per occurrence against

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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 also protect against legal liability arising out of lawsuits related to employment contracts of the Association. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Non-Waterfront Lot Owners as a group to a single Non-Waterfront Lot 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 Non-Waterfront Lot 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. The fidelity insurance policy shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the Association's estimated annual operating expenses and reserves. 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 Non-Waterfront Lot Owners pursuant to Article VI 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 cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the named insured, any Insurance Trustee and all Non-Waterfront Lot Mortgagees; and

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(c) coverage that cannot be cancelled, 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 Non-Waterfront Lot Owner or any Non-Waterfront Lot 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 "AAA" 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 boat or other personal property belonging to or used by any Non-Waterfront Lot Owner or his family, guests or invitees, located on or used at the Pier, Boatslips or Access Lot. Further, the Association or the Declarant shall not be responsible or liable for any damage or loss to or of said boat, its tackle, gear, equipment or other property located thereon, or any other personal property of any Non-Waterfront Lot Owner, his family, guests or invitees located on or used at the Pier, Boatslips or Access Lot. Each Non-Waterfront Lot Owner shall be solely responsible for all such boats and other personal property and for any damage thereto or loss thereof, and shall be responsible for the purchase of, at such Owner's sole cost and expense, any liability or other insurance for damage to or loss of such property.

ARTICLE VIII

RIGHTS OF NON-WATERFRONT LOT MORTGAGEES

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

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or

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improvements thereon which are owned, directly or indirectly, by the Association (the granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause);

(b) 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 the Common Area on a current replacement cost basis in an amount not less than 100% of the insurable value as set forth in Article IX; or

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

Section 2. Additional Rights. Any Non-Waterfront Lot 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 Non-Waterfront 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 or loss by eminent domain or other taking of the Common Areas or any Non-Waterfront 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 Common Areas or Non-Waterfront Lots; and

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(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 Non-Waterfront Lot Mortgagee desires the provisions of this Section 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 Non-Waterfront Lot or Lots upon which any such Mortgagee holds any Mortgage or identifying any Non-Waterfront 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 Non-Waterfront Lot 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 Non-Waterfront Lot 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 IX

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 Area, exclusive of compensation for consequential damages to certain affected Lots, shall be paid to the Board of Directors in trust for all Non-Waterfront Lot Owners and their Mortgagees according to the loss or damages to their respective interests in such Common Area. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Non-Waterfront Lot Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Area, without limitation on the right of the Non-Waterfront Lot Owners to represent their own interests. Each Non-Waterfront Lot Owner, by his acceptance of a deed to a Non-Waterfront 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 Area.

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Such proceeds shall be used to restore the Common Area 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 Area. 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 Board of Directors, 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 Non-Waterfront Lot Owners with respect to Common Area as provided in Section 1 of this Article 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 Common Area 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 Area 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 Article VIII, Section 2 hereof.

ARTICLE X

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 and the Association to abide by the terms, covenants and restrictions contained in this Declaration

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would result in irreparable damage to Declarant and its reputation. Accordingly, Declarant, during the term of this Declaration as set forth in Section 4 of this Article X, as well as any Owner or Owners, shall have the right to enforce all of the restrictions, conditions, covenants and reservations now or hereafter imposed by Articles I through III 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 or reservation, either to restrain violation thereof or to recover damages therefor.

In addition, Declarant, the Association, and any Non-Waterfront Lot Owner or Owners, shall have the right to enforce all of the restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by Articles IV through IX 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 Non-Waterfront Lot Owner and the Declarant shall have all appropriate remedies at law or in equity to enforce the provisions of Articles IV through IX of this Declaration and the Bylaws and any duly authorized rules and regulations governing the Common Areas against the Association. The Association hereby covenants and agrees that it shall, upon the request of Declarant, enforce any restriction, condition, covenant or reservation contained in Articles IV through IX of this Declaration deemed by Declarant, in its sole discretion, to have been violated, using all remedies available to the Association at law or in equity.

The Declarant hereby reserves the right and easement to go upon the Entrance Monument at any time in order to repair and maintain the Entrance Monument where needed, in Declarant's sole discretion, to bring the Entrance Monument within the standards required by Declarant. Should Declarant so go upon the Entrance Monument to perform maintenance and repairs for such purpose, the Owners, and each one of them, hereby agree to reimburse Declarant in full for the cost of such maintenance and repairs, upon receipt of a statement for such cost from Declarant.

The Declarant hereby reserves the right and easement to go upon any portion of the Common Area at any time in order to repair and maintain the Common Area where needed, in Declarant's sole discretion, to bring the Common Area within the standards required by Declarant. Should Declarant so go upon the Common Area to perform maintenance and repairs for such purpose, the Association hereby agrees to reimburse Declarant in full for the cost of such maintenance and repairs, upon receipt of a statement for such cost from Declarant.

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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.

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

Section 3. Amendment. The covenants and restrictions of this Declaration may be amended at any time and from time to time by an agreement signed by a majority of the Owners whose Lots are then subject thereto; provided, however, that such amendment must be consented to by Declarant so long as Declarant is the owner of any Lot in the Development. Further provided that any amendment affecting only provisions of Articles IV through IX hereof and/or the Non-Waterfront Lots, Pier, Boatslips or Access Lot must be approved only by a vote of no less than two-thirds (2/3) of all votes entitled to be cast by Members, and by Declarant, so long as Declarant is the Owner of any Non-Waterfront Lot. Any amendment to this Declaration shall not become effective until the instrument evidencing such change has been filed of record.

Notwithstanding the foregoing, the consent of two-thirds (2/3) of the Owners and the approval of Mortgagees holding Mortgages on two-thirds (2/3) of the Lots, plus the written consent of 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 hereunder provided for in Section 1 of this Article X. The consent of at least two-thirds (2/3) of the Owners and the approval of Mortgagees holding Mortgages on at least a majority of the Lots shall be required to add or amend any material provision of this Declaration which establishes, provides for, governs or regulates any of the following:

- (a) boundaries of any Lot;
- (b) leasing of Lots;
- (c) responsibility for maintenance and repair of the Entrance Monument;
- (d) imposition of any right of first refusal or similar restriction on the right of any Lot Owner to sell, transfer, or otherwise convey his or her Lot; and
- (e) any provisions which are for the express benefit of Mortgagees or insurers or guarantors of Mortgages, and which provisions are not limited to Non-Waterfront Lot

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Mortgagees or insurers or guarantors of Mortgages on Non-Waterfront Lots.

The consent of the Non-Waterfront Lot Owners holding two-thirds (2/3) of the votes in the Association and the approval of Mortgagees holding Mortgages on Non-Waterfront Lots to which at least two-thirds (2/3) of the votes of the Association are appurtenant, plus the written consent of Declarant shall be required to terminate the legal status of the Association or to convey any portion of the Common Area to any other party. The consent of the Non-Waterfront Lot Owners having at least two-thirds (2/3) of the votes in the Association and the approval of Mortgagees holding Mortgages on Non-Waterfront Lots to which at least a majority of the votes are appurtenant shall be required to add or amend any material provision of this Declaration which establish, provide for, govern or regulate any of the following:

- (a) assessments, assessment liens or subordinations of such liens;
- (b) reserves for maintenance, repair and replacement of the Common Areas;
- (c) insurance or fidelity bonds;
- (d) rights to use of the Common Areas;
- (e) responsibility for maintenance and repair of the Common Areas;
- (f) the interest in the Common Areas;
- (g) convertibility of Lots into Common Areas or of Common Areas into Lots;
- (h) any provisions which are for the express benefit of Non-Waterfront Lot Mortgagees or insurers or guarantors of Mortgages on Non-Waterfront Lots.

An addition or amendment to the Declaration shall not be considered material if it is for the purpose of correcting technical errors or for clarification only. A Mortgagee who receives a request to approve non-material additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section 4. Term. The covenants and restrictions of this Declaration are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of 25 years from the date this Declaration is recorded; after which time said covenants and restrictions shall be

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automatically extended for successive periods of ten (10) years unless an instrument signed by two-thirds (2/3) 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 Article III, Section 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.

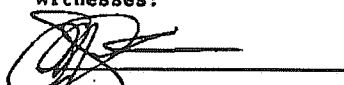
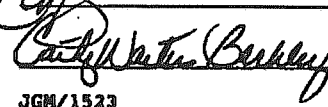
CRESCENT RESOURCES, INC.,
a South Carolina Corporation

ATTEST:

Assistant Secretary

By: 
Vice President

[CORPORATE SEAL]

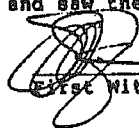
Witnesses:



JGM/1523

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STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

Personally appeared before me, Steve Schrafer
and made oath that he/~~she~~ saw the within named Crescent
Resources, Inc. by Robert B. Dienst, its Vice President
and Edward S. Helms, Jr., its Assistant Secretary Sign, Seal
and as the Corporate Act and Deed deliver the within written
instrument; and that he/~~she~~ with Cathy Walters Barkley
witnessed the execution thereof and saw the corporate seal
thereto affixed.



Notary Public

Sworn to before me this 7th
day of December A.D. 1989
Cathy Walters Barkley (L.S.)
Notary Public for North Carolina

My Commission Expires October 27, 1993

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EXHIBIT "A"
TO
DECLARATION
FOR
SOUTH COVE LANDING

True Copy of Articles of Incorporation for
South Cove Landing Boatslip Owners' Association, Inc.

See Rider #1 Attached

DECLARATION AND PETITION FOR INCORPORATION
APPLICATION MUST BE TYPED
DO NOT FILE IN DUPLICATE

THIS IS A CERTIFIED AND TRUE COPY OF THE ORIGINAL
PARKER, POE, THOMPSON,
BERNSTEIN, GAGE & PRESTON

James Marshall

RIDER #1 TO
EXHIBIT "A" TO
DECLARATION

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The undersigned declare and petition:

| NAME | ADDRESS |
|----------------------|---|
| Stephen H. Schreiner | 400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28230 |
| Baron Aronson | 400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28230 |
| Robert B. Sienst | 400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28230 |

being two or more of the officers or agents appointed to incorporate or manage the affairs of South Cove Landing Boatlift Owners' Association, Inc.

is an association which has been duly and regularly organized for the purposes hereinafter to be set forth, do affirm and declare that at a meeting of the aforesaid organization, held pursuant to the by-laws or regulations of the said organization, they were authorized and directed to execute the foregoing.

That the said organization holds, or desires to hold, property to common for a religious, educational, social, fraternal, charitable or other non-profit purpose, or any two or more of said purposes, and is not organized for the purpose of profit as to the members, otherwise than to share equal, or for the promotion of life, health, welfare or property; and that the same does not exist in the State of North Carolina.

Journal/Tribune newspaper published in the County of Catawba

has been given that the aforesaid Declaration would be filed.

The said Declaration and Petition further declare and affirm:

FIRST. That names and addresses are as above given.
SECOND. The name of the proposed Corporation is South Cove Landing Boatlift Owners' Association, Inc.

THIRD. The place at which it proposes to have its headquarters or to be located is c/o Captain Harquiesse, Inc.
400 South Tryon Street, Suite 1300, in the City of Charlotte, North Carolina 28230

FOURTH. The purpose of the said proposed Corporation is to further social activities of property owners of non-waterfront lots in South Cove Landing subdivision located in Catawba County and in connection therewith to provide services to such property owners, manage and maintain their common properties and administer and enforce all covenants and restrictions imposed on South Cove Landing.

FIFTH. The names and residences of all Managers, Trustees, Directors or other officers, are as follows:

| NAMES | TITLE | ADDRESS |
|----------------------|----------|---|
| Stephen H. Schreiner | Director | 400 S. Tryon St., Suite 1300 Charlotte, N.C. 28230 |
| Baron Aronson | Director | 400 S. Tryon St., Suite 1300 Charlotte, N.C. 28230 |
| Robert B. Sienst | Director | 400 S. Tryon St., Suite 1300 Charlotte, N.C. 28230 |

SIXTH. That they desire to be incorporated in perpetuity in the State of North Carolina.
Wherefore your petitioners pray that the Secretary of State do issue to the aforesaid

South Cove Landing Boatlift Owners' Association, Inc.

A Certificate of Incorporation, with all rights, powers, privileges and immunities, and subject to all the limitations and liabilities contained by Title 54, Chapter 54, 1976 Code, and Acts amendatory thereto, to provide for the incorporation of Religious, Educational, Social, Fraternal or Charitable Churches, Lodges, Unions, Associations, or Companies, and for amending the Charter of such aforesaid entities and to be filed.

Given by:

Stephen H. Schreiner
Baron Aronson
Robert B. Sienst

On October 3, 1979

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INSTRUCTIONS

FILING FEES—Charter, Religious Organizations, Religious Societies, Religious Institutions and Veterans File
 Corporations \$1.00
 Other Non-profit Corporations \$1.00
 All fees are payable to the Secretary of State.
 Two affidavits are all that is required.
 Name the purpose of your organization clearly in general terms. Do not attempt to include details unless they should go into your by-laws, or specifically ask for certain powers granted under the law to all corporations such as the right to buy and hold property, to have a common seal, etc.

SHOULD ASSOCIATION BE OTHER THAN A SOCIETY, HAVE THE SHERIFF ENDORSE THE PETITION.

THE AFFIDAVIT BELOW MUST BE COMPLETED BEFORE THE CHARTER WILL BE ISSUED.

AFFIDAVIT SUBMITTED AS A PART OF THE DECLARATION AND PETITION FOR INCORPORATION OF A PROPOSED CORPORATION

FROM NAME South Cove Landing Boatlift Owners' Association, Inc.
 NORTH
 STATE OF NORTH CAROLINA
 IN COUNTY OF SHERBEE

We undersigned Stephen H. Schreiner
Sharon Arrwood
Robert B. Biesat

do hereby certify that they are the officers or persons signing the petition for incorporation of a non-profit corporation having no capital stock, that all the facts in the petition are true and correct and that the corporation will not operate for a profit for itself or any of its members.

Stephen H. Schreiner
Sharon Arrwood
Robert B. Biesat

Given to make this 20
 day of December 1989
Cody A. Bisher
 NORTH
 County Public SHERBEE Carolina
 My commission expires 12-31-93

IN THE EVENT IT IS FOUND THAT THE CORPORATION IS OPERATED FOR PROFIT, THIS MAY BE GROUNDS FOR REVOCATION OF CHARTER.
 BY: SHERBEE

SHERIFF'S SIGNATURE

PLEASE MAIL THIS APPLICATION WITH CORRECT REMITTANCE TO: SECRETARY OF STATE P. O. BOX 11330, COLUMBIA, NORTH CAROLINA 29211

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EXHIBIT "B"
TO
DECLARATION
FOR
SOUTH COVE LANDING

True Copy of Bylaws for
South Cove Landing Boatslip Owners' Association, Inc.

See Rider #1 Attached

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THIS IS A CERTIFIED AND TRUE COPY OF THE ORIGINAL
PARKER, POE, THOMPSON,
BERNSTEIN, GAGE & FRESTON
James H. Marshall

RIDER #1 TO
EXHIBIT "B" TO
DECLARATION

BYLAWS
OF
SOUTH COVE LANDING BOATSLIP OWNERS' ASSOCIATION, INC.

ARTICLE I

NAME, LOCATION, AND PURPOSE

Section 1. Name. The name of the corporation is SOUTH COVE LANDING BOATSLIP OWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association."

Section 2. Location. The principal office of the Association shall be located in either Richland or Oconee County, South Carolina, or Mecklenburg County, North Carolina. The registered office of the Association must be located in South Carolina and may be, but need not be, identical with the principal office.

Section 3. Purpose. The purposes for which the Association is organized are to further social activities of property owners of Non-Waterfront Lots in South Cove Landing subdivision located in Oconee County and in connection therewith to provide services to such property owners, manage and maintain their common properties and administer and enforce all covenants and restrictions dealing with their common properties located in South Cove Landing, and any other purposes allowed by law.

ARTICLE II

DEFINITIONS

Section 1. "Access Lot" shall mean and refer to that certain 0.19 acre lot located in the Development which is adjacent to the Pier and which is more particularly shown and described as "Common Area A" on the Map, as well as all structures, lighting and other improvements located thereon. The Access Lot shall be owned by the Association for the common use, benefit and enjoyment of the Non-Waterfront Lot Owners, to provide access to and from the Pier and Boatslips. The Access Lot is adjacent to a public right-of-way.

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

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Section 1. "Association" shall mean and refer to SOUTH COVE LANDING BOATSLIP 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 these Bylaws.

Section 5. "Boatslips" shall mean and refer to those certain four (4) boatslips located within the Pier which is constructed over the waters of Lake Keowee, which Boatslips are designated as Boatslips A through D on Exhibit "C" attached to the Declaration and incorporated herein by reference, and which Boatslips are more particularly addressed in Article V, Section 8 of the Declaration.

Section 6. "Bylaws" shall mean and refer to these Bylaws.

Section 7. "Common Area" or "Common Areas" shall mean and refer to the Pier, Boatslips and Access Lot, collectively. The Common Areas shall be owned by the Association for the common use, benefit and enjoyment of the Owners of Non-Waterfront Lots only, subject to individual Non-Waterfront Lot Owners' exclusive rights to use specified Boatslips.

Section 8. "Declarant" shall mean and refer to Crescent Resources, Inc., its successors and assigns.

Section 9. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for South Cove Landing applicable to the Property executed by Declarant and recorded in the office of the Clerk of Court for Oconee County, South Carolina.

Section 9. "Development" shall mean and refer to South Cove Landing, a single-family residential development proposed to be developed on the Property by Declarant.

Section 10. "Lot" or "Lots" shall mean and refer to the separately numbered parcels depicted on the Map, which Lots do not include the Common Area.

Section 11. "Map" shall mean and refer to the map of South Cove Landing Subdivision recorded in Plat Book 257, Page 419 in the office of the Clerk of Court for Oconee County, South Carolina.

Section 12. "Member" shall mean and refer to every person or entity who holds membership in the Association, who shall be every Owner of a Non-Waterfront Lot.

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

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

Section 15. "Non-Waterfront Lots" shall mean and refer to those Lots in the Development which do not adjoin the waters of Lake Keowee, which Non-Waterfront Lots are Lots 1, 2, 10 and 11, as shown on the Map.

Section 16. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including the Declarant if it owns any Lot, but excluding those having such interest merely as security for the performance of an obligation.

Section 17. "Pier" shall mean and refer to that certain pier or piers, containing the Boatslips, constructed over the waters of Lake Keowee, which Pier adjoins the Development at the Access Lot and which Pier is shown on Exhibit "C" attached to the Declaration and incorporated herein by reference and is more particularly addressed in Article V, Section 8 of the Declaration.

Section 18. "Property" shall mean and refer to the property shown on the Map, which Property includes the Lots and the Access Lot.

Section 19. "Subdivision" shall mean and refer to South Cove Landing Subdivision, as the same is shown on the Map.

Section 20. "Waterfront Lots" shall mean and refer to those Lots in the Development which adjoin the waters of Lake Keowee, which Waterfront Lots are Lots 3 through 9, as shown on the Map.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held on the first (1st) Tuesday in March of 1990, and each subsequent regular annual meeting of the Members shall be held on the first (1st) Tuesday in March each year thereafter, at the hour of 7:00 o'clock, P.M. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes appurtenant to the Non-Waterfront Lots.

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Section 3. Place of Meetings. All meetings of the Members shall be held at such place, within Mecklenburg County, North Carolina or Oconee County, South Carolina, as shall be determined by the Board of Directors of the Association.

Section 4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the date of such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5. Classes of Non-Waterfront Lots and Voting Rights. The voting rights of the Membership shall be appurtenant to the ownership of Non-Waterfront Lots. There shall be two classes of Non-Waterfront Lots with respect to voting rights.

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

(b) **Class B Non-Waterfront Lots.** Class B Non-Waterfront Lots shall be all Non-Waterfront 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 Non-Waterfront Lot owned by it.

Section 6. Relinquishment of Control. Upon the expiration of five (5) full years after the registration of the Declaration, all of the Class B Non-Waterfront Lots shall automatically convert to Class A Non-Waterfront Lots, unless Declarant, in its sole discretion, elects to convert the Class B Non-Waterfront Lots to Class A Non-Waterfront Lots at an earlier date.

Section 7. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, a majority of

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the votes appurtenant to the Non-Waterfront Lots shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Non-Waterfront Lot.

Section 9. Action by Members. Except as provided otherwise in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a vote of no less than two-thirds (2/3) of all votes present at a duly held meeting of the Members at which a quorum is present shall be regarded as the act of the Members.

Section 10. Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by him of the time and place thereof except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.

Section 11. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number. The business and affairs of the Association shall be managed by a Board of three directors, who need not be Members of the Association.

Section 2. Initial Directors. The initial directors shall be selected by the Declarant. Such initial directors shall serve at the election of the Declarant from the date upon which

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the Declaration is recorded in the office of the Clerk of Court for Oconee County until such time as their successors are duly elected and qualified.

The names of the persons who shall serve on the initial Board of Directors from the date upon which the Declaration is recorded in the office of the Clerk of Court for Oconee County until such time as their successors are duly elected and qualified are as follows:

| Name | Address |
|----------------------|---|
| Stephen M. Schreiner | 400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28230 |
| Sharon Arrowood | 400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28230 |
| Robert B. Dienst | 400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28230 |

Section 3. Nomination. Nomination for election to the Board of Directors shall be made from the floor at the first meeting of the Members. After the first election of directors, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4. Election. Except as provided in Section 6 of this Article, Directors shall be elected at the annual meeting of the Members by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Term of Office. Each director shall hold office for the term for which he was elected, or until his death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. At the first annual meeting of the Members, the Members shall elect one (1) member of the Board of Directors for a term of three (3) years,

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who shall be the person receiving the largest number of votes, one (1) Member of the Board of Directors for a term of two (2) years, who shall be the person receiving the second largest number of votes, and one (1) Member of the Board of Directors for a term of one (1) year, who shall be the person receiving the third largest number of votes. At all annual elections thereafter, a director shall be elected by the Members to succeed that director whose term then expires. Nothing herein contained shall be construed to prevent the election of a director to succeed himself.

Section 6. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 7. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Meetings of the Board of Directors shall be held on a regular basis as often as the Board sees fit, but no less often than quarterly, on such days and at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the directors and filed with the minutes of

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the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairmen of the Board of Directors shall be elected by the directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board of Directors and serve until a new President is elected.

Section 6. Liability of the Board. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Owner(s).

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights of a Member and right of a Member to use of the Pier, Access Lot and a Boatslip during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

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

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent

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from three (3) consecutive regular meetings of the Board of Directors;

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties.

(f) Employ attorneys to represent the Association when deemed necessary;

(g) Grant easements for the installation and maintenance of sewer or water lines and other utilities or drainage facilities upon, over, under and across the Common Area without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Property;

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

(i) Do anything necessary or desirable to carry out the purposes of the Association as set forth herein or as permitted by law.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members entitled to at least one-third (1/3) of the votes appurtenant to the Non-Waterfront Lots;

(b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration:

(1) Fix the amount of the Boatslip Assessments, as defined herein and in the Declaration, against each Non-Waterfront Lot at least thirty (30) days before January 1 of each year;

(2) Send written notice of each assessment to every Non-Waterfront Lot Owner subject thereto before its due date and before January 1 of each year;

(3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due

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date or to bring an action at law against the owner personally obligated to pay the same;

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. (A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.)

(e) Procure and maintain adequate liability insurance covering the Association and the directors and officers thereof and adequate hazard insurance on the property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) Cause the Common Areas to be maintained.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Officers. The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified

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therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Compensation. No officer shall receive any compensation from the Association for acting as such.

Section 9. Duties. The duties of the officers are as follows:

President

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

Vice-President.

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

Secretary

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

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse

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such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association, shall keep proper books of account, shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE VIII

COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IX

BOOKS AND RECORDS

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

ARTICLE X

COVENANT FOR BOATSLIP AND SPECIAL BOATSLIP ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Boatslip and Special Boatslip Assessments. As more fully provided in the Declaration, each Non-Waterfront Lot within the Property, and each Owner of any Non-Waterfront Lot is subject to pay to the Association Boatslip Assessments and Special Boatslip Assessments, as hereinafter defined, for maintenance and repair costs of the Pier, Boatslips and Access Lot, 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 Non-Waterfront Lot against which each such assessment or charge is made and upon the right to use the Pier, Access Lot and the Boatslip appurtenant to such Non-Waterfront Lot. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Non-Waterfront Lot at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass

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to a Non-Waterfront Lot Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Boatslip Assessments. The assessments to be levied annually by the Association against each Non-Waterfront Lot ("Boatslip Assessments") shall be used as follows:

- (a) to maintain, repair and reconstruct, when necessary, the Pier and Boatslips, including all lighting and other fixtures, poles, wires, railings and other facilities located thereon;
- (b) to maintain any and all drainage pipes, inlets, basins, ditches, swales and other facilities installed upon the Pier, Boatslips and Access Lot;
- (c) to maintain, repair and reconstruct, when necessary, any and all structures, lighting fixtures, poles, wires, railings and other facilities located upon the Access Lot;
- (d) to provide and pay for lighting of the Pier, Boatslips and the Access Lot, to the extent necessary for the safety and enjoyment of the users thereof;
- (e) to keep the Pier, Boatslips and Access Lot clean and free from debris, to maintain same in a clean and orderly condition and to maintain the landscaping on the Access Lot in accordance with the highest standards for private parks, including any necessary removal and replacement of landscaping;
- (f) to pay all ad valorem taxes levied against the Pier, Boatslips and Access Lot and any other property owned by the Association in connection therewith;
- (g) to pay all lease payments, if applicable, to Duke Power Company for the lease of the land on which the Pier and Boatslips are located;
- (h) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Declaration;
- (i) 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 Declaration; and
- (j) to provide any other service which the Association is authorized to provide; and

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(k) to maintain a contingency reserve equal to 10% of the sum of the amounts needed to carry out the purposes described in subsections (a) through (j) above for the purposes set forth in Article V, Section 7 of the Declaration.

Section 3. Payment of Boatslip Assessments: Due Dates.
The Boatslip Assessments provided for herein shall commence as to each Non-Waterfront Lot on January 1, 1990. The Boatslip Assessments for the calendar year 1990 shall be Four Hundred Thirty-five Dollars (\$435.00) per Non-Waterfront Lot, one-half (1/2) of which amount shall be due and payable no later than January 31, 1990 and the remaining one-half (1/2) of which amount shall be due and payable no later than July 31, 1990. The Boatslip Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 4 of this Article XI, and shall be due and payable in two (2) semi-annual installments of one-half (1/2) each, such installments being due and payable no later than January 31 and July 31, respectively, of each such year. The Board of Directors shall fix the amount of the Boatslip Assessment as to each Non-Waterfront 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 Boatslip Assessment, as well as the amount of the first installment due, to each Non-Waterfront Lot Owner on or before January 1 of such year. In addition, the Association shall send written notice that the second Boatslip Assessment installment is due and the amount of such installment to each Non-Waterfront Lot Owner on or before July 1 of each year. Should a Non-Waterfront Lot be conveyed by an Owner during a calendar year, then the Boatslip Assessment applicable to such Non-Waterfront lot shall be prorated between the buyer and seller of such Non-Waterfront Lot as of the date of closing of such conveyance.

Section 4. Maximum Boatslip Assessment.

(a) For calendar years 1991 and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Boatslip Assessments each year by a maximum amount equal to the previous year's Boatslip Assessments times the greater of (1) ten percent (10%); or (2) 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 Boatslip Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase

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which is made and the maximum increase permitted for that year shall be computed and the Boatslip Assessments may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members.

(b) From and after January 1, 1991, the Boatslip Assessments may be increased without limitation if such increase is approved by a vote of no less than two-thirds (2/3) of all votes entitled to be cast by Members taken at a duly held meeting of the Members in accordance with these Bylaws.

(c) The Board of Directors may fix the Boatslip Assessments at an amount not in excess of the maximum set forth in Subparagraph (a) above (the "Maximum Boatslip Assessment"). If the Board of Directors shall levy less than the Maximum Boatslip Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association as to the Pier, Boatslip and Access Lot cannot be funded by such lesser assessment, the Board may, by a vote in accordance with the Bylaws, levy a supplemental Boatslip Assessment ("Supplemental Boatslip Assessment"). In no event shall the sum of the Boatslip and Supplemental Boatslip Assessments for any year exceed the applicable Maximum Boatslip Assessment for such year.

Section 5. Special Assessments for Boatslip Improvements. In addition to the Boatslip Assessments authorized above, the Association may levy, in any assessment year, a special Boatslip Assessment ("Special Boatslip Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Pier and Boatslips, and any capital improvement located on the Access Lot, including lighting and other fixtures, poles, wires, railings and other facilities located thereon and personal property related thereto. Provided that any such assessment must be approved by a vote of no less than two-thirds (2/3) of all votes entitled to be cast by Members, taken at a duly held meeting of the Members in accordance with these Bylaws.

Section 6. Assessment Rate. Both Boatslip and Special Boatslip Assessments must be fixed at a uniform rate for all Non-Waterfront Lots.

Section 7. 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 Non-Waterfront Lot have been paid. A properly executed certificate of the Association as to the status of assessments

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on a Non-Waterfront Lot is binding upon the Association as of the date of its issuance.

Section 8. Special Assessments Regarding Damage to Common Property. In addition to the powers for assessments set forth herein, the Board of Directors shall have the power to levy a special assessment applicable to any particular Non-Waterfront Lot Owner responsible for damage to Common Area(s) through intentional conduct or any act or omission of himself, members of his family, his agents, guests, employees or invitees.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any Boatslip Assessment installment not paid by its due date as set forth in Section 3 of this Article X, 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 Non-Waterfront Lot Owner or foreclose the lien against the Non-Waterfront Lot and the right to use a Boatslip in the manner provided by law for the foreclosure of real estate mortgages, 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 Non-Waterfront Lot Owner may waive or otherwise escape liability for the assessments provided for herein by not using the Common Areas and/or his Boatslip or by abandoning his Non-Waterfront Lot. The Association shall be obligated to perform its obligations and provide the services provided for hereunder and under the Declaration only to the extent that the Non-Waterfront Lot Owners fully and timely pay to the Association all assessments to be paid by them, as provided in Article X of these Bylaws.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Article X shall be subordinate to the lien of any first Mortgage on a Non-Waterfront Lot or any mortgage or deed of trust to the Declarant. Sale or transfer of any Non-Waterfront Lot shall not affect the assessment lien. The sale or transfer of any Non-Waterfront 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 a Boatslip or Special Boatslip Assessment, as applicable, collectable pro rata from all Non-Waterfront Lot Owners, including the foreclosure sale purchaser. Such pro rata portions are payable by all Non-Waterfront Lot Owners

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notwithstanding the fact that such pro rata portions may cause the Boatslip Assessment to be in excess of the Maximum Boatslip Assessment permitted hereunder. No sale or transfer shall relieve the purchaser of such Non-Waterfront 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 XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words SOUTH COVE LANDING BOATSLIP OWNERS' ASSOCIATION, INC.

ARTICLE XII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of at least two-thirds (2/3) of all votes present at a duly held meeting of the Members at which a quorum is present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII

MISCELLANEOUS

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

ARTICLE XIV

INDEMNIFICATION OF DIRECTORS,
OFFICERS AND OTHERS

The Association shall indemnify any director or officer or former director or officer of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding

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(whether civil or criminal) in which he is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

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

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

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

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