

STATE OF SOUTH CAROLINA)
)
COUNTY OF OCONEE)

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE ESTATES AT RIVERSTONE

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration") is made this ___ day of July, 2006 by Sterling Trust Company Custodian FBO HJRARA, hereinafter referred to as the "Declarant" for that certain subdivision known as The Estates at Riverstone for lots ___ through ___ inclusive as shown on plat recorded ___ day of _____, 2006 in Plat Book ___, at Page ___, records of Oconee County, South Carolina.

- 1) **Land Use and Building Type.** The Lot conveyed shall be known and described as a residential lot and shall be used only for private residential and recreational purposes. No structure shall be erected, altered, placed or permitted to remain on the Lot other than for use as a single family detached residential dwelling, unless otherwise provided herein, and only one single-family detached residential dwelling not exceeding 2½ stories in height above ground shall be erected or permitted to remain upon the Lot, except that lots greater than two (2) acres may construct a guest house or apartment over a detached garage provided that the guest house or apartment are constructed contiguous with or subsequent to the main dwelling. No mobile home, modular home or shell home may be erected or permitted to remain on the Lot. A private garage (not exceeding three car capacity), outbuildings and fixed piers and floating boat dock facilities incidental to the residential use of the Lot are expressly permitted upon the condition that they are not rented, leased nor otherwise used for remuneration, subject to the other covenants and restrictions contained herein. No enclosed boathouses or two level piers are permitted. Piers, docks and boathouses shall be subject to approval by Duke Power Company and/or any governmental entity having jurisdiction at the time such improvements are made. Any Ownership or leasing arrangement for the Lot meeting the definition of "vacation time sharing ownership plan" or a "vacation time sharing lease plan", as defined in §27-32-10 S.C. Code of Laws, 1976, as amended, is hereby prohibited.
- 2) **Dwelling Size.** The square footage requirements hereinafter set forth are enclosed heated floor area and are exclusive of the area in basements, unheated porches of any type, attached or detached garages, carports and unheated storage areas, decks or patios. Any one story dwelling erected up on the Lot shall contain not less than 1600 square feet; any 1 1/2 story or split level or tri-level dwelling shall contain not less than 2000 square feet and the first floor shall contain not less than 1400 square feet; the guest house or apartment shall not exceed 2000 square feet.
- 3) **Building Construction and Quality.** All buildings and outbuildings erected upon the Lot shall be constructed of new material of good grade, quality and appearance and shall be constructed in a proper, workmanlike manner. No building shall be erected unless it is completely underpinned with a solid brick, brick or stone-covered block or stucco foundation. The exterior surface of any building shall not be asbestos shingle siding, imitation brick or stoneroll siding, or exposed concrete or cement blocks. The exterior surface of any garage, outbuilding or appurtenant structure or building erected on or located on the Lot shall be aesthetically compatible with, and of material and construction comparable in cost and design to, the exterior surface, of the dwelling located on the Lot. All buildings shall have roofs (except dormers) of not less than 6 in 12 pitch and not less than 12 inch overhang, covered with slate, cedar shakes, tile or fiberglass shingles. Tin or rolled roofing material is not permitted. The exterior of all houses and other structures must be completed with one (1) year after the commencement of construction, except where such completion is impossible due to strikes, fires, national emergency or natural calamities.
- 4) **Temporary Structures; Structure Materials.** No residence or building of a temporary nature shall be erected or allowed to remain on the Lot, and no metal, fiberglass, plastic or canvas tent, barn, carport, garage, utility



building, storage building or other metal, fiberglass, plastic or canvas structure shall be erected on the Lot or attached to any residence.

- 5) Building Setback Lines. No building on the Lot (including any stoops or porches) shall be erected or permitted to remain within the front (street right-of-way) setback, side street (for a corner lot) setback or within the rear or side setbacks as noted on the Map. Notwithstanding any rear setback restriction noted on the Map, no building shall be erected or permitted to remain nearer than fifty (50) feet to the rear (waterside) lot line of the Lot. Piers and dock facilities are exempt from the rear setback restrictions provided they comply with the provisions set forth in Section 1 of this Article. In the event any zoning or subdivision ordinance, floodway regulations or other ordinance, law or regulation applicable to the Lot shall prescribe greater setbacks, then all buildings erected during the pendency of that zoning or subdivision ordinance, floodway regulations or other ordinance, law or regulation shall conform to said requirements.
- 6) Minor Setback Violations. In the event of the unintentional violation of any of the building setback covenants set forth above, in the amount of ten percent (10%) or less of the setback covenant in question, Declarant reserves the right, but is not obligated, to waive in writing such violation of the setback covenants upon agreement of the Owner of the Lot upon which the violation occurs, provided that such change is not in violation of any zoning or subdivision ordinance or other applicable law or regulation.
- 7) Combination or Subdivisions of Lots. Should the Owner of a numbered Lot on the Map combine with portions of or all of another numbered Lot, the aggregate shall be considered as one Lot for the purpose of these covenants. No Lot shall be subdivided by sale or otherwise so as to reduce the Lot area shown on the Map, except with regards to assessments. Notwithstanding the foregoing, Declarant reserves the right to change the boundaries or dimensions of any Lots still owned by Declarant as may be needed to meet septic system requirements or for any other reason.
- 8) Utility Easements. Easements for the installation and maintenance of utilities (electricity, septic, sewer, water, gas, telephone, cable TV, etc) and drainage are reserved over the front and rear ten (10) feet of the Lot, but not along the waterfront. A drainage and utility easement seven and half (7 1/2) feet in width is reserved along each side lot line of the Lot. Within said easements so reserved no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may interfere with drainage and the flow of water within the easement areas. The Owner of the Lot shall maintain that portion of said Lot lying within the easement areas as defined herein and shall maintain such improvements as may be located thereon except those improvements installed and maintained by a public authority or utility company.
- 9) Fences and Walls. No wooden fence, or brick or stone wall may be erected nearer the front lot line of the Lot than the front face of the dwelling located on the Lot. No wooden fences, or brick or stone walls greater than six (6) feet in height are permitted. Chain link or other metal fencing is not permitted, except that 2" x 4" metal mesh may be used with split rail fencing to contain animals or children within rear or side yards. Perimeter fencing shall not have more than fifty percent (50%) of any of its surface closed as viewed from a point on a line of sight perpendicular to the line of the fence. A wall constructed of brick or stone and used in lieu of a fence is exempt from the openness test.
- 10) Signs. No signs of any kind shall be displayed to the public view on the Lot with the following exceptions which may not exceed five square feet in size: (a) one sign advertising the property for sale or rent; and (b) one sign used by a builder to advertise the property during construction and sales period; and (c) temporary political signs. These restrictions shall never apply to permanent entry signs, or to temporary entry signs or advertising, or "for sale" signs installed by Declarant or its agents prior to the sale of all lots in the subdivision.

- 11) Antennas, Satellite Dishes and Discs. No radio or television transmission or reception towers, antennas or satellite dishes or discs shall be erected or maintained on any lot, except that one (1) dish or disc for receiving direct broadcast satellite service ("DBS") or multi-point distribution services ("MDS") may be erected and maintained on each lot. No roof mounted antenna, dishes or discs shall be permitted on any lot if adequate broadcast reception can be obtained without mounting such equipment on the roof of the house, provided, however, if such roof mounted equipment is required, no antenna or related structure may be mounted on masts exceeding twelve (12) feet in height above the highest roof line ridge of the house. Any dish, disc or antenna (with associated mast) shall be reasonably camouflaged and screened from view from Lake Keowee and the public roads, and shall not be located in the area between the street right-of-way and the minimum building setback lines applicable to the lot.
- 12) Lot Maintenance; Trash Disposal. Owner shall keep the Lot in a clean and orderly condition and shall keep the improvements thereon in a suitable state of painting and repair, promptly repairing any damage thereto by fire or other casualty. No clothesline may be erected or maintained on the Lot. The Lot shall not be used in whole or in part for storage of trash of any character whatsoever and no trash, rubbish, stored materials or similar unsightly items shall be allowed to remain on the Lot outside of an enclosed structure, except when temporarily placed in closed, sanitary containers pending collection by trash collection authorities or companies. **Owners shall maintain property in front of their lot from curb to their lot line.**
- 13) Off-Road Parking. Each Lot Owner shall provide asphalt, or gravel driveway prior to the occupancy of any dwelling constructed on the Lot that provides space for parking two (2) automobiles off the Public Roads, provided that the first one hundred (100) feet of each drive must be lightly brushed concrete, brick or asphalt. No trailer, mobile home, recreational vehicle, camper or boat shall be used as a residence either temporarily or permanently or be parked upon or be permitted to remain on the Lot for a period exceeding 24 hours unless it is parked off the street and not within the front or side yard setbacks of the Lot. No truck or commercial vehicle in excess of one-ton load capacity or any vehicle under repair, or any wrecked or junked motor vehicle shall be parked upon or permitted to remain on the Lot. All automobiles, trucks and other vehicles described above must have a current license plate affixed unless parked in an enclosed garage.
- 14) Sewage Disposal and Wells. Any dwelling unit erected on the Lot shall be served by an approved septic system for the disposal of sewage, or connected to a private or public sewage disposal system. Any septic system or other private sewage disposal system shall be approved by, and constructed and maintained in accordance with all the regulations and requirements of all governmental authorities and regulatory agencies having jurisdiction.
- 15) Nuisances. No noxious or offensive trade or activity shall be carried on upon the Lot or in any residential dwelling or outbuilding, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No substance, thing or material shall be kept upon the Lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace and quiet of the occupants of surrounding property. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Lot or in any residential dwelling or outbuilding except for dogs, cats or other household pets may be kept or maintained provided they are not kept, bred or maintained for commercial purposes. The number of household pets kept or maintained shall not exceed three (3) in number except for newborn offspring of such household pets which are under nine (9) months in age.
- 16) Diligent Construction. All construction, landscaping or other work which has been commenced on the Lot must be continued with reasonable diligence to completion and no partially completed houses or other improvements shall be permitted to exist on the Lot, except during such reasonable time period as is necessary for completion. No construction materials of any kind may be stored within forty-five (45) feet of the street curb. Any damage to any street, curb or sidewalk or any utility system caused by the Lot Owner

or the Lot Owner's builder shall be repaired by such responsible Owner. The Owner of each Lot shall at all times keep contiguous public and private areas free from any dirt, mud, garbage, trash or other debris which is occasioned by the construction of improvements on such Owner's Lot. Declarant may provide for the cleaning of public and private areas due to the activities of the Lot Owner or Lot Owner's builder and may assess the Lot Owner a reasonable charge not to exceed the actual cost for such cleaning. Each Lot Owner's builder shall, consistent with standard construction practices, keep all portions of the Lot free of unsightly construction debris and shall at all times during construction either provide dumpsters for the containment of garbage, trash or other debris which is occasioned by construction of improvements on the Lot, or take other measures consistent with standard construction practices necessary to keep the Lot free of such garbage, trash, or other debris.

- 17) Non-waiver. No delay or failure on the part of an aggrieved party to invoke an available remedy in respect to a violation of any provision contained herein or referred to herein shall be held to be a waiver by that party of any right available to him upon the recurrence of continuance of said violation or the occurrence of a different violation.
- 18) Severability. Every restriction, easement, condition and reservation set out herein or referred to herein is hereby declared to be independent of and severable from each other and if any of the same shall be held by a court of competent jurisdiction to be invalid or unenforceable all the remainder of said easements, conditions, reservations and restrictions shall continue unimpaired and in full force and effect.
- 19) Removal of Trees and Other Vegetation. All trees, shrubs and ground cover within the fifty (50) foot waterfront setback shown on the Map are considered to be "protected" vegetation in that cutting and cleaning generally is not permitted therein without the prior written consent of Declarant. The practical exceptions to this rule are that dead or diseased trees may be removed and poisonous plants may be removed, underbrush may be selectively cleared, understory may be thinned to provide better views, individual trees may be limbed up, and grass or ground covers may be planted.
- 20) Docks, Piers and Boat Houses. Duke Energy Corporation controls access to, use of, and water levels in Lake Keowee. Any Owner, and Declarant must receive permission from Duke Energy Corporation (or a successor manager of Lake Keowee under authority from FERC) prior to placing or constructing any pier, structure or other Improvement within or upon, or conducting any activity altering the topography of, the hydroelectric project surrounding and encompassing the waters of Lake Keowee. Declarant makes no oral, express or implied representation or commitment as to the likelihood of any Owner obtaining such permission, nor as to the continued existence, purity, depth or levels of water in Lake Keowee, and Declarant shall have no liability with respect to these matters. Construction of any such Improvements is also subject to the recorded restrictions and easements affecting the Lot.
 - i) Subject to the foregoing and to the other provisions of this Declaration, a Waterfront Lot Owner may construct one (1) pier, provided that such Lot is not located in an area where the narrowness of a cove precludes construction of a dock or pier as determined by Duke Energy Corporation and/or any governmental entity having jurisdiction at the time such Improvements are to be constructed. Any waterfront Improvement shall have a low profile and open design to minimize obstruction of neighbors' views. Enclosed docks or boathouses will not be allowed either on the water or within the Lake Buffer Area. Roof-covered docks are allowed provided that such docks are one level, do not exceed more than twenty-five (25) feet in height and are not enclosed.
 - ii) The placement, construction, or use of the piers, boatslips, and of any other pier, dock, boatslip structures or other Improvements within or upon, or the conducting of any activity altering the topography of, the hydroelectric project surrounding and encompassing the waters of Lake Keowee, is and shall be subject to each of the following:

- iii) easements, restrictions, rules, regulations and guidelines for construction and use promulgated by the Declarant;
- iv) all laws, statutes, ordinances and regulations of all Federal, State and local governmental bodies having jurisdiction thereof, including without limitation, FERC; and
- v) rules and regulations, privileges and easements affecting the Property and the waters and submerged land of Lake Keowee established by Duke Energy Corporation, its successors and assigns. Duke Energy Corporation is the manager of Lake Keowee under authority granted by FERC, and its current management plan runs through August 31, 2016. As manager of Lake Keowee, Duke Energy Corporation controls access to, the use of, and the water level in Lake Keowee. All Owners, the Association, the Declarant and any builders must receive permission from Duke Energy Corporation (or a successor manager of Lake Keowee, under authority from FERC) prior to any alterations therein, including the construction and continued use and maintenance of any dock, pier, or boatslip.
- vi) No Waterfront Lot Owner shall construct a pier of any kind, boat mooring or any other structure outside the pier zone designated on the Map applicable to such Lot.

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

22) Community Boatslips. Subject to and contingent upon receipt of the approval of FERC, Duke Energy Corporation and any other regulatory body having jurisdiction, Declarant shall have the exclusive right to construct all of the Community Boatslips, in the approximate locations shown on the Map or as otherwise shown in any Supplemental Declaration or other document which may be recorded pursuant to the provisions of this Declaration. Declarant shall not construct more Community Boatslips than are approved by Duke Energy Corporation pursuant to Declarant's Boatslip permit request for the Subdivision. The Community Boatslips, to the extent available, will be offered to Owners of Boatslip Lots on a first come, first served basis and thereafter, on such basis as Declarant shall determine in Declarant's sole discretion.

23) Lease of Community Boatslips. Following the construction of the Community Boatslips, each of the Community Boatslips may be leased by Declarant to the Owners of the Boatslip Lots and transferred among Owners as follows:

- i) Pursuant to the Boatslip Lease, Declarant shall require each purchaser of a Boatslip Lot to lease one of the Boatslips. Each Boatslip Lease shall be appurtenant to the ownership of the applicable Boatslip Lot and shall only be assigned as provided below. The Boatslip Lease shall include the right to use the assigned Community Boatslip and the pier and access area in common with the other Boatslip Lot Owners.
- ii) Once entered into between Declarant and the Boatslip Lot Owner, the relevant Boatslip Lease shall not be separated from the ownership of the Boatslip Lot to which it is appurtenant but rather, shall run with the title to such Boatslip Lot. Any conveyance of a Boatslip Lot by a Boatslip Lot Owner shall automatically assign to the grantee all rights and duties of the Boatslip Lot Owner under the Boatslip Lease and the grantee shall be deemed to have assumed all obligations under the Boatslip Lease. The Boatslip Lot Owner and the grantee of the Boatslip Lot shall immediately execute and record an instrument in the Office of the Register of Deeds of Oconee County, South Carolina, sufficient to provide record notice of such assignment (a recorded copy of which instrument shall be provided to Declarant, as lessor, following recordation). Any Mortgage or other encumbrance of a

Boatslip Lot shall also encumber the Boatslip Lease appurtenant thereto, even if not expressly included therein. Provided, however, no Mortgagee or other person claiming by, through or under any instrument creating any such encumbrance shall acquire any greater rights in the relevant Boatslip than the Boatslip Lot Owner may have under the Boatslip Lease at the time of such encumbrance; and provided further, such Mortgage or other instrument of encumbrance, and the indebtedness secured thereby, shall at all times be and remain subordinate and subject to all of the terms and conditions of the Boatslip Lease and to all of the rights of Declarant (as lessor) thereunder. Any successor to a Boatslip Lot Owner's interest in a Boatslip Lease, whether such interest is acquired by sale, assignment, foreclosure, deed in lieu of foreclosure, power of sale, execution or otherwise, shall take such interest subject to all of the terms, covenants, conditions, duties, and obligations of such Boatslip Lot Owner under the Boatslip Lease, shall be deemed to have attorned to Declarant (as lessor) and shall execute an attornment agreement upon the request of Declarant (as lessor).

24) Use of Community Boatslips. Declarant shall have the right to use any of the Community Boatslips not leased to another Owner and shall have the obligation to pay Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments on any Community Boatslips actually used by Declarant and not leased to another Owner. Declarant shall not be required to pay Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments for any Community Boatslips not actually used by Declarant. At Declarant's option, Declarant shall be entitled to assign all rights and duties of Declarant under any Boatslip Lease and/or the Duke Lease to any person or entity, including, without limitation, the Association, whereupon Declarant shall have no further rights, duties, obligations or liabilities thereunder.

- i. In the event that any of the Community Boatslips is not leased as an appurtenance to a Boatslip Lot, the unleased Boatslip(s) may be retained by Declarant for the common use and enjoyment of only the Owners of Boatslip Lots, their families, guests and invitees, for the purpose of temporarily docking boats, and may not be leased or otherwise transferred by Declarant to, or used by, any other party or the public.
- ii. The use of the Community Boatslips is and shall be subject to each of the following:
 1. rules and regulations for use promulgated by RiverStone Estate Boatslip Owners Association;
 2. all laws, statutes, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon;
 3. rules and regulations for use established by FERC and/or Duke Energy Corporation, its successors and assigns; and
 4. the terms and provisions of the Duke Lease.
- iii. Boatslip Lot Owners shall adopt rules and regulations governing the use of the Community Boatslips and the personal conduct thereon of the Boatslip Lot Owners and their families, tenants, guests and invitees.
- iv. Only the Boatslip Lot Owners, their families, guests and invitees may use the pier and access area that is part of the Community Boatslips. Only the Owner of the Boatslip Lot to which such Community Boatslip is appurtenant, their families, tenants, guests and invitees may use the assigned Community Boatslip.

25) Private Drive. The Private Drive shall be constructed by Declarant at its sole cost and expense for the benefit of the Private Drive Lot Owners. Each Private Drive Lot Owner, and Declarant, their successors and assigns, shall have and are hereby granted the perpetual, non-exclusive right to use the Private Drive within the Private Drive Easement, for the purpose of pedestrian and vehicular access, ingress, egress and regress to and from each Private Drive Lot, for installation and maintenance of the Private Drive, drainage facilities and other utilities to serve the Private Drive Lots. Declarant shall have the exclusive right to construct the Private Drive within the Private Drive Easement, in the approximate location shown on the Map, as well as any additional Private Drive which may be added to the Subdivision. The Private Drive and the Private Drive Easement shall be maintained and repaired by the Private Drive Lot Owners. No structures, plantings or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of the Private Drive, or the utilities or drainage facilities located therein.

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

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

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

STERLING TRUST COMPANY CUSTODIAN FBO HJRARA

In the presence of:

BY: Custodian _____ [SEAL]
BY: Trustee _____ [SEAL]
BY: Beneficiary _____ [SEAL]

ATTEST:

BY: _____ [SEAL]

STATE OF SOUTH CAROLINA

ACKNOWLEDGEMENT

COUNTY OF OCONEE

This _____ day of July, 2006 personally came before me _____ who, being sworn says that he is Custodian, Trustee and Beneficiary of Sterling Trust Company Custodian FBO HJIRARA, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed by him for and on behalf of said corporation by its authority duly given. And the said _____ acknowledged said instrument to be the act and deed of said corporation.

Notary Public of South Carolina

My Commission Expires: _____

Exhibit A

Articles of Incorporation
Of
The Estates at RiverStone Boatslip
Owners Association, Inc.
A NON-PROFIT CORPORATION

The undersigned natural person of the age of eighteen (18) years or more hereby forms a non-profit corporation under the laws of the State of South Carolina, as contained in Section 33-31-202 of the General Statutes of South Carolina, entitled "Non-Profit Corporation Act," and the several amendments thereto, and to that end does hereby set forth:

1. The name of the Corporation is The Estates at RiverStone Boatslip Owners Association, Inc. (hereinafter referred to as the "Association").

2. The period of duration of the Association shall be perpetual.

3. The purposes for which the Association is organized are:

(a) To manage, maintain, operate, care for and administer The Estates at RiverStone (the "Development"), including a pier or piers and boatslips located therein, property providing access to such pier and piers, and an entrance monument, as shall be described in a Declaration of Covenants, Conditions and Restrictions by Sterling Trust Company Custodian FBO HJIRARA ("Declarant"), which said Declaration shall be recorded in the Office of the Clerk of Court for Oconee County, South Carolina (such Declaration as the same may be amended from time to time being hereinafter referred to as the "Declaration"); to enforce the covenants, restrictions, easements, charges and liens provided in the Declaration to be enforced by the Association; to fix, levy, assess, collect, enforce and disburse the charges and assessments created under the Declaration, all in the manner set forth in and subject to the provisions of the Declaration; and to exercise all power and privileges and to perform all duties and obligations of the Association under the Declaration;

(b) To do any and all other lawful things and acts that the Association from time to time, in its discretion, may deem to be for the benefit of the Development and the owners and inhabitants thereof or advisable, proper or convenient for the promotion of the peace, health, comfort, safety and general welfare of the owners and inhabitants thereof; and

(c) To exercise all powers provided in Section 33-31-202 of the General Statutes of South Carolina in furtherance of the above-stated purposes.

4. The Association is not organized for pecuniary profit, nor shall it have any power to issue certificates of stock or pay dividends. No part of the net assets or earnings of the Association shall inure to the benefit of any private individual, firm or corporation.

5. Provisions relating to the members of the Association, and the election and appointment of directors, are:

(a) Members of the Association shall be every Owner as defined in the Declaration and no other person or entity shall be entitled to membership.

(b) The voting rights of the Membership shall be appurtenant to the ownership of Lots (as defined in the Declaration).

(c) The members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which the right to vote is given to members under the Declaration or under the provisions of Section 33-31-202 of the General Statutes of South Carolina, the voting rights of the members being more particularly described in the Declaration and by the Bylaws attached thereto. The term of the directors shall be as provided in the Bylaws.

(d) Membership of the Owners in the Association shall be appurtenant to and may not be separated from ownership of a Lot in the Development.

6. The address of the initial registered office of the Association is 896 North Walnut Street; Seneca, SC 29678 and the initial registered agent of the Association at such address is John R. Hamrick.

7. The business and conduct of the Association shall be regulated by a Board of Directors who shall be elected in the manner and for the terms provided in the Bylaws. The number of directors constituting the initial Board of Directors shall be three; and the names and addresses of the persons who are to serve as the initial directors are:

	<u>Name</u>	<u>Address</u>
1.		
2.		
3.		

8. The incorporator of this Association is John R. Hamrick Real Estate Defined Benefit Plan, and his address is 896 North Walnut Street; Seneca, South Carolina.

9. In the event of a dissolution and/or liquidation of the Association, all of the residual assets of the Association shall be distributed to such organizations that are exempt under §501(c)(3) of the Internal Revenue Code of 1986 or corresponding sections of any prior or future Internal Revenue Code at the time of dissolution as shall, in the judgment of the directors, be most likely to fulfill the purposes of the Association.

IN TESTIMONY WHEREOF, the undersigned has set his hand and affixed his seal, this ____ day of July, 2006.

------(SEAL)

STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

I, a Notary Public of the County and State aforesaid, certify that John R. Hamrick, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this _____ day
Of _____, 2006.

Notary Public

My Commission Expires:

Exhibit B

THE ESTATES AT RIVERSTONE BOATSLIP OWNERS' ASSOCIATION, INC.

ARTICLE I

NAME, LOCATION, AND PURPOSE

Section 1. Name. The name of the corporation is THE ESTATES AT RIVERSTONE BOATSLIP OWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association."

Section 2. Location. The principal office of The Estates at RiverStone BoatSlip Owners' Association shall be located in Oconee County, South 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 The Estates at RiverStone 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 The Estates at RiverStone, and any other purposes allowed by law.

ARTICLE II

DEFINITIONS

Section 1. "Access Lot" shall mean and refer to that certain 1.20 acre lot located in the Development which is adjacent to the Pier and which is more particularly shown and described as Common Area 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.

Section 3. "Association" shall mean and refer to THE ESTATES AT RIVERSTONE 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 ten (10) boatSlips located within the Pier which is constructed over the waters of Lake Keowee, which BoatSlips are designated as BoatSlips 1 through 10 on Exhibit "C" attached to the Declaration and incorporated herein by reference, and which BoatSlips are more particularly addressed in Article 22, 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 Sterling Trust Company Custodian FBO HJIRARA, Inc., its successors and assigns.

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

Section 10. "Development" shall mean and refer to The Estates at RiverStone, a single-family residential development proposed to be developed on the Property by Declarant.

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 The Estates at RiverStone Subdivision recorded in Plat Book _____, Page _____ 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, who shall be every Owner of a Non-Waterfront Lot.

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

Section 15. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 16. "Non-Waterfront Lots" those Lots in the Development which do not adjoin the waters of Lake Keowee, which Non-Waterfront Lots are 2,3,4,5,6,7,8,9,10 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 to the Declaration and incorporated herein by reference and is more particularly addressed in Article 21 of the Declaration.

Section 19. "Property" shall mean and refer to the property shown on the Map, which Property includes the Lots and the Access Lot.

Section 20. "Subdivision" shall mean and refer to The Estates at RiverStone 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 Lot 1, and Lots 12 through 17, as shown on the Map.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the Members shall be held on the ? and each subsequent regular annual meeting of the Members shall be held on the ? each year thereafter, at the hour of ? 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-tenth (1/10) of all of the votes appurtenant to the Non-Waterfront Lots.

Section 3. Place of Meetings. All meetings of the Members shall be held at such place, within 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. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, a majority of the votes appurtenant to the Non-Waterfront 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 6. 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 7. 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 8. 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 9. 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 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:

<u>Name</u>	<u>Address</u>
-------------	----------------

1
2
3

Section 3. Nominations. 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 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 taken if written consent to the action in question is signed by all of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

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

Section 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 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 Boat slip 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 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 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 charged 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 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:

- (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.
- (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.

(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.

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association, shall keep proper books of account, shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the 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 to a Non-Waterfront Lot Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Boatslip Assessments. The assessment 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, basin, 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 with;
- (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
- (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 22 of the Declaration.

Section 3. Payment of Boatslip Assessments. Due Dates. No Boatslip Assessments shall be due prior to the Community Boatslips being constructed. The initial Boatslip assessments applicable to all Non-Waterfront Lots (for the calendar year in which the first lease of a completed Boatslip is executed) shall be Four hundred and fifty dollars (\$450.00) per Non-Waterfront Lot. Boatslip Assessments for each and every year thereafter shall be payable no later than January 31st of each year. The Boatslip Assessments for each and every year thereafter shall be set by the Board, in accordance with Section 4, and shall be due and payable no later than January 31st 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. 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 years after the initial Boatslip Assessment, 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 the first year of Boatslip Assessments, 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 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. 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 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 THE ESTATES AT RIVERSTONE 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 (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.