

RESTRICTIVE COVENANTS AND EASEMENTS
FOR KNOTS LANDING DEVELOPMENT OWNED BY
OUTERBANKS, INC.

23017 BKD0960 PG235

ARTICLE I

Recitals

1.1 OuterBanks, Inc., a South Carolina Corporation, hereinafter referred to as "Developer", is the owner of certain real property located in the County of Pickens, State of South Carolina, described in Exhibit "A", attached hereto and by reference made a part hereof and known as "Knots Landing", sometimes hereinafter referred to as the "Property". In order to establish an orderly, general plan for the improvement and development of the Property, the Developer desires to subject the Property to certain conditions, covenants, easements and restrictions upon and subject to which all the Property shall be held, improved, transferred and conveyed.

ARTICLE II

General Provisions

2.1 The Developer hereby declares that the Property is now held and shall hereafter be held, transferred, sold, leased, subleased, conveyed and occupied subject to the restrictive covenants and easements herein set forth. Each of the covenants and easements contained herein shall be binding upon and shall inure to the benefit of and pass with each and every parcel of the Property (except those which may be deleted by amendment) and

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shall apply to and bind the heirs, assigns, successors of any owner thereof.

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2.2 The purpose of these restrictions is to insure the proper development and use of the Property and to protect the owner of each Building Site against such improper development and use of surrounding Building Sites as will adversely affect the value of its Building Site, to prevent the erection on the Property of improvements built of improper design or materials, to encourage the erection of attractive improvements at appropriate locations, to prevent haphazard and inharmonious improvements, to secure and maintain proper setbacks from streets and adequate open spaces between structures, and in general to provide adequately for a superior type and quality of development of the Property in an aesthetically pleasing manner in accordance with a general plan.

2.3 Definitions

A. Building Site: "Building Site" shall mean any parcel or any portion thereof, shown as a numbered parcel (for example, 1,2,3, etc.) on that certain plat prepared by Ray Dunn dated 7/28/05, and recorded in Plat Book 539 at Page 1 in the Register of Deeds Office for Pickens County, South Carolina, as modified or amended from time to time, or as shown on any additional plat or plats relative to the Property recorded by the Developer in the future in the Office of the Register of Deeds, Pickens County, South Carolina.

. Building Sites to be located on the property and the boundaries of any Building Site at any time in order to cause them to conform to the actual location of buildings constructed thereon at any time after the foundations for such buildings are in place. It is the specific intent of the Developer for a Building Site to be the actual footprint of the building on the property. Developer will accomplish these revisions by filing amendments or revisions to the Plat, or to the plats filed in the future pursuant to this Section 2.3, with appropriate notations and references to the plat and Building Site being revised.

B. Improvements: "Improvements" shall mean any and all betterments, construction and/or improvements on any Building Site, or any portion thereof, and shall include without limitation all changes in site topography, underground utilities, all buildings, outbuildings, parking areas, loading areas, fences, walls, hedges, mass plantings, poles, signs, monuments, sculptures, driveways, lawns, drives, trees and shrubs.

C. The Developer: "Developer" shall mean Outer Banks, Inc., A South Carolina Corporation, its successors and assigns.

D. Owner: "Owner" shall mean any party and its successors, assigns, heirs and legal representatives, who owns a fee simple interest in and to any Building Site or portion thereof. To the extent that the Developer meets to criteria for ownership set forth herein, it shall be deemed to Owner hereunder in addition to possession of the rights, powers, privileges,

obligations and duties hereby specifically imposed upon or granted to the Developer.

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E. Property: "Property" shall mean the real estate described in Exhibit "A" which is attached hereto and made a part hereof.

F. Common Property:

1. "Common Property" shall mean and refer to those portions of the Property inside the area designated as "Common Area" on the Plat (as explained and revised from time to time by amendments and additional plats) which are not Building Sites, including but not limited to roads, parking spaces, buffer areas, walkways, entrance ways, drainage areas, private rights of way, landscaped areas, sign location areas and signs located therein. In this regard, it is specifically provided that a Common Area shall be that portion of the property other than a Building Site.

2. All decks attached to a unit are considered to be common property. However, only the owner of the unit and authorized guests have the right to use the deck attached to that particular unit. The owner is responsible for all maintenance and upkeep of the deck attached to that particular unit.

ARTICLE III

Regulation of Building Sites

3.1 Approval of Plans and Specifications: No improvements shall be constructed, erected, placed, altered, maintained or permitted on any Building Site until plans and specifications therefor have been approved by the Developer, as

provided in Article VI hereof, or which, when constructed, do not conform to the requirements set forth herein, except as otherwise specifically provided herein.

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3.2 Completion of Construction: After commencement of construction of any improvement on any Building Site, the Owner thereof shall diligently prosecute the work thereon to the end that the improvement shall not remain in a partly finished condition any longer than reasonably necessary for completion thereof. All improvements shall be completed within (1) year after approval of plans therefor by the Developer. During construction, the Owner shall cause the Building Site to remain in a reasonably neat and orderly condition, preventing the accumulation of trash thereon and the runoff of surface water and soil from the Building Site onto adjacent property or streets. If, at the end of the above stated one (1) year period, construction of any improvement is not being diligently pursued by the Owner, then the Developer shall have the option to proceed with such construction and any cost incurred by the Developer relative to such construction shall be paid by the Owner.

3.3 Excavation. No excavation shall be made on any Building Site except in connection with the construction of improvements thereon or as may be directed by a master grading plan which may be developed for the Property. Upon completion of construction of improvements on the Building Site exposed openings shall be backfilled and disturbed ground shall be smoothly graded and landscaped.

A. Plans and specifications for any improvement on any Building Site shall include a detailed storm drainage plan indicating quantity and direction of storm water runoff, pipe size and location, catch basins, head walls, ditches, swales and other drainage structures or improvements to be constructed by the Owner. Such plan must conform to and be consistent with any easements or storm water detention facilities depicted on the plat or any subsequent plats filed by Developer.

B. All storm drainage shall be carried to designated drainage easements and in no case shall any storm drainage from the Building Site be carried across the Owner's property line onto another Building Site except when confined within the drainage easements or in order to access a drainage easement.

C. Drainage plans for Building Sites shall be approved by the Developer, as provided in Article VI hereof, and shall be designed to coordinate with the drainage of the entire property. No drainage of a Building Site shall be constructed which would prohibit the proper drainage of other Building Sites with the property.

3.5 Landscaping

A. The plans and specifications of landscaping to be performed in connection with a Building Site shall be submitted to Developer and shall include a detailed irrigation system and landscaping scheme indicating the location, size, type and height of each planting noted thereon, and shall at least conform to the

minimum requirements to be established by Developer to insure a uniform and aesthetically pleasing appearance in harmony with the development as a whole. The Developer shall have the right and authority to approve or disapprove such plans and specifications or to require specific additions thereto or deletions therefrom, so as to insure harmony with the surrounding Building Sites and areas.

B. All irrigation systems and landscaping allowed in connection with any Building Site by Developer shall be completed within sixty(60) days after the substantial completion on construction of the buildings or structures to be constructed on the Building Site and shall be completed at the sole expense of the Owner of such Building Site. Thereafter, the maintenance of such landscaped areas and irrigation systems shall be performed by the property owner and or homeowners association as if the same were considered "Common Property" as defined in and subject to the Assessments and related provisions of Article V hereof.

3.6 Signs:

A. No sign, billboard, identification marker, monument, sculpture, or the like shall be permitted on any Building Site or on the exterior of any building or other structure located thereon, except as approved by Developer.

B. All signs shall conform to setback lines imposed by appropriate governmental ordinances, zoning laws, etc.

3.7 Outside Storage: Unless visually screened in a manner acceptable to the Developer, no materials, supplies,

equipment, finished or semi-finished products or articles of any nature shall be stored or permitted to remain outside any building on any Building Site or any area of the Common Property. Any Owner's waste is to be collected by any public or private garbage collection service, at Owner's expense, and such waste must be placed in moveable, covered containers and placed by the Owner at pickup points designated by Developer, only on scheduled pickup days.

3.8 Parking: Parking shall be permitted only on marked parking spaces located in streets or in other areas within the Common Property designated for parking by Developer. There will be two reserved parking spaces for each home and reserved parking spaces for any non property owner who have the use of a boat slip, as solely determined by the Developer. All other spaces will be available to all Owners and their tenants, invitees, and licensees and non property owners who have the use of a boat slip; provided, the use of parking spaces shall be subject to such rules and regulations as Developer may elect to establish. The Developer shall have the sole authority to designate parking spaces as it determines. No parking of vehicles shall inhibit traffic on subdivision streets and no parking shall occur on common areas or streets adjacent to building sites except temporary parking for purposes of loading and unloading. Owners and guests of this development shall not have the right to use the parking area set aside for the development of Harbor View of Keowee.

3.9 Utility Connections: Expect as otherwise approved by the Developer, all utility connections, including all electrical and telephone connections and installation of wires of improvements, specifically excluding the sewer lift station, shall be made underground from the nearest available power source. No transformer, electric, gas or other meter of any type or other apparatus shall be located on any power pole or hung on the outside of any building or other improvement, but the same shall be placed at or below ground level, and where placed be subject to the prior written approval of the Developer, which approval shall not be unreasonable withheld. This provision does not apply to the sewer lift station to be located near unit #1. The above notwithstanding, overhead electrical connections shall be permitted during the construction period of the improvements.

3.10 Utility and Access Easements: The Developer hereby reserves and is given a perpetual, alienable and releasable easement over the Property for the installation of utilities (including water, electric, telephone, gas, cable TV, drainage and sewer lines and sewer related equipment such as pumps and lift stations), including access to Building Sites for installation and maintenance of same. The Developer shall have the unrestricted and sole rights and power of alienating, conveying and releasing the easements reserved under the terms of this paragraph to utility providers and other appropriate recipients. All such easements, including those designated on the Plat, shall remain private easements and the sole and

exclusive property of the Developer, its successors and assigns, unless conveyed and/or alienated to third parties for the purpose of providing utility services. Further, in this regard, Developer, for itself and its successors and assigns, reserves a perpetual, alienable and releasable easement over the property for access and installation and maintenance of the above referred to utilities to adjacent properties which Developer may currently own or acquire in the future.

3.11 Fences: No fence, wall, hedge or mass planting shall be erected, installed or permitted to remain in the Property without prior written approval of the Developer except around the lift station as required by S.C. Department of Health and Environmental Control.

3.12 Exterior Lighting: All exterior lighting on any Building Site shall be designed, erected, altered and maintained in accordance with plans and specifications approved by the Developer, which approval shall not be unreasonable withheld. Lighting shall be compatible and harmonious throughout the entire development and shall be in keeping with the exterior design of the building on the Building Site in question. In this regard, such lighting shall be leased, at least initially, by Developer from Duke Power Company and each Owner of a Building Site shall be responsible for payment of a pro rata share of the cost thereof, which sum shall be collected as part of the assessment provided in Article V hereof.

A. Each Owner of any Building Site shall keep all improvements thereon in a safe, clean, maintained, neat condition and shall comply in all respects with all governmental statutes, ordinances, regulations and health, police and fire requirements. Each such Owner shall remove at its own expense, on a regular basis, any rubbish or trash of any type which may accumulate on its Building Site or adjacent common area. If any Owner shall fail to comply with this obligation, and shall fail to take corrective measures within thirty (30) days after receipt of a notice from Developer (or Developer's successors) demanding that such measures be taken, then Developer or its successors shall have the right to exercise one or both of the following remedies:

(1) Undertake and complete the corrective measures at Developer's expense, in which event Owner must reimburse Developer for the actual costs plus a reasonable fee to performing such work; and/or

(2) Assess a monetary penalty against Owner in an amount to be determined by Developer.

All amounts charged to Owner under either of these remedies will constitute liens against the Owner's Building Site, collectible and enforceable in accordance with Section 5.4 hereof.

B. All porches, patios, balconies and concrete or paved aprons on a Building Site shall be kept in good repair and swept clean from dirt and silt.

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C. No improvement on any Building Site shall be permitted by the Owner of such Building Site to fall into disrepair, and each such improvement shall at all times be kept in good condition and repair, properly maintained and adequately painted or otherwise finished.

ARTICLE IV

Operations Standards

4.1 Permitted Uses. All Building Sites shown on the Plat, or as may hereafter be developed, shall be used for residential building purposes only.

4.2 Boat Slips. (A) At the time this document is signed, eight permitted boat slips has been approved for this development. The eight permitted boat slips will be assigned to residents of this development as determined by the Developer. The eight interior boat slips will be assigned to the first eight purchasers of property in this development by the developer as determined exclusively and in the sole discretion of the developer. The remaining two property owners of this development will be assigned a place to dock their boat on either the interior or exterior of the dock. All persons who are assigned a boat slip will pay a pro-rata share of the lease cost for the boat slips assessed by Duke Power Company as long as the lease is in effect. The Developer only guarantees use of 8 boat slips on the lease as long as the Duke Power company lease is in effect. All persons assigned a boat slip will pay a reasonable yearly fee for use of and maintenance of common facilities related to the

boat slips specifically including the parking area, as solely determined by the developer.

(B) The Developer has submitted an application to move a boat dock to this development which has twelve permitted boat slips. If this application is approved, the right of the ten owners of property in this development to use the boat slips referred to in 4.2(B) is terminated and each owner will be assigned a boat slip in the sole and exclusive discretion of the developer on the boat dock to be moved. The remaining two boat slips of this second dock will be assigned to other persons who are not property owners in this development at the sole discretion of the developer. These non property owners shall be entitled to a reserved parking space in the common parking area of the development as determined solely by the Developer and to use of all non-reserved parking spaces. These non property owners are granted an easement over all common areas of Knots Landing development and all other property owned by the Outer Banks, Inc. including, privacy gates, for access to the boat slips. All persons who are assigned a boat slip will pay a pro-rata share of the lease cost for the boat slips assessed by Duke Power Company as long as the lease is in effect. All persons assigned a boat slip, including non property owners, will pay a reasonable yearly fee for use of and maintenance of common facilities related to the boat slips specifically including the parking area, as solely determined by the developer.

(C) If the application for the relocation of the second dock to this development is approved, then the existing dock with eight permitted boat slips will be designated for use by property owners in the Harbor View development which is located on Highway 183 across from the Knot Landing development. The boat slips for this dock will be assigned to owners of the Harbor View Development in the sole and exclusive discretion of the developer. A special and separate parking area has been set aside for the owners of Harbor View who have been assigned a boat slip and owners in the Knots Landing development will not have any rights to use of that lot or other areas used by the owners of Harbor View.

4.3 Damage to or Destruction of Improvements. Any improvements on any Building Site damages in whole or in part by fire, windstorm, tornado, vandalism, strike or civil disorder, or the like, shall be repaired and restored or replaced immediately, including the removal of debris, or should it be determined by the Owner thereof not to repair or replace such improvement, then the Owner, at its expense, shall demolish and remove the damaged improvement from its Building Site and thereafter maintain the Building Site in a graded, maintained condition until the Building Site is again improved in accordance with the provisions hereof. In no instance shall any damaged improvement remain on the Building Site unrepaired or not removed for a period in excess of ninety (90) days from the date of said casualty. In this regard, it shall be required that any Owner of a Building

Site shall maintain adequate hazard insurance coverage thereon at Owner's expense. A liability insurance policy shall be maintained on all "Common Areas" by Developer, or by Successor thereto, to premiums of which shall be a common expense as set forth in Article V hereof.

4.4 Right to Enter. During reasonable business hours, the Developer or its authorized representatives shall have the right to enter any Building Site for the purpose of ascertaining whether the restrictions provided herein may have been violated. Any such entry shall constitute an authorized entry, and the Developer, or its authorized representatives shall not be deemed guilty of trespass or constructive eviction by reason thereof.

4.5 Conduct of Owners, Guests, and Renters A code of conduct will be established by the Developer and/or Home Owners Association with resulting fines for violations of that Code. All owners and their guests or renters are expected: (1) To respect the rights of the other owners. (2) Not to engage in any conduct or activities that generates noise that disturbs the other owners. (3) Not to engage in any conduct or activities that disturbs the peace and quiet of the development. (4) To comply with all laws and regulations set down by the State of South Carolina and the County of Pickens. Rules and regulations will be established for conduct of all owners, guests, and renters. A schedule of fines for violations of these rules and regulations will be established and will result in a lien on the property

owned or used by the offender if not paid. All owners will be responsible for the conduct of their guests and renters.

ARTICLE V.

Common Property: Easements

5.1 Easements of Common Property. All of the Common Property is hereby subjected to easements running in favor of the Developer and all Owners and non property owners who are assigned a boat slip, to be utilized for such purposes as shall be designated by the Developer on the Plat, in these Restrictive Covenants, or on additional or amended plats to be recorded by the Developer. The easements created hereby include an easement for access and egress within the areas shown as Streets, Parking Areas and Boat docks on the plat and all other roads, driveways, parking areas, sidewalks, board walks and similar areas constructed and designated for access and egress by Developer. These easements are granted in perpetuity, and shall be deemed to run with the land for the benefit of Developer, all Owners, and non property owners who are assigned a boat slip. Further, in the regard, Developer reserves for itself and its successors and assigns a perpetual, alienable and releasable easement over the Property for access, ingress and egress, and installation and maintenance of utilities, including sewer lines and related equipment, to adjacent properties which Developer may currently own or hereafter acquire in the future.

5.2 Responsibility for Common Property. The home owners and/or subsequently formed Homeowner's Association shall operate

and maintain the Common Property. The Developer will transfer ownership of all common areas including any and all roads and utilities to the Homeowner's Association as soon as formed.

5.3 Expenses of Common Property. The Owners of the Building Sites shall defray the total expenses of the Developer for the operation, maintenance, repairs, replacements and services for the Common Property and all improvements thereon, including, but not limited to, utilities, sewer lines and related equipment, lighting, roads, and parking areas resurfacing, maintenance and repair of boat docks, sprinkler systems, trash removal, cleaning, liability insurance premiums, landscaping management expenses, and real property taxes.

5.4 Assessments. Each Owner's share of the aforesaid expenses shall be a sum equal to the product of the amount of such total expenses divided by ten. Each Owner will be assessed its respective share of the aforesaid expenses not more frequently than monthly, and payment of such assessments shall be due within fifteen (15) days after receipt of a bill therefor at the Building Site. Assessments not timely paid shall constitute a lien against the Building Site to which the assessment pertains from and after the due date of such assessment and may be collected by the Developer together with all costs of collection from the nonpaying Owner by appropriate legal action; provided such lien shall be subordinate to the lien of any first mortgage on the Building Site.

Approval of Plans; Variances; Easements

6.1 Approval. No improvement shall be erected, placed, replaced, altered, maintained or permitted to remain on any Building Site until plans and specifications showing a site plan, drainage plan, all exterior elevations, exterior building materials and colors, structural design, and landscaping plans (if any), shall have been submitted to and approved in writing by the Developer. Such plans and specifications shall be submitted in writing over the signature of the Owner of the Building Site or his authorized agent. Re-staining the exterior of improvements shall require approval of the Developer. Roofing shall be performed with such materials and color thereof as approved by Developer.

6.2 Basis of Approval. Approval shall be based on conformity and harmony of exterior design with neighboring structures; effect of location and use of improvements on adjacent Building Sites; relation of topography, grade and finished ground elevation of the Building Site being improved to that of neighboring Building Sites; proper facing of main elevation with respect to nearby streets, and conformity of the plans and specifications to the purpose and general plan and intent of these Protective Covenants and other applicable restrictive covenants. The decision of the Developer as to such matters shall be conclusive and final. The Developer shall not

arbitrarily or unreasonable withhold its approval of such plans and specifications.

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6.3 Time for Approval. If the Developer fails to either approve or disapprove such plans and specifications within thirty (30) days after a complete package of the same has been properly submitted to the Developer, the Developer shall be conclusively presumed to have approved said plans and specifications. All plans and specifications and all improvements must comply in all respects with the requirements set forth herein.

6.4 No Liability. Neither the Developer, nor its successors or assigns, shall be liable in damages or otherwise to anyone submitting plans to the Developer for approval, or to any Owner affected by these Restrictive Covenants and Easements, for any cause arising out of or in connection with the approval or disapproval or failure to approve such plans. Every entity which submits plans to the Developer for approval agrees by submission of such plans, and every Owner of any Building Site agrees by acquiring title thereof or interest therein, that it will not bring any action or suit against the Developer to recover any such damages or any other relief based upon the aforesaid causes.

6.5 Variances. The Developer, and its successors and assigns, are hereby authorized and empowered to grant reasonable variances from the provisions of these Restrictive Covenants and Easements in order to overcome practical difficulties and unnecessary hardships in the application of these provisions;

consistent with the purposes hereof and shall not materially adversely affect any existing improvements on the Property. The variance granted pursuant to the authority granted herein shall constitute a waiver of provisions of these Restrictive Covenants and Easements by all Owners of Building Sites, and all Owners hereby irrevocably and unconditionally appoint the Developer, its successors and assigns, as their true and lawful attorney-in-fact for the limited purpose of consenting to the aforesaid variances.

ARTICLE VII

Enforcement

7.1 Responsibility of Owner. Each Owner shall be responsible for compliance with the terms, provisions and conditions of this instrument by its employees, agents, independent contractors, tenants, building occupants, customers and visitors.

7.2 Abatement and Suit. Violation or breach of any restriction herein contained shall give to the Developer and every Owner, subject to these Protective Covenants, the right to prosecute a proceeding at law or in equity against the Owner who has violated, is attempting to violate or is permitting the violation on its Building Site of any of these restrictions, including, without limitation, actions to enjoin or prevent such Owner from doing so, to cause said violation to be remedied, or to recover damages for said violation.

omission whereby any restriction herein contained is violated in whole or in part is hereby declared to be and to constitute a nuisance, and every remedy, allowed by law or equity against an Owner, either public or private, shall be applicable against every such action or omission and may be exercised by the Developer or by any Owner.

7.4 Attorney's Fees. In any legal or equitable proceeding for the enforcement of this Declaration or any provision hereof, the losing Owner shall pay the attorney's fee of the Developer and/or the prevailing Owner or Owners, in such amounts as may be fixed by the court in such proceedings. All remedies provided herein or at law or in equity shall be cumulative and not exclusive of any other remedies.

7.5 Failure to Enforce Not a Waiver of Rights. The failure of the Developer or any other Owner to enforce any restrictions herein contained shall in no event be deemed to be a waiver of the right to do so, nor of the right to enforce any other restriction. No suit shall lie against the Developer for any failure, refusal or omission to institute or join in any action or proceeding for the enforcement hereof or to restrain the violation of any of the provisions hereof.

ARTICLE VIII

Term, Termination, Modification and Assignment

8.1 Term. This Declaration, every provision hereof and every covenant, condition and restriction contained herein

7.3 Deemed to Constitute a Nuisance. Any action or omission whereby any restriction herein contained is violated in whole or in part is hereby declared to be and to constitute a nuisance, and every remedy, allowed by law or equity against an Owner, either public or private, shall be applicable against every such action or omission and may be exercised by the Developer or by any Owner.

7.4 Attorney's Fees. In any legal or equitable proceeding for the enforcement of this Declaration or any provision hereof, the losing Owner shall pay the attorney's fee of the Developer and/or the prevailing Owner or Owners, in such amounts as may be fixed by the court in such proceedings. All remedies provided herein or at law or in equity shall be cumulative and not exclusive of any other remedies.

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7.6 Dues and Expenses to be paid by homeowners: Each homeowner will pay the sum of \$500.00 per tract per calendar year due on January 2 beginning in 2006 to the developer for maintenance and repairs to all common areas. The sum of \$500.00 amount will

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be paid when a tract is purchased and the owner will receive credit for any unearned portion of the initial amount paid when the next regular payment is due. All amounts collected will be maintained in a separate account and the developer will account for all money received and spent on a quarterly basis to all home owners. The amount assessed for maintenance and repairs to all common areas may be modified by the developer in its sole discretion prior to the establishment of a Home Owner's Association as set forth in paragraph 8.3 below. Upon the establishment of a Home Owner's Association as set forth in paragraph 8.3 below, assessments and dues for the Association will be set as provided for in the rules and regulations of the Home Owner's Association.

ARTICLE VIII

Term, Termination, Modification and Assignment

8.1 Term. This Declaration, every provision hereof and every covenant, condition and restriction contained herein shall continue in full force and effect for a period commencing on the date hereof and expiring twenty (20) years from the date hereof. It may be renewed thereafter by written amendment approved in accordance with Section 8.2 below.

8.2 Termination and Modification. This Declaration, or any provision hereof, or any covenant, condition or restriction contained herein, may be terminated, extended, modified or amended as to the whole of the Property, with the written consent of the Owners of seven of the ten units;

provided, however, that so long as the Developer owns any of the Building Sites, no such termination, extension, modification or amendment shall be effective without the written approval of the Developer thereto, and further provided that Developer may amend this Declaration or any provision hereof in order to revise property lines of Building Sites, as provided in Section 2.3A.

8.3 Assignment of Rights and Duties. The rights, powers, privileges, obligations and duties hereby specifically granted to or imposed upon the Developer (as opposed to those rights, powers, privileges, obligations and duties hereby granted to or imposed upon Owner) may be transferred to any successor or assign of the Developer which succeeds to the Developer's interest in the Common Property. The Developer shall have the absolute right to make such a transfer, without any obligation to seek or obtain consent or approval of such a transfer from any Owner or Owners. Developer may elect to transfer such interests and rights to a Home Owners' association comprised of the Owners of Building Sites. Such Home Owners' association would be organized by Developer as and when Developer elects to do so and would be governed according to bylaws and any rules and procedures established by a majority vote of Owners. The home owners will bear all costs for the establishment of the Home Owners Association. Any such successor or assign of the Developer shall, in a writing in recordable form, expressly assume the obligations and duties of the Developer hereunder. From and after the date of such written assumption, the Developer shall be

released and excused from further liability hereunder and from the exercise of all rights, powers, privileges, obligations and duties hereby granted to or imposed upon the Developer (as opposed to those rights, powers, privileges, obligations and duties granted to or imposed hereby upon the Developer as an Owner), and the successor or assign of the Developer shall possess and may exercise all rights, powers and privileges, and shall be subject to all duties and obligations, formerly specifically granted to or imposed upon the Developer.

Notwithstanding the above, so long as Developer owns any portion of the Property, Developer may reserve the right to approve or disapprove plans and specifications for construction of improvements, as set forth in Article VI hereof even after assigning the remainder of such rights to another party.

8.4 Assignment of Owner's Rights and Duties. The rights powers, privileges, obligations and duties hereby granted to or imposed upon any Owner may not be assigned or delegated except to a person or entity acquiring the Owner's interest in a Building Site or any lessee or sub-lessee of such owner. The instrument by which the interest of any Owner in a Building Site is acquired shall recite that it is subject to these Restrictive Covenants and Easements and shall contain an agreement by the transferee to be bound by all of the terms and conditions hereof.

ARTICLE IX

Miscellaneous Provisions

or entity which now or hereafter owns or acquires any right, title or interest in or to any portion of the Property is and shall be conclusively deemed to have consented and agreed to and assumed every covenant, condition and restriction contained herein, whether or not any reference to the Restrictive Covenants and Easements is contained in the instrument by which such person or entity acquired as interest in the Property.

9.2 Mutuality, Reciprocity; Runs with the Land.

All restrictions, conditions, covenants and agreements contained herein are made for the direct, mutual and reciprocal benefit of each and every part and parcel of the Property; shall create a mutual, equitable servitude upon each Building Site in favor or every other Building Site; shall create reciprocal rights and obligations between the respective Owners of all Building Sites; and shall, as to the Owner of each Building Site, its heirs, successors and assign, operate as covenants running with the land, for the benefit of the remainder of the Property.

9.3 Inurement. This instrument shall bind and insure to the benefit of the Developer and all Owners, and their respective successors, assigns, heirs and legal representatives.

9.4 Paragraph Headings. Paragraph headings, where used herein, are inserted for convenience only and are not intended to be a part of this Declaration or in any way to define, limit or describe the scope and intent of the particular paragraphs to which they refer.

9.5 Effect of Invalidation.

If any provision of this

Declaration is held to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof.

IN WITNESS WHEREOF, the undersigned Developer, Outer Banks, Inc., A South Carolina Corporation, has caused this Declaration of Covenants and Restrictions to be executed this 1st day of Dec, 2005.

Stead Alf

OuterBanks, Inc.

James C. Pennington

By:

[Signature]
PRESIDENT

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF PICKENS

Personally appeared the undersigned witness and made oath the (s)he saw the within named person sign, seal and as his act and deed, deliver the within written document and that (s)he with the other witness subscribed above, witnessed the execution thereof.

SWORN to before me this 1st day of Dec, 2005.

James C. Pennington (SEAL)
NOTARY PUBLIC FOR SOUTH CAROLINA
My commission expires 12/29/08

Stead Alf

IN WITNESS WHEREOF, Rick Hammett and Steve Collins as owners
of Lot #2 in this development, and agreeing that their lot is
bound by and subject to this Declaration of Covenants and
Restrictions have executed this documents this 1st

____ day of December, 2005.

[Signature]

[Signature]
Rick Hammett

[Signature]

[Signature]
Steve Collins

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF PICKENS

Personally appeared the undersigned witness and made oath the
(s)he saw the within named person sign, seal and as his act and
deed, deliver the within written document and that (s)he with the
other witness subscribed above, witnessed the execution thereof.

SWORN to before me this 1st day of Dec.,
2005.

Christy L. Jellman (SEAL)
NOTARY PUBLIC FOR SOUTH CAROLINA
My commission expires 5/17/2015

[Signature]

EXHIBIT "A"

ALL that certain piece, parcel or lot of land lying and being in the State of South Carolina, County of Pickens, being shown and designated as 2.20 acres, more or less, as shown on a plat entitled "Survey for Knotts Landing at the Outer Banks of Keowee" by Ray Dunn Land Surveyor, dated September 28, 2005 and recorded on November 22, 2005 in Plat Book 539 at Page 12 in the Register of Deeds Office for Pickens County. Reference is craved to said plat for a complete and accurate description.

THIS is the property conveyed unto Outerbanks, Inc. by deed of Timothy W. Revis dated September 24, 1997 and recorded on October 2, 1997 in Deed Book 395 at Page 161 in the Register of Deeds Office for Pickens County.