

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR KENSINGTON ESTATES AT KEOWEE**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR KENSINGTON ESTATES AT KEOWEE (this "**Declaration**") is made as of the 7th day of March, 2018 (the "Effective Date"), by SANDELL, INC., a South Carolina corporation, and its successors and assigns ("**Declarant**").

STATEMENT OF PURPOSE

Declarant owns certain Property located in Oconee County, South Carolina, which is more particularly described on Plat recorded in Plat Book A-930, Page 1, in the Office of the Register of Deeds of Oconee County, South Carolina (the "**Registry**"). Declarant desires to create a residential community of single-family homes to be named Kensington Estates at Keowee (the "**Development**").

Declarant desires to ensure the attractiveness and natural beauty of the Development, to prevent any future nuisances or impairment, and to enhance the value and amenities of all Lots within the Development.

Declarant desires to provide for the maintenance and upkeep of certain Common Areas within the Development for the common use and benefit of all Owners. Declarant desires to provide for a system under which Owners will pay for the maintenance and upkeep of the Common Areas. All Owners in the Development will pay the costs associated with maintenance and/or improvement of the Common Area (as defined in SECTION 1).

To these ends, Declarant desires to subject the Property to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, each and every one of which is for the benefit of the Property and each Owner.

Declarant has incorporated Kensington Estates at Keowee Homeowners Association, a South Carolina non-profit corporation (the "**Association**") which will (a) own, maintain and administer the Common Areas, except as otherwise provided in this Declaration; (b) administer and enforce the covenants, conditions, and restrictions contained in this Declaration; and (c) collect and disburse the Assessments created by this Declaration to efficiently preserve, protect and enhance the values of the Development, including the Common Areas, to ensure specific rights, privileges and easements in the Common Areas, and to provide for the maintenance and upkeep of the Common Areas, as provided in this Declaration.

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

SECTION 1. DEFINITIONS

“**Additional Property**” shall mean any additional real estate in the vicinity, of or contiguous to the Property, which may be made subject to the terms of this Declaration in accordance with the provisions of Subsection 2.2.

“**Annual Assessment**” shall mean an amount assessed by the Association against each Lot, for the purposes set forth in Subsection 5.2.

“**Architectural Guidelines**” shall mean the Architectural, Design, Landscape, and Shoreline Improvement Guidelines established by Declarant, and amended from time to time, which explain Declarant’s vision for the Development and the Property and establish procedures for reviewing plans and specifications for constructing Homes and other Improvements, landscaping the Lot, and preserving the Vegetative Buffer. All construction within the Development must comply with the Architectural Guidelines, including, without limitation, any fees established in the Architectural Guidelines.

“**Architectural Review Committee**” or “**ARC**” shall mean the committee appointed by the Board to oversee the development and enforcement of architectural review and control standards for conformance with the Architectural Guidelines, covenants and restrictions with respect to the Development, and to perform certain other functions described in this Declaration in accordance with the Architectural Guidelines.

“**Articles of Incorporation**” shall mean the Articles of Incorporation for the Association attached as **Exhibit A** and incorporated by reference.

“**Assessments**” shall collectively mean the Annual Assessments, Supplemental Annual Assessments, Special Assessments, Special Individual Assessments, and Working Capital Assessments, as more particularly described in this Declaration.

“**Association**” shall mean Kensington Estates at Keowee Homeowners Association, a South Carolina non-profit corporation, its successors and assigns.

“**Board**” shall mean the Board of Directors of the Association, which shall be elected and shall serve pursuant to the Bylaws.

“**Bylaws**” shall mean the Bylaws for the Association, attached as **Exhibit B** and incorporated by reference.

“**Common Area**” or “**Common Areas**” shall mean the Entrance Monument, Street Lights (if any), the Private Drive and the Private Driveway easement (including drainage facilities and other Improvements located therein), and the optional Pathway Easement, as well as landscaping and landscaping lights, pathways, drainage easements and utilities (including water and gas lines and meters; electrical lines, telephone poles, transformers, and meters; and fire hydrants to the extent such are not owned or maintained by the respective utility companies), and any other real property specifically shown and designated on the Map as “**Common Open Area**,” “**Common Open Space**,” “**Common Area**,” or “**COS**.” The Common Areas shall be owned by the

Association (or the Association shall hold easement rights therein) for the common use, benefit, and/or enjoyment of all of the Owners as described in this Declaration. Declarant reserves the right, but not the obligation, to provide additional Common Areas within the Development or to add Additional Property by Supplemental Declaration, which may have additional Common Areas. Common Area shall also include any Improvements made by Declarant within the right-of-way of any private, state or county road within or related to the Development. The Association shall be responsible for maintaining all Common Area after conveyance by the Declarant.

“**CPI**” shall mean the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84=100) issued by the US Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, the Board shall use the index which is most similar to the CPI that is publicized by the United States Government indicating changes in the cost of living.

“**Declarant**” shall mean Sandell, Inc., and such of its successors and assigns to whom its rights as Declarant are transferred by written instrument recorded in the Registry.

“**Development**” shall mean Kensington Estates at Keowee, a residential subdivision developed on the Property by Declarant.

“**Duke**” shall mean Duke Energy Carolinas, LLC, its successors and assigns, and its division, Duke Energy Lake Services.

“**Home**” shall mean a structure for use and occupancy as a residence constructed on a Lot within the Development. Each Lot may contain multiple structures, each of which may be used as a Home and/or auxiliary buildings in accordance with Oconee County ordinances, codes, and/or guidelines applicable to the Property with respect to permissible dwellings and occupancy requirements.

“**Entrance Monument**” shall mean the easement area(s) designated by Declarant as “**Entrance Monument Easement**,” “**Entrance Monument Area**,” or “**COS**” (or a similar term) located at the entryway to the Development, and the monuments and entrance signs located on such parcels which shall be three feet back from the curb, together with any lighting, irrigation system, landscaping, gate, and other Improvements which may be constructed within such Entrance Monument Area, to be used as the entrance for the Development. The Association shall be responsible for maintaining the Entrance Monument, including the cost of lighting, irrigation, and landscaping.

“**FERC**” shall mean the Federal Energy Regulatory Commission.

“**Improvement**” or “**Improvements**” shall mean any and all man-made changes or additions to any portion of the Property, including without limitation, the examples set forth in Subsection 7.8.

“**Interior Lots**” shall mean the area of Lots 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32.

“Lake Buffer Area” shall mean the area on Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 that is fifty (50) feet from the 800’ MSL contour, full pond elevation, the first twenty-five (25) feet of which is the same as the Vegetative Buffer for those Lots. The Lake Buffer Area is subject to the Shoreline Management Guidelines issued by Duke Energy Lake Services, from time to time.

“Lot” or **“Lots”** shall mean the separately numbered parcels depicted on the Map.

“Map” or **“Maps”** shall mean (i) the plat of survey of Kensington Estates at Keowee recorded hereafter in the Registry, (ii) any map of Additional Property recorded by Declarant, and (iii) any revision of any such Map recorded by Declarant in the Registry.

“Member” shall mean every person or entity that holds a membership in the Association.

“Mortgage” shall mean any mortgage constituting a first lien on a Lot.

“Mortgagee” shall mean the owner and holder of a Mortgage.

“Owner” shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot within the Development, including Declarant if it owns any Lot. The definition of Owner shall not include any Mortgagee.

“Pathway Easement” shall mean the easement reserved by Declarant and further described in Subsection 10.14 hereof.

“Person” shall mean any natural person, corporation, joint venture, partnership (general or limited), limited liability company, association, trust, or any other legal entity.

“Phase” shall mean any phase, section or portion of the Property for which a separate Map or Maps are recorded in the Registry.

“Pier Zones” shall mean the portions of Lake Keowee shoreline located adjacent to certain of the Waterfront Lots designated as “Pier Zone” (or a similar term) on the Map, to be used for purposes of constructing a dock or pier, as set forth in Subsection 7.25.

“Property” shall mean all the real property within the Development, exclusive of the public right-of-way(s), but including the Lots and Common Areas as more particularly shown on the Map.

“Private Drive” shall mean the private drive known as Kensington Circle, or other name chosen, as shown on the Map, which serves Lots 1-32. **“Private Driveway”** shall mean the private driveway known as Kensington Marina, or other name chosen, as shown on the Map, which serves the private marina. Both the Private Drive and the Private Driveway shall be maintained by the Association as more particularly set forth in Subsection 3.1 and Subsection 4.6 of this Declaration until dedicated to the County if either is hereafter dedicated to the County.

“Registry” shall mean the Office of the Register of Deeds for Oconee County, South Carolina.

“**Special Individual Assessment**” shall mean the amount assessed by the Association for the purposes set forth in Subsection 5.6.

“**Special Assessment**” shall mean the amount assessed by the Association against each Lot for the purposes set forth in Subsection 5.5.

“**Street Lights**” shall mean those street lights, if any, which may be constructed upon and over rights-of-way, and/or solar lights along the Pathway Easement and any other paths that may be constructed by the Association as Common Areas.

“**Supplemental Annual Assessment**” shall mean an amount assessed by the Association in addition to the Annual Assessment, as set forth in Subsection (d).

“**Supplemental Declaration**” shall mean any Declaration of Covenants, Conditions and Restrictions recorded in the Registry with regard to a certain Phase, section, or portion of the Property, as more particularly described in Subsection 2.2.

“**Vegetative Buffer**” (per Oconee County Ordinance, Chapter 38, Section 38-11.1) shall mean the area within the “Lake Overlay District” that is twenty-five (25) feet from the 800’ MSL contour (full pond elevation).

“**Waterfront Lots**” shall mean Lots 1,2,3,4,5,6,7,8,9,10 and 11, inclusive, as shown on the Map.

“**Working Capital Assessment**” shall mean the amount assessed by the Association when a Lot is sold by Declarant to the first Owner, as more particularly set forth in Subsection 5.4(a).

SECTION 2. PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE ASSOCIATION

2.1 Property

The Property subjected to this Declaration is described on the Map, as well as any Additional Property that may become subject to this Declaration (by filing one or more Supplemental Declarations as provided in Subsection 2.2), all of which is incorporated into the definition of the Property.

2.2 Additions to the Property

- (a) Declarant may cause Additional Property (including Common Areas) to be made subject to the terms of this Declaration by filing one or more Supplemental Declarations in the Registry. Each Supplemental Declaration shall contain a description of the Additional Property and a statement by Declarant of its intent to extend the operation and effect of this Declaration to the Additional Property.
- (b) Any Supplemental Declaration may contain complementary additions as may be necessary in the judgment of Declarant to reflect the different character of the Additional Property. In no event shall any Supplemental Declaration revoke, modify or add to the

covenants and restrictions contained in this Declaration with respect to the Property, nor revoke, modify, change or add to the covenants and restrictions established by previously filed Supplemental Declarations, without meeting the requirements for amendment set forth in Subsection 12.4 of this Declaration.

- (c) So long as Declarant owns any part of the Property, the prior written consent of Declarant shall be required for any parties to modify, change and/or amend, in whole or in part, the terms and provisions of this Declaration, any Supplemental Declaration, or to impose new or additional covenants, conditions, restrictions or easements on any part of the Property.

SECTION 3. PROPERTY RIGHTS

3.1 Ownership of Common Area

Declarant reserves the right, but is not required, to construct the following within the Common Areas: (i) the Entrance Monument(s) including a gate to be located at the entrance of the Development; (ii) walking paths or trails, including without limitation, a path within the Pathway Easement; (iii) the Private Drive (including, as applicable, drainage facilities and other Improvements), as reflected on the Map; (iv) the Private Driveway (including, as applicable, drainage facilities and other Improvements), as reflected on the Map; and (v) any other Improvements that Declarant, in its sole opinion, may deem necessary or desirable for the use and enjoyment of the Owners, as provided in this Declaration. All of the Common Areas shall be maintained by the Association, regardless of whether they are owned by Declarant or the Association; provided, however, Declarant shall convey all Common Areas to the Association no later than ten (10) years following the recordation of this Declaration. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and enjoyment of the general public.

3.2 Owners' Rights to Use and Enjoy Common Areas

Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas, and such right shall be appurtenant to and conveyed with title to such Owner's Lot, subject to the following:

- (a) the right of the Association to establish and enforce reasonable rules and regulations governing the use of the Common Areas;
- (b) the right of the Association to suspend the voting rights of an Owner in the Association and the right of the Association to suspend the right to use certain or all of the Common Areas by an Owner for any period during which any Assessment against the Owner's Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of the rules and regulations published by Declarant, the Board, or the Association ("**Rules**");
- (c) the right of Declarant or the Association to grant or reserve utility, drainage and other easements across the Common Areas; and

(d) the provisions of SECTION 7 of this Declaration.

3.3 Delegation of Use

Any Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Common Areas to the members of his or her family, guests, invitees, or tenants, as the case may be; however use by those persons may be temporarily or permanently revoked by the Association for repeated violations and/or disregard of the Rules.

SECTION 4. THE ASSOCIATION

4.1 Membership

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

4.2 Classes of Lots and Voting Rights

The voting rights of the Members shall be appurtenant to the ownership of Lots. There shall be two (2) classes of Lots with respect to voting rights:

(a) Class A Lot. Class A Lots shall be all Lots, except Class B Lots as defined below. Each Class A Lot shall entitle the Owner(s) of the Lot to one (1) vote. If more than one Person owns an interest (other than a leasehold or security interest) in any Lot, all such Persons shall be Members and the voting rights appurtenant to the Lot shall be exercised as they, among themselves, determine, but only one (1) vote may be cast with respect to any Class A Lot.

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

4.3 Turnover Date

The Class B Membership shall cease and be converted to the Class A Membership upon the earliest to occur of the following: (a) December 31, 2032; or (b) the date Declarant shall elect, in its sole discretion, that the Class B Membership shall cease and be converted to the Class A Membership as evidenced by a written instrument signed by Declarant and recorded in the Registry. The earliest to occur of (a) or (b) shall be the "**Turnover Date**." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A Member.

4.4 Availability of Documents

The Association shall maintain current copies of this Declaration, the Bylaws, the Architectural Guidelines, and the Rules concerning the Development, as well as its own books, records, and

financial statements available for inspection by all Owners, Mortgagees, and insurers and guarantors of Mortgages that are secured by Lots. All such documents shall be available upon reasonable notice and during normal business hours and/or provided electronically, at the Association's option. In addition, any Mortgagee may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

4.5 Management Contracts

At its sole discretion, the Board may self-manage the Association or is authorized to engage the services of any Person to act as property manager or managing agent of the Association (the "**Manager**"). The Manager will perform all of the powers and duties of the Association delegated to it in a written agreement (the "**Management Contract**") at a compensation level to be determined by the Board. The term of the Management Contract shall not exceed one (1) year and may be renewed by mutual agreement of the parties for successive one (1) year terms. Any Management Contract shall be terminable by the Board, with or without cause, upon ninety (90) days prior written notice to the Manager, without payment of a termination fee.

4.6 Maintenance

The Association shall maintain the Private Drive and Private Driveway. Maintenance of the Private Drive and the Private Driveway shall include repair and reconstruction, when necessary, and shall conform to the standard of construction and maintenance required by the Oconee County Roads and Bridges Department (Ordinance No. 2013-16, Section 26-2 (a) and (b)). Travel on the Private Drive shall be restricted to a maximum of fifteen (15) miles per hour and travel on the Private Driveway shall be restricted to a maximum of five (5) miles per hour.

The Common Areas, together with all utilities, and easements located within the Common Areas and not otherwise maintained by public entities or utilities, shall be maintained by the Association as described below:

- (a) Maintenance of the Entrance Monument(s) shall include maintenance, repair and reconstruction, when necessary, of the monuments and gate (if applicable), plus signage, irrigation and lighting (if any), and plants located thereon and will include providing and paying for landscaping, utility charges for irrigation and lighting, the monuments (if any), electronic gate controls (if applicable), and signage.
- (b) All Common Areas shall be clean and free from debris and maintained in an orderly condition, together with the landscaping and irrigation (if any) in accordance with the standards for private parks or common areas in comparable residential developments within the vicinity of the Development, including periodic removal and replacement of any landscaping, utilities, or Improvements located within the Common Areas, as needed.
- (c) The Association shall not be responsible for the maintenance of any Lot or any Improvements within the boundaries of any Lot, including, without limitation, any trees or vegetation, driveway or any dock, pier, or boat slip located within the Pier Zone adjacent to any Lot, which shall be the sole responsibility of such Lot Owner.

4.7 Reserve Fund

The Association shall establish and maintain an adequate reserve fund for (a) the periodic maintenance, repair, and replacement of Improvements located on all Common Areas and the Private Drive; (b) to fund unanticipated expenses of the Association; and/or (c) to acquire equipment or services deemed necessary or desirable by the Board, from time to time, in its sole discretion. The Reserve Fund shall generally be collected and maintained out of the Annual Assessment, unless the Board determines that a Supplemental Annual Assessment or a Special Assessment is necessary to fund the Reserve Fund. The amount of the Reserve Fund shall be determined, from time to time, by the Board, in its sole discretion.

4.8 Liability Limitations

Declarant, the Association, its Members, the Board, or any officers, directors, agents, or employees of any of them shall not be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Association or otherwise. Declarant, the Association, and their respective directors, officers, agents, or employees shall not be liable for any incidental or consequential damages for failure to inspect any Common Area, Improvements, or other property within the Development or for failure to repair or maintain the same. Declarant, the Association, the Manager, or any other Person making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, Improvements or portions thereof. The Association shall, to the extent permitted by applicable law, indemnify, defend, and hold harmless all Directors on the Board from and against any and all loss, cost, expense, damage, liability, claim, action, or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action, or cause of action resulting from the willful misconduct or negligent acts or omissions of the Person(s) to be indemnified.

SECTION 5. ASSESSMENTS

5.1 Creation of the Lien and Personal Obligation for Assessments

Subject to Subsection 5.7, Declarant covenants for each Lot it owns within the Property, and each Owner by acceptance of a deed to a Lot, whether or not it is expressed in such deed, is deemed to covenant and agrees to pay to the Association when due all Annual Assessments, Supplemental Annual Assessments, Working Capital Assessments, Special Assessments, and Special Individual Assessments. Any such Assessment, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which such Assessment is made, and is the personal obligation of the Owner of the Lot at the time the Assessment was due. The personal obligation for delinquent Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, provided such Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a continuing lien upon the Lot against which such Assessments are made.

5.2 Purpose of Annual Assessment

The Annual Assessments levied annually by the Association against each Lot shall be used as follows:

- (a) to repair, maintain, reconstruct (when necessary), and keep clean and free from debris the Common Areas and any Improvements located on the Common Areas, and to maintain the landscaping in accordance with standards in comparable developments within the vicinity of the Development;
- (b) to maintain and repair the Private Drive to the applicable standards of maintenance required for Private Drives by the Oconee County Roads and Bridges Department;
- (c) to maintain and repair the Private Driveway to the applicable standards of maintenance (if any) required for Private Driveways by the Oconee County Roads and Bridges Department;
- (d) if applicable, to pay all costs associated with the lease of the Street Lights, including, but not limited to, monthly lease payments and utility costs;
- (e) to maintain appropriate community directional and informational signage of architectural quality;
- (f) to pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association;
- (g) to pay the premiums on all insurance carried by the Association pursuant to this Declaration or the Bylaws;
- (h) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties in this Declaration or the Bylaws;
- (i) to maintain a reserve fund for the purposes set forth in 4.7 in an amount determined by the Board in its sole discretion; and
- (j) to carry out the maintenance responsibilities of the Association set forth in Subsection 4.6.

5.3 Payment of Annual Assessments; Due Date

Annual Assessments shall commence as to each Lot on the date determined by the Board. The Annual Assessment for each calendar year shall be in an amount set by the Board, in accordance with 5.4, and shall be due and payable in one annual payment no later than January 31 of each such year. By December 1st of each year, the Board shall establish the amount of the Annual Assessment as to each Lot for the next calendar year. The Association shall send written notice of the amount of the Annual Assessment to each Owner on or before January 5th of such calendar year. The failure of the Association to send, or of a Member to receive, such notice shall not relieve any Member of the obligation to pay Annual Assessments. Notwithstanding the

foregoing, the Board may increase or decrease the frequency of the collection of the Annual Assessments (or may provide for collection in installments) in any reasonable manner in its sole discretion.

5.4 Working Capital Assessment and Maximum Annual Assessment

- (a) When an Owner acquires title to a Lot from Declarant, the Owner shall pay a Working Capital Assessment to build the working capital of the Association. The Working Capital Assessment shall be seven hundred and 00/100 Dollars (\$700.00) and shall only be assessed when the Lot is sold by Declarant to the first Owner, and not on subsequent re-sales of the same Lot. The Working Capital Assessment is not an advance payment of the Annual Assessments and shall not be construed as a transfer fee. Its purpose is simply to provide sufficient funds and working capital for the Association to operate. The interior lot(s) shall be assigned one of the Boat Slips and shall pay an added assessment for the maintenance, expenses and fees relating to the Community Boat Slips.
- (b) After the first year of Annual Assessments, the Board may increase the Annual Assessment each year (without a vote of the Members), by a maximum amount equal to the previous year's Annual Assessment times the greater of (i) twenty percent (20%), or (ii) the annual percentage increase in the CPI. If the Annual 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 Annual 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, without a vote of the Members.
- (c) After the first year of Annual Assessments, the maximum Annual Assessment may be increased above the maximum amount set forth in Subsection 5.4(a) by a vote of a majority of the votes appurtenant to the Lots which are then subject to this Declaration, plus the written consent of Declarant (so long as Declarant owns any part of the Property).
- (d) The Board may establish the Annual Assessment at an amount not to exceed the maximum set forth in Subsection 5.4(b) (the "**Maximum Annual Assessment**"). If the Board levies less than the Maximum Annual Assessment for any calendar year and thereafter, during such calendar year, determines that the important and essential functions of the Association cannot be funded by such lesser amount, the Board may, by vote in accordance with the Bylaws, levy a supplemental Annual Assessment ("**Supplemental Annual Assessment**"). The sum of the Annual Assessment and Supplemental Annual Assessment for any year shall not exceed the applicable Maximum Annual Assessment for such year, other than as set forth herein.

5.5 Special Assessments for Capital Improvements

In addition to the Annual Assessment authorized above, the Association may levy a Special Assessment in any calendar year, applicable to only that year for the purpose of defraying, in

whole or in part, the cost of (i) the construction of any Common Area Improvements which are not originally constructed by Declarant; or (ii) the reconstruction, repair or replacement of the Common Areas, including, but not limited to, the Private Drive, the Private Driveway (if applicable), or the Entrance Monument(s) and all Improvements located thereon, including fixtures and personal property related thereto. Provided, however, any such Special Assessment must be approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Lots which are then subject to this Declaration.

5.6 Special Individual Assessment

In addition to the Annual Assessments, Supplemental Annual Assessments, Working Capital Assessments, and Special Assessments authorized above, the Board shall have the power to levy a Special Individual Assessment applicable to any particular Owner for the following reasons: (i) for the purpose of paying for the cost of any construction, reconstruction, repair, or replacement of any damaged component of the Common Areas, whether caused by any act or omission of such Owner, members of such Owner's family, or such Owner's tenants, agents, guests, employees, or invitees and not the result of ordinary wear and tear; (ii) for payment of fines, penalties, or other charges imposed against any particular Owner because of the failure of the Owner, members of such Owner's family, or such Owner's tenants, agents, guests, employees, or invitees to comply with the terms and provisions of this Declaration, the Bylaws, the Architectural Guidelines, or any Rules established by the Association or Declarant pursuant to this Declaration or the Bylaws; (iii) for failure to properly maintain the exterior portions of the Home or any Improvements on their Lot; or (iv) for failure to keep their lawn mowed, shrubs pruned, fallen trees removed, and kudzu pulled on their Lot. Provided, however, Declarant shall not be obligated to pay any Special Individual Assessment, except with Declarant's prior written approval. The due date of any Special Individual Assessment levied pursuant to this 5.6 shall be fixed in the Board's resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner at least thirty (30) days prior to the date such Special Individual Assessment is due.

5.7 Assessment Rate

- (a) Subject to the exception set forth in Subsection 5.7(b), Annual Assessments, Supplemental Annual Assessments, and Special Assessments must be fixed at a uniform rate for all Class A Lots.
- (b) Annual Assessments, Supplemental Annual Assessments, and Special Assessments for each Class B Lot owned by Declarant shall be one-fourth (1/4) of the amount of the Annual Assessments, Supplemental Annual Assessments, and Special Assessments for each Class A Lot in the Development not owned by Declarant.

SECTION 6. GENERAL ASSESSMENT PROVISIONS

6.1 Certificate Regarding Assessments

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance.

6.2 Effect of Nonpayment of Assessments; Remedies of the Association

Any 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 late charges as established by the Board to defray the costs arising because of late payment. The Association may bring an action at law against the delinquent Owner (or foreclose the lien against the Lot), and interest, late payment charges, costs, and reasonable attorneys' fees related to such action or foreclosure shall be added to the amount of such Assessment. No Owner may waive or escape liability for the Assessments by not using the Common Areas.

6.3 Subordination of the Lien to Mortgages

The lien of any Assessments shall be subordinate to the lien of any first Mortgage on a Lot. Sale or transfer of any Lot shall not affect the Assessment lien. The sale or transfer of any Lot pursuant to a mortgage foreclosure under any first Mortgage on a Lot, 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 may, in its sole discretion, determine that such unpaid Assessments should be collectable pro rata from all Owners. No sale or transfer shall relieve the purchaser of such Lot from liability for any Assessments which become due after the transfer. The lien of such Assessments shall continue to be subordinate to the lien of any first Mortgage on a Lot.

SECTION 7. RESTRICTIONS

7.1 Land Use, Building Type, and Single-Family Residential Restriction

All Lots in the Development shall be used only for single-family residential purposes. All Improvements must be approved by the ARC in accordance with the Architectural Guidelines, but there will be a streamlined approval process for Owners who use one of the pre-approved designs. No mobile home, modular home, pre-manufactured home, pre-engineered home, or shell home may be erected or permitted to remain on any Lot. The Home must be stick built on the Lot. No boat nor houseboat may be used at any time as a Home. Recreational vehicles and campers are permitted to be placed on any lot but shall not remain any longer than nine (9) months out of any twelve (12) month period unless placed inside a totally enclosed garage.

The residential restriction in this Subsection 7.1 shall not prohibit the Owner from having a home office or conducting business activities within their Home so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Home; (b) the business activity conforms to all applicable zoning requirements; (c) the business activity does not involve persons coming into the Development who do not reside in the Development, or involve door-to-door solicitation of residents of the Development; and (d) the business activity is consistent with the residential character of the Development and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other Owners, as may be determined in the sole discretion of the Board. Neighborhood yard sales may be permitted with prior written approval from the Board, which may be withheld by the Board in the exercise of its reasonable discretion.

7.2 Rentals and Leasing Restrictions

An Owner is permitted to lease his Home as a vacation rental without Board approval provided that: (a) the written lease or vacation rental agreement is on the Association's approved form ("**Approved Lease Form**"); (b) the tenant agrees to comply with the Rules which shall be attached to the Approved Lease Form and which include the Board's right to terminate if the tenant, lessee, or guest is violating the Rules; (c) the Owner is responsible for any damage or destruction caused by the tenant, lessee, or guest or for the failure of the tenant, lessee, or guest to comply with all of the terms and provisions of this Declaration, the Rules, the Bylaws, and the Approved Lease Form; and (d) any Owner who has a tenant, lessee or guest that fails to comply with the provisions of this Declaration, the Rules, the Bylaws, and the Approved Lease Form will not be permitted to rent to that tenant or lessee again or to allow that guest to use the Owner's Lot or Home again. For purposes of this Declaration, a long-term lease is for a term over six (6) months, and a short-term lease is for a term less than six (6) months. Any ownership or leasing arrangement which constitutes a vacation time-sharing ownership plan or vacation time-sharing lease plan under Title 27 of Chapter 32 of the South Carolina Code of Laws is prohibited. Any form of interval or sequential ownership of a Lot or Home is also prohibited, provided, however tenant in common ownership of a Lot or Home is expressly permitted.

7.3 Home Size Restrictions

No home shall be less than 1,200 square feet in size. Home height shall not exceed 2½ stories, excluding basements or lower levels, without the prior written approval of the ARC.

7.4 Building Construction and Quality

Homes, Improvements, and boat docks shall be constructed of new material of good quality and appearance and shall be constructed in a good and workmanlike manner. The Architectural Guidelines contain additional information and detail concerning the materials that can be used and the quality of construction that is required.

7.5 Exterior Materials and Colors

Exterior materials shall be of a hard exterior surface such as brick, stone, stucco or other acceptable material as approved by the ARC. Post and beam accents are encouraged. Ideally,

Homes shall use the same or similar exterior materials on all sides of the structure. Permitted colors shall be established by the ARC.

7.6 Architectural Guidelines

The ARC shall, from time to time, publish Architectural Guidelines, as defined in SECTION 1. The Architectural Guidelines explain the general intent of the development of the Property and are a guide to help the ARC review plans and specifications for the construction of Homes and other Improvements on Lots, for the landscaping of Lots, and the preservation of the Vegetative Buffer. The Architectural Guidelines shall explain the procedures for submission, review, and approval of plans and specifications and shall establish the fees to be imposed by the ARC. The Architectural Guidelines may be revised and amended at any time by the ARC, with Board approval. The Architectural Guidelines may also contain construction rules to be followed by all Owners and builders performing work or installing Improvements (including landscape Improvements) on the Property, and shall provide for a Construction Escrow Deposit, as described in Subsection 7.29.

7.7 Architectural Review Committee (“ARC”)

So long as Declarant owns any Lot or other portion of the Property, the members of the ARC shall be appointed by Declarant. When Declarant no longer owns any Lot or other portion of the Property, the Board shall have the authority to appoint the members of the ARC on an annual basis. The ARC shall consist of at least three (3) individuals. The members of the ARC may be Owners, but are not required to be Owners. The members of the ARC may be removed or replaced at any time, with or without cause, and without prior notice, by the party having the authority to appoint such ARC members. The ARC shall have the authority to employ, retain, and/or use the services of any architects, landscape architects, engineers, other design professionals, or attorneys as it deems necessary or desirable, from time to time. The ARC's review and approval of any plans is made on the basis of aesthetic considerations only and the ARC shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither Declarant, the Association, the Board, the ARC, any committee, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Improvements.

7.8 Definition of Improvements

The term “**Improvement**” or “**Improvements**” shall mean and include any and all changes or additions to a Lot, including, but not limited to, the location, materials, size and design of all Homes, buildings, or structures (including any exterior devices attached to or separate from Homes or buildings, such as heating and air conditioning equipment, solar heating devices, antennae, satellite dishes); piers, docks, boat slips; roofed structures; parking areas; fences; statuary and fountains; landscaping (including cutting trees); hedges; mass plantings; irrigation equipment, apparatus and systems; swimming pools and recreational facilities; driveways; signs;

site preparation; changes in grade or slope; exterior illumination; and changes in any exterior color or shape. The definition of Improvements includes both original Improvements and all later changes to Improvements.

7.9 Setback Lines

No Improvements on any Lot (including any stoops, porches, or decks) shall be erected or permitted to remain which violate the setbacks contained in this Subsection 7.9 or the Sight Line Corridor Easement established in Subsection 10.13. Piers and dock facilities are exempt from the rear setback restrictions and may be installed outside the Building Envelope. Driveways, which are connected to the Home and are not covered or enclosed in any manner, may encroach within the front and side setback, provided that such encroachment does not violate any applicable governmental requirement. If any zoning, subdivision, or development ordinance, floodway regulations, or other ordinance, law or regulation applicable to a Lot prescribes greater setbacks, then all Improvements erected during the pendency of that zoning, subdivision, or development ordinance, floodway regulations or other ordinance, law or regulation shall be governed by the greater setbacks. Except as set forth in the immediately preceding sentence, the setbacks shown on the Map are as follows: (a) front setbacks for all Lots that front on the Private Drive are twenty-five (25) feet from the road right-of-way; (b) side setbacks for all Lots are five (5) feet from the property line; and (c) rear setbacks are fifty (50) feet from the 800' MSL contour (full pond elevation),

7.10 Variances

Setbacks are established on the recorded Maps, in Subsection 7.9, and in Subsection 10.13. The ARC may authorize variances from compliance with the setbacks and/or the Architectural Guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations require. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to this Declaration, or (c) stop the ARC from denying a variance in other circumstances or for another Lot. If the requested change is waived by the ARC but violates any zoning or subdivision ordinance or other applicable law or regulation, the Owner who has committed the violation must first obtain a variance or other similar approval from the appropriate governmental authority before the waiver granted will be deemed effective. If no waiver or variance is obtained, the Improvement must be removed at the expense of the Owner (or it may be removed at the Association's expense and billed to the Owner) as described in the Architectural Guidelines.

7.11 Development and Combination of Lots

Declarant reserves the following rights with respect to any Lots it owns: (a) the right to subdivide Lots; (b) the right to combine Lots; or (c) the right to change boundaries or dimensions of Lots, all as may be shown on one or more revisions to the Map. Except for Declarant's reserved rights with respect to the Lots it owns, no other Lot shall be subdivided by sale or otherwise to reduce the Lot area shown on the Map. However, a Lot Owner may request permission from the ARC to combine one Lot with one or more contiguous Lots so long as the parcel or parcels which result from such combination do not violate any applicable zoning

ordinance, subdivision ordinance, or other applicable law or regulation. The Owner requesting the combination of Lots shall be solely responsible for any costs that may result from such combination, including the costs of relocating any easements or utility lines. Any combination of Lots will not be recognized unless the Owner has applied and been granted approval at the sole discretion of the ARC. The ARC (and applicable government agencies) may waive setback restrictions if the plans for the Owner's Home or Improvements involve construction across Lot lines, providing the ARC believes it is in the best interests of the Development to do so. However, because of the small number of Lots in the Development, the Owner of multiple combined Lots shall be responsible for paying an Assessment for each original Lot it owns and shall continue to have a vote for each original Lot it owns. A Lot combined by an Owner with approval of the ARC may be subsequently subdivided by the Lot Owner back to its original configuration or other such configuration as may be approved the ARC.

7.12 Utilities and Maintenance within Utility Easements

Declarant reserves certain easements with each Lot's setbacks for the installation, maintenance, and repair of utilities (such as electricity, water, gas, telephone, cable television) as set forth in 10.8. Additional utility easements may be more particularly shown and delineated on the Map and in other recorded easement documents. Within such easements, no structure, planting, or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may interfere with drainage and the flow of water within the easement areas. The Owner of each Lot shall maintain that portion of the Lot lying within the defined easement areas and shall maintain any Improvements located thereon, except those Improvements installed and maintained by a public authority or utility company. All utilities and utility connections shall be located underground, including electrical, telephone and cable television lines. Geothermal and solar systems shall all be considered by the ARC. Transformers, electric, gas, or other meters of any type, or other apparatus shall be located at the rear of the Homes or Improvements constructed on Lots, and shall be appropriately screened as set forth in the Architectural Guidelines. Declarant reserves the right to create and impose additional easements over any unsold Lot or Lots for road drainage, utility and entry signage installation purposes by the recording of appropriate instruments, and such easements shall not be construed to invalidate any of these covenants.

7.13 Storm Drainage Facility Maintenance

Declarant reserves the right to impose easements for storm drainage facilities as set forth in 10.8. Within such easements, no structure, planting, or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may interfere with drainage and the flow of water within the easement areas. The Owner of each Lot shall maintain that portion of the Lot and any Improvements lying within the defined easement areas, except those Improvements installed and maintained by a public authority or utility company. Each Owner is responsible for keeping the storm drainage easement areas on their Lot clean and free from debris. If an Owner fails to do so, the Association has the right to hire a contractor to undertake such maintenance responsibilities and the cost shall be charged to the Lot Owner as a Special Individual Assessment against their Lot. If an outfall or storm drainage facility breaks underground and the public authority or utility company fails or refuses to make appropriate repairs, the Association reserves the right to hire a contractor and pay for

such repairs through the Annual Assessment (or, if necessary, through a Supplemental Annual Assessment or a Special Assessment).

7.14 Driveways, Sidewalks, Fences and Walls

All driveways shall be made of hardened material such as concrete, asphalt, stone, pavers or other hardened materials. Sidewalks and driveways shall, at a minimum, connect the road right-of-way to the home and any garage entrance. The Architectural Guidelines contain provisions concerning fences and walls. No fences or walls may be erected without ARC approval.

7.15 Signs

No signs of any kind may be displayed to the public view on any Lot, with the following exceptions which may not exceed four (4) feet in height or five (5) square feet in size, excluding staking: (a) two (2) signs advertising the Property for sale or lease (one of which may be placed at the front of the Lot facing the Private Drive or Private Driveway and one of which may be placed at the rear of the Lot facing the Lake; and (b) one sign used by a builder to advertise the Lot during the construction and sales period. These restrictions do not apply to temporary entry signs or advertising by Declarant, or for sale signs installed by Declarant or its agents prior to the initial sale of all Lots in the Development. The Architectural Guidelines may contain additional provisions concerning signs.

7.16 Antennas; Satellite Dishes or Discs

No exterior satellite dish or antenna may be placed by an Owner on any portion of the Owner's Home or Lot without the prior written approval of the ARC. An Owner may install on its Home or Lot a satellite dish, disc, or antenna no larger than one meter diagonally or in diameter. The Board may require that an exterior satellite dish, disc, or antenna be screened from public view from Lake Keowee or the Private Drive or Private Driveway on which the Lot fronts, provided that (i) the cost of screening is reasonable, (ii) the screening does not impair reception, and (iii) the screening requirements are the same as for HVAC units, pool equipment, or similar installations. An Owner may not install an exterior satellite dish, disc, or antenna on the Common Area.

7.17 Lot Maintenance; Trash Disposal

Each Owner shall keep his or her Lot, and the area adjacent to the Lot between the edge of the Private Drive right-of-way and the edge of the pavement or curb, in a clean and orderly condition and shall keep the Improvements thereon in a suitable state of painting and repair, promptly repairing any damage caused by fire or other casualty. No clothes lines may be placed or maintained on any Lot unless they are appropriately screened from view from any adjoining Lots and the Private Drive, and are approved by the ARC. No Lot shall be used for storage of trash of any kind and no trash, rubbish, stored materials or similar unsightly items shall be allowed to remain on any Lot outside of an enclosed structure, except when temporarily placed in closed, sanitary containers before removal by trash collection authorities or companies. Landscaping shall be maintained around the home such that no area will be bare dirt, with exception to areas where large trees have a natural fall leaf covering the ground. Shrubs, grass, and trees will be

pruned, cut, or otherwise maintained to keep the appearance of the lot and home respectable. In general, grass and weeds taller than 10" on the lot would be considered not respectable in appearance and shall receive immediate attention. Mulch, rocks, and other landscaping materials shall be used and maintained around shrubs and planters. Any fences placed on any lot of the home (towards the road side) shall not be taller than 4 feet and may not be constructed out of T-posts, hog wire, chicken wire, wire mesh or other similar materials. Chain link fence, wood fencing, and hardscape products are approved with exception to galvanized chain link fencing. Chain link fencing must be final coated in green, brown, or black. Fences on the side and rear of the home have the same restrictions except that the maximum height shall be 6 feet.

7.18 Off-Road Parking; Off-Water Boat Storage

Each Lot Owner shall provide an attached or detached garage and/or a concrete, asphalt, or gravel driveway that provides space for parking at least two (2) vehicles. Brick or stone pavers are also permitted in earth tones, but must be approved by the ARC. Parking is also subject to such Rules adopted by the Board of the Association. No commercial vehicles (vehicles with commercial writing on their exteriors, or vehicles used primarily for commercial purposes), mobile homes, recreational vehicles or related equipment, including any boat, houseboat, trailer, motor home, recreational vehicle or "camper" vehicle may be maintained, stored or kept on any portion of the Property (including without limitation, the Private Drive or the Private Driveway) for longer than forty-eight (48) hours unless in an enclosed garage, and may not be used as a residence for any period of time. All vehicles must have a current license plate affixed and be in operable condition. For purposes of this Subsection, a vehicles shall be considered "stored" if it is put up on blocks or covered with a tarpaulin or cover for two (2) consecutive days without the prior approval of the Board. Notwithstanding the foregoing, service and delivery vehicles may be parked within the Property during normal business hours while making deliveries. Temporary carports are prohibited and construction of permanent carports, (which are discouraged), will require prior approval of the ARC.

7.19 Public Water System; No Wells

Declarant shall cause a public water system to be constructed to provide water necessary to serve the Development (the "Water System"). All water mains, pipes and other equipment necessary for the operation and maintenance of the Water System shall be located within the utility easements described in Subsection 7.12, or within the Private Drive right-of-way. The Water System and all mains, pipes, equipment and other related personal property is the property of Seneca Light and Water, a public utility company duly licensed and operating under the authority granted by the South Carolina Public Service Commission. The Water System shall be the sole source of potable water for the Development, and no well may be dug or constructed on any Lot for the purpose of providing a domestic water supply. Cisterns or rain barrels may be permitted for irrigation purposes, provided they are appropriately screened from view and approved by the ARC. Lake front lots may be permitted by Duke Energy to take lake water for irrigation purposes but has to meet all Duke Energy guidelines and be permitted by the appropriate authorities.

7.20 Nuisances; Unsightly or Unkempt Conditions

Each Owner is responsible for preventing the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot or Home. No noxious, noisy, or offensive hobby or activity shall be carried on or upon any Lot, nor shall anything be done on a Lot which may be or become an annoyance or nuisance to the other Owners in the Development. No animal, substance, thing, or material shall be kept upon any Lot that emits foul or obnoxious odors, is noxious, dangerous, unsightly, or unpleasant, or that causes any noise that disturbs the peace and quiet of the occupants of surrounding property. No hunting or discharge of any gun or firearm is permitted on any part of the Development. Fireworks are not permitted within the Development except on July 4th and December 31st, on which days they will be permitted until midnight if handled in a safe manner that does not endanger or encroach on other Lot Owners. With the exception of those dates, 10 pm to 7 am shall be considered "quiet hours", which shall be strictly enforced. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier, or other sound device, except such devices used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot unless required by law.

7.21 Removal of Trees and Other Vegetation

All trees, shrubs, and ground cover within the Vegetative Buffer are considered to be "**Protected Vegetation**" because cutting and clearing is not permitted without the prior written approval of the ARC.

Subject to local ordinances and Duke Energy Lake Services' Shoreline Management Guidelines, the practical exceptions to this rule are that dead or diseased trees and poisonous plants may be removed, underbrush may be selectively cleared within two (2) feet of the ground, individual trees may be limbed up to one-third (1/3) of the tree height, and ground covers may be planted, and a path up to fifteen (15) foot wide, if allowable by Duke Energy, may be cleared to provide access to piers. Lawn grass such as Zoysia and Centipede must not be planted inside the Vegetative Buffer.

In addition to the Protected Vegetation within the Vegetative Buffer, any "**Mature Trees**" on the Lot that are more than twenty (20) feet from the footprint of the Home or more than five (5) feet from the driveway may not be cut down or otherwise removed without the prior written approval of the ARC. For purposes of this Declaration, Mature Trees shall mean all evergreen or deciduous trees with a caliper of six (6) inches or more measured four and one-half (4.5) feet from the base of the tree. Any Mature Trees that exist within five (5) feet of a Lot line shall require ARC approval prior to removal. Declarant encourages each Owner to keep as many Mature Trees as possible, and the ARC may require a tree survey prior to any tree removal on a Lot, in its sole discretion. During the construction approval process, the Owner must request permission from the ARC to remove any trees outside the setbacks established in Subsection 7.9, which must be approved by the ARC prior to removal. In addition, certain Mature Trees may be designated on the Map as trees that must not be removed, no matter where they are located on a Lot. Any Owner who removes, willfully damages, and/or causes to be removed any Mature Trees in violation of this provision shall be subject to a Special Individual Assessment, at the discretion of Declarant and/or the ARC, as applicable.

7.22 Replacement of Removed, Damaged or Destroyed Trees

Declarant reserves the right and easement to go upon any Lot or other portion of the Property to replant or order the replanting of any trees, shrubs or other vegetation removed, damaged or destroyed within the Development in violation of the terms of Subsection 7.22. If Declarant exercises its easement rights pursuant to the terms of this Subsection 7.22, the Owner of the nonconforming Lot shall reimburse Declarant within fifteen (15) business days following the submission of an invoice for any costs or expenses incurred. The exercise or non-exercise of the easement rights contained in this Subsection 7.22 shall be subject to the discretion of Declarant, provided that Declarant shall not have the obligation to exercise such rights. If Declarant is no longer in existence and has not assigned its Declarant rights to another entity, any of the other Owners in the Development can sue to enforce Declarant's rights reserved under this Subsection 7.22, pursuant to their enforcement rights under Subsection 12.1 of this Declaration. In either case, the ARC may require a replanting plan, at the Owner's expense, that details the size, type, and location of replacement vegetation. All vegetation planted for the purposes of replacement must be guaranteed for one (1) year after installation. Any vegetation that is dying, dead, or otherwise in poor health at the end of its first installation year must be replaced at the sole cost and expense of the Owner. If any trees are replaced, the newly installed trees will also be guaranteed for an additional one (1) year period after replacement. All trees replanted to replace dead, dying, or diseased trees, or other vegetation in poor health will be considered Protected Vegetation regardless of its caliper size. Within the Vegetative Buffer, row planting of evergreens reaching a mature height of greater than three (3) feet is not permitted.

7.23 Docks, Piers and Boat Houses

Duke controls access to, use of, and water levels in Lake Keowee. The Owners of Waterfront Lots must receive permission from Duke (or a successor manager of Lake Keowee under authority from the 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 anticipates that the Waterfront Lots have sufficient shoreline to receive permission from Duke to construct a pier, dock or boathouse. Declarant makes no oral, express or implied representation or commitment as to the likelihood of the Owner of any Lot obtaining such permission from Duke, 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 dock facilities is also subject to the recorded restrictions and easements affecting the Waterfront Lot, as well as Duke's Shoreline Management Guidelines. Duke's Shoreline Management Guidelines can be downloaded from this link: <https://www.duke-energy.com/community/lakes/services/kt-shoreline-management-plan> or may be obtained directly by an Owner from Duke Energy Lake Services. Enclosed docks or boathouses will not be allowed either on the water or within the Vegetative Buffer. Covered docks must be one level, have pitched roofs, and in a color approved by the ARC. The ARC reserves the right to include additional requirements on docks, piers, and boat houses in the Architectural Guidelines. The placement, construction, or use of any pier or dock or any activity altering the topography of the hydroelectric project surrounding and encompassing the waters of Lake Keowee shall be subject to each of the following:

- (a) easements, restrictions, rules, regulations and guidelines for construction and use promulgated by Declarant;
- (b) all laws, statutes, ordinances and regulations of all Federal, State, and local governmental bodies of competent jurisdiction, including without limitation, FERC;
- (c) rules and regulations, privileges and easements affecting the Lot and the waters and submerged land of Lake Keowee established by Duke, its successors and assigns. Duke is the manager of Lake Keowee under authority granted by FERC, and its current management plan runs through August 31, 2016, and is expected to be renewed. As manager of Lake Keowee, Duke controls access to, the use of, and the water level in Lake Keowee. All Owners, Declarant, and any builders must receive permission from Duke (or a successor manager of Lake Keowee, under authority from FERC) prior to any alterations, including the construction and continued use and maintenance of any dock, pier, or boat slip; and
- (d) No Lot Owner shall construct a pier, boat mooring, or any other structure outside the Pier Zone designated on the Map applicable to the Lot or such zone as may be designated by the ARC on an unrecorded map or otherwise.

7.24 Boat Ramps

No new 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, kayaks, dinghies, and jet skis may be launched from any Waterfront Lot if they can be launched without a ramp. All other watercraft shall be launched from a public boat ramp outside the Development.

7.25 Rights of Duke

Duke has certain privileges and easements affecting the Development which include the right, privilege and easement of backing, ponding, raising, flooding, or diverting the waters of Lake Keowee and its tributaries upon and over the Development, as more specifically described in the deed from Duke to Declarant, and under the Duke Lease.

7.26 Non-Waiver

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

7.27 Erosion and Sediment Controls

Prior to any earth-disturbing activity, erosion and sediment control measures shall be implemented and undertaken by the Owner or Owner's builder in accordance with the applicable requirements imposed by DHEC and/or other applicable regulatory agencies, from time to time.

7.28 Diligent Construction

All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed Home or other Improvements shall be permitted to exist on any Lot, except during such reasonable time period necessary for completion. All exterior construction of Improvements and landscaping as provided in the ARC approval, must be completed within one (1) year after the date upon which it commenced, unless (a) otherwise specified by the ARC in its approval, or (b) the ARC grants a written extension. Each Lot Owner, prior to commencement of construction, shall post with the Board a construction escrow deposit as provided in the Architectural Guidelines ("**Construction Escrow Deposit**"). The Construction Escrow Deposit shall be held in escrow by the Board, pending completion of construction of Improvements on the Owner's Lot. If a Lot Owner fails to complete construction and landscaping, damages the Private Drive, Private Driveway, or Common Area or leaves the Private Drive, Private Driveway, or Common Area in a dirty or unkempt condition, the Board reserves the right to use the Construction Escrow Deposit to clean up and/or repair such damage. Any damage to the Private Drive, Private Driveway, or any part of any Common Area or any utility system caused by an Owner or Owner's builder or such builder's contractors or subcontractors shall be repaired by such responsible Owner. Any builder of Improvements (and such builder's contractors and subcontractors) on any portion of the Property shall keep such portion of the Property free of unsightly construction debris, and shall similarly keep contiguous areas free from any dirt, mud, garbage, trash, or other debris which is occasioned by construction of Improvements. To the extent that the amount of the Construction Escrow Deposit is insufficient, the Board may levy a Special Individual Assessment against an Owner's Lot to pay for the cost of repairing any damage to the Private Drive, Private Driveway, or any part of any public road, Common Area or utility system, to pay for the cost of cleaning public and private areas, including the Private Drive and Private Driveway, and to pay for the cost of the removal of garbage, trash or other debris caused by the activities of an Owner or Owner's builder or such builder's subcontractors during the construction of Improvements. Each Owner and such Owner's builder shall be responsible for erosion control protection during any earth-disturbing operations.

7.29 Marine Toilets

No watercraft equipped with a marine toilet having a fixed or portable holding tank, or a through-hull or overboard discharge toilet, shall be permitted to discharge into the waters of Lake Keowee or at any Waterfront Lot's docks or piers, but must be properly emptied off-site in accordance with the requirements of DHEC, Duke, FERC, and/or Oconee County.

7.30 Restricted Activities in Common Areas

Without the prior written consent of Declarant and the Board, an Owner or its builder shall not (a) cut any trees or vegetation on the Common Areas; (b) dump, dig, fill, destroy or commit any waste on the Common Areas; (c) obstruct the Common Areas; (d) keep or store any materials on the Common Areas; (e) alter the Common Areas; (f) construct, plant, or remove anything in the Common Areas. Each Owner shall be liable to the Association and/or Declarant for any damage to any Common Area caused by the negligent acts or omissions or willful misconduct of the Owner or the Owner's family, tenants, guests, agents, builder, employees, or invitees. Provided,

however, the provisions of this Subsection 7.30 shall not apply to Declarant in connection with Declarant's construction activities on the Property.

7.31 Unsightly or Unkempt Conditions

The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the repair, maintenance (other than washing), assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any Lot, other than in enclosed garages, sheds, or similar structures.

7.32 Rules and Regulations

The Owners of all Lots shall abide by all Rules, as defined in Subsection 3.2(b), adopted by Declarant, the Association, or the Board, from time to time. The Board shall have the power to enforce compliance with the Rules by all appropriate legal and equitable remedies. If an Owner is found by the Board to have violated the Rules, the Owner shall be liable to the Association and/or Declarant for all damages, costs, and expenses of enforcement and any resulting costs or expenses, including without limitation, reasonable attorneys' fees.

7.33 Animals and Pets

No animals, livestock or poultry shall be raised, bred or kept on any Lot or any other portion of the Property, except that dogs, cats, or other generally recognized household pets may be kept, provided that (a) they are not kept for any commercial purposes; and (b) that they do not create a nuisance (in the judgment of the Board) such as, but without limitation, by noise, odor, refuse, or damage or destruction of property. There shall be no more than three (3) household pets kept or maintained in a Home, except for newborn offspring of such household pets which are all under (9) months in age. Whenever they are outside of a Home, dogs shall be kept on a leash or otherwise confined in a manner reasonably acceptable to the Board. Animal control authorities shall be permitted to enter the Development and the Property to patrol and remove pets that violate this Subsection 7.33 and to remove any wild animals. All pets shall be registered, licensed and inoculated as required by law. All Owners must comply with Oconee County ordinances related to pets. No fenced dog enclosure, dog house, dog run, or other structure for pets may be constructed or maintained on any Lot, nor may any dogs be left outside tethered on a chain or rope, unattended on a deck or patio, or allowed to roam without a leash. The Board may issue additional Rules with respect to pets, as it deems appropriate, from time to time.

7.34 Governmental Requirements

Nothing in this Declaration shall waive any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction, maintenance, repair, reconstruction, removal, replacement, and installation of Homes or Improvements on and/or use of any Lot shall continue to apply to each Lot. Each Owner shall comply with all laws, regulations, ordinances (including, without limitation, applicable zoning ordinances) and other governmental rules and restrictions in regard to the Lot or Lots owned by such Owner.

7.35 Enforcement by the ARC

The ARC shall reasonably review all applications and enforce all provisions of the Architectural Guidelines in good faith. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Architectural Guidelines may be excluded by the Board from the Properties, subject to the notice and hearing procedures contained in the Bylaws. In such event, neither the Association, its officers, nor directors shall be held liable to any Person for exercising the rights granted by this paragraph. In addition to the foregoing, the Association shall have the authority and standing, acting through the Board, to pursue all legal and equitable remedies available to enforce the provisions of this Section 7 and the decisions of the ARC.

Any construction, alteration, or other work done in violation of this Section 7 or the Architectural Guidelines or which is conducted without the approval of the ARC shall be deemed to be nonconforming. Upon written request from Declarant, the Board, or the ARC, each Owner shall, at his or her own cost and expense, remove such construction, alteration, or other work and shall restore the Lot or the Improvements to substantially the same condition as existed prior to the construction, alteration, or other work. If an Owner fails to remove and restore as required hereunder, the Association has the right to select a contractor to enter the Lot, remove the violation, and restore the Lot to substantially the same condition as existed prior to the construction, alteration, or other work. All costs, together with the interest at the lesser of eighteen percent (18%) or the maximum rate then allowed by law, may be assessed against the Lot and collected as a Specific Assessment.

SECTION 8. INSURANCE

8.1 Board

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

Fire/Casualty Coverage. All Improvements and all fixtures included in the Common Area and all personal property and supplies belonging to the Association shall be insured in an amount up to 100% of the then-current replacement cost up to the amount specified in the insurance policy (exclusive of land, foundation, excavation and other normally excluded items) as determined annually by the Board with the assistance of the insurance company providing coverage or an insurance broker or agent selected by the Board. The Board shall, at least annually, review the insurance coverage and determine if any adjustments need to be made. The insurance coverage shall provide protection against loss or damage by fire, windstorm, vandalism and malicious damage and all perils covered by a standard "all risk" insurance policy. All policies shall provide that adjustments of any and all covered losses shall be approved by the Board and the insurance company. In addition to the provisions and endorsements set forth in this SECTION 8, to the extent available, the fire and casualty insurance coverage shall contain the following provisions:

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

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

Public Liability Coverage. The Board shall also obtain and maintain, to the extent available and applicable, public liability insurance in such limits as the Board may, from time to time, determine to be customary for projects similar in construction, location and use to the Development, covering each member of the Board, the Manager, if any, and each Owner with respect to their liability arising out of the ownership, maintenance, or repair of the Common Areas. The insurance coverage shall include endorsements for cross-liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. The Board shall review such limits annually. Until the first meeting of the Board following the initial meeting of the Owners, such public liability insurance shall be in amounts of not less than \$1,000,000 per occurrence for claims for bodily injury and property damage.

Fidelity Coverage. The Board may obtain fidelity coverage against dishonest acts on the part of all persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association, in an amount determined by the Board in its discretion. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy does not cover volunteers. In the alternative, the Board may require that the Manager of the Association obtain fidelity coverage.

Other Coverage. The Board may determine, from time to time, that other types of insurance coverage should be obtained.

8.2 Premium Expense

Premiums upon insurance policies purchased by the Board shall be paid by the Association from the Annual Assessments and charged as a common expense to be collected from the Owners.

8.3 Special Endorsements

The Board shall use its best efforts to obtain insurance policies that will provide for the following:

- (a) recognition of any insurance trust agreement entered into by the Association;
- (b) coverage that may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the named insured, any insurance trustee and all Mortgagees; and

- (c) coverage that cannot be cancelled, non-renewed, invalidated or suspended on account of the conduct of any officer or employee of the Board without prior written demand that the Board cure the defect and the allowance of a reasonable cure period.

8.4 General Guidelines

All insurance policies purchased by the Board shall be with a company or companies licensed to do business in the State of South Carolina and holding a rating of "A-VIII" or better by the current issue of *Best's Insurance Reports*. All insurance policies shall be written for the benefit of the Association and shall be issued in the name of, and provide that all proceeds thereof shall be payable to, the Association. The Manager or another authorized Person may be named as the Association's authorized representative, with exclusive authority to negotiate losses under any policy providing such insurance. The property insurance policy and public liability insurance policy shall not contain the following provisions: (a) contributions or assessments may be made against Declarant, the Association, the Owners, or the Mortgagees; (b) loss payments are contingent upon action by the carriers, directors, policy holders or members; or (c) there are limiting clauses (other than insurance conditions) which could prevent Owners or Mortgagees from collecting the proceeds.

8.5 Owner's Personal Property

By accepting title to a Lot within the Development, each Owner acknowledges that neither the Association nor Declarant has any obligation to provide any insurance for any portion of such Owner's Lot or any Home or other Improvements or property located thereon.

SECTION 9. RIGHTS OF MORTGAGEES

9.1 Approval of Mortgagees

Unless at least seventy-five percent (75%) of the Mortgagees holding Mortgages on Lots located within the Development have given their prior written approval, the Association shall not:

- (a) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or Improvements thereon which are owned, directly or indirectly, by the Association; provided, however, the granting of easements for utilities or other purposes pursuant to the terms of this Declaration shall not be deemed a transfer within the meaning of this provision;
- (b) change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner;
- (c) fail to maintain fire and extended coverage insurance on insurable Improvements in any Common Areas in the Development on a current replacement cost basis in an amount not less than 100% of the insurable value as set forth in SECTION 8; or

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

9.2 Additional Rights

If a Mortgagee wants the provisions of this Subsection 9.2 to be applicable, Mortgagee shall send written notice to the Association by certified mail, return receipt requested, addressed to the Association and sent to its address stated in the Bylaws. The notice shall identify the Lot or Lots it owns or upon which it holds a Mortgage, together with sufficient pertinent facts to identify the Mortgage. The notice shall designate the address to which notices are to be given by the Association to such Mortgagee. If a Mortgagee fails to give written notice as established by this paragraph, the Mortgagee shall not be entitled to the benefits of this Subsection 9.2. If a Mortgagee has given written notice to the Association, a Mortgagee shall have the following rights:

- (a) to be furnished at least one copy of the annual financial statement and report of the Association within ninety (90) days following the end of each fiscal year;
- (b) to be given notice by the Association of any meeting of the Association's membership, and to designate a representative to attend all such meetings;
- (c) to be given prompt written notice of default under this Declaration, the Bylaws or any rules and regulations promulgated by the Board by any Owner owning a Lot encumbered by a Mortgage held by the Mortgagee, such notice to be sent to the principal office of such Mortgagee or the place which it designates in writing;
- (d) to be given prompt written notice of any casualty loss to the Common Areas, or loss by eminent domain, condemnation or other taking of (i) the Common Areas or (ii) any Lot encumbered by a Mortgage held by the Mortgagee;
- (e) to be given prompt written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (f) to be given prompt written notice of any action which requires the consent of any or all of the Mortgagees.

9.3 Books and Records

Any Mortgagee will have the right, upon ten (10) days' prior written notice, to examine the books and records of the Association during the Association's reasonable business hours.

9.4 Payment of Taxes and Insurance Premiums

The Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against the Common Areas and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy

for property owned by the Association and the persons, firms or corporations making such payments shall be owed prompt reimbursement from the Association.

SECTION 10. EASEMENTS AND OTHER RIGHTS

10.1 Duke Easements

Duke has reserved easements and rights with respect to the Development for the following purposes:

- (a) the right to clear and flood property up to the elevation of 810 feet above mean sea level (MSL), USGS Datum, in connection with the operation of its hydroelectric power facility. This affects all of the Lots in the Development that adjoin the shoreline of Lake Keowee, as shown on the Map, and includes the right of ingress and egress over the Development or roads or streets within the Development for the purpose of exercising the clearing and flooding rights; and
- (b) the right to erect and maintain electric transmission and communication lines within the Development, including the right to clear obstructions or hazards within the areas in which such transmission or communication lines are located (as well as rights of ingress and egress for those purposes).

10.2 Easements Reserved by Declarant

Declarant, in addition to any other easements granted or reserved in this Declaration, reserves for the benefit of Declarant, its successors and assigns, and grants to the Association and any other persons or entities hereinafter set forth, the following non-exclusive easements on, upon, over, across, through, and under the Property. In addition, Declarant reserves unto itself, its successors and assigns, the right, on behalf of itself and the Association, to grant additional easements on, upon, over, across, through, and under the Common Areas and any portion of the Property owned by Declarant as deemed to be in the best interests of and proper for the Development, including, but not limited to, easements in favor of Declarant, the Association and any designees of the foregoing, the Owners, and all their family members, guests, invitees and lessees, and to various utilities, governmental and quasi-governmental authorities and agencies, and private concerns for the purposes and uses hereinafter specified. In addition, Declarant reserves the following rights (the "**Special Declarant Rights**") to do any or all of the following: (a) to elect, appoint, or remove any Association officer, Director, or ARC member during the Declarant Control Period; (b) to exercise any development right with respect to the Property; (c) to maintain sales offices, management offices, signs advertising the Development, and models; (d) to use easements through the Common Area to make improvements to the Development; and (e) to add Additional Property to the Development.

10.3 Easements and Cross-Easements on Common Areas

Declarant, for itself, its designees and the Association, reserves the right to impose upon the Common Areas, from time to time, such easements and cross-easements for ingress and egress, installation, maintenance, construction and repair of utilities and facilities including, but not

limited to, electric power, telephone, cable television, master antenna transmission, governmental and quasi-governmental purposes, sewer, water, natural gas, drainage, irrigation, lake access and maintenance, storm water management, lighting, television transmission, garbage and waste removal, emergency services, and landscaping as it deems to be in the best interests of all or any portion of the Development.

10.4 Use of Common Areas

Subject to any limitation or restriction set forth in this Declaration, Declarant declares that the Common Areas are subject to a perpetual non-exclusive easement in favor of Declarant, the Association, and their respective designees, the Owners and their family members, guests, invitees and lessees, and appropriate governmental and quasi-governmental agencies to use the Common Areas for all proper and normal purposes including, but not limited to, ingress, egress and access for the furnishing of services and utilities and for such use of the facilities as are reasonably intended in accordance with the terms of this Declaration. If ingress or egress to any Lot or other portion of the Property is through any Common Area, any conveyance or encumbrance of such Common Area is subject to this easement.

10.5 Right-of-Way Over Private Drive and Private Driveway

Declarant reserves, for the benefit of itself, its agents, employees, lessees, invitees, designees, licensees, successors and assigns, and grants to the Association, its agents, employees, lessees, invitees, designees, licensees, successors and assigns, and to each Owner of a Lot, their family members, guests, invitees, tenants, successors, and assigns, and to all governmental and quasi-governmental agencies and service entities having jurisdiction over the Property while engaged in their respective functions, a perpetual non-exclusive easement, license, right and privilege of passage and use, both pedestrian and vehicular, over and across the Private Drive and the Private Driveway (as applicable) for the purpose of providing access, ingress and egress to and from, through and within the Property. All Lot Owners are required to maintain the portion of their Lot which abuts the Private Drive or the Private Driveway. All Lot Owners shall mow the grass and maintain the portion of their Lot which is subject to the Private Drive or Private Driveway right-of-way, and keep it free from trash and debris.

10.6 Right of the Association and Declarant to Enter Upon the Common Area, unsold Lots, and Lots under Construction

Declarant reserves for the benefit of itself, its successors and assigns, and grants to the Association and the ARC, the Manager, and its respective agents, employees, or other designees an easement for ingress, egress and access to enter upon or over the Common Areas and Lots for the purposes of inspecting any construction, proposed construction, or Improvements or fulfilling the rights, duties and responsibilities of ownership, administration, maintenance and repair of Common Area and any unsold Lots, as appropriate, or to ensure compliance with plans approved by the ARC. Such easement includes an easement in favor of the Association and Declarant to enter upon the Common Areas and any unsold Lots to use, repair, and maintain the same for the purposes for which they are initially or subsequently designated. There is no obligation on the part of the Association or Declarant to maintain, repair, or construct Improvements that an Owner is required to maintain, repair, or construct.

10.7 Easement for Encroachment

Declarant reserves, for the benefit of itself, its successors and assigns, and grants to the Association, its successors and assigns, and the Owners, their successors and assigns, easements for encroachments, to the extent necessary, in the event any of the Improvements located on any portion of the Property now or hereafter encroaches upon any other portion of the Property as a result of minor inaccuracies in survey, construction or reconstruction, or due to settlement or movement. Any easement for an encroachment shall include an easement for the maintenance and use of the encroaching Improvements in favor of Declarant, the Association, the Owners, and all their respective designees, as the case may be.

10.8 Utility and Storm Drainage Easements

The Property shall be subject to all easements and rights-of-way for utilities and drainage shown on the Maps, including, without limitation, those easements described in Subsection 7.12 and Subsection 7.13. Such easements are reserved for the use of Declarant, its successors and assigns, and are established for the use of the Association, its successors and assigns. In addition, whether or not shown on the Maps, Declarant reserves, for the benefit of itself, its successors and assigns, and grants to the Association, its successors and assigns, a non-exclusive easement and right-of-way over, under and along the Lot setbacks for the installation and maintenance of lines, conduits, pipes and other equipment necessary for furnishing electric power, natural gas, telephone service, cable service, water, irrigation, and drainage facilities, stormwater drainage, and/or other utilities.

10.9 Declarant's Right to Assign Easements and Maintenance of Easement Areas

Declarant shall have the right to assign and convey, in whole or in part, the reserved easements under this Declaration. The areas burdened by the easements and rights-of-way reserved by Declarant on each Lot or other portion of the Property, including any Improvements in such areas, which are not to be maintained by the Association or a public authority or utility, shall be maintained continuously by each Owner of such Lot or other portion of the Property, but no structures, plantings or other material shall be placed or permitted to remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. Declarant and/or the Association may exercise the rights reserved in this SECTION 10 for the purpose of enforcing the provisions of this Subsection 10.9. The Association and/or Declarant shall have the right, but not the obligation, to maintain the landscaping in the easement areas reserved on any Lot.

10.10 Easement Reserved for Declarant, the Association, the ARC, and the Manager

Declarant reserves full rights of access, ingress and egress for itself, the Association, the ARC, and the Manager at all times over and upon any Lot or other portion of the Property for the

exercise of the easement rights described in this Section 10, as well as the maintenance and repair rights described below, and for the carrying out by Declarant or the Association of its rights, functions, duties, and obligations under this Declaration. Any such entry by Declarant, the Association, and/or the ARC upon any Lot shall be made with minimum inconvenience to the Owner as is reasonably practical. Any damage caused as a result of the gross negligence or willful misconduct of Declarant, the Association, the ARC, the Manager, or their respective employees or agents shall be repaired by and at the expense of the party that caused the damage, as the case may be.

10.11 Entrance Monument Easement

Declarant reserves a non-exclusive perpetual easement over the Common Area for the purpose of landscaping and maintaining the entryway, erecting and maintaining the Entrance Monument for the Development and adjacent landscaping. An easement is reserved by Declarant for itself, its successors in interest and assigns, and granted to the Association over portions of the Development identified as Common Area on the Map. Declarant or the Association shall have the right to landscape, maintain, and irrigate (if necessary) all such Common Area. The Association may but is not required to, erect and maintain one or more monuments with an entrance sign (the "Entrance Sign") bearing the name of the Development. The Entrance Sign, if constructed, shall be built in accordance with the applicable governmental standards for signs. Declarant may erect and maintain lighting for the Entrance Sign, landscaping, and other improvements typically used for an entrance into a residential community.

10.12 Right to Grant Additional Easements

Declarant shall have the right to grant over, under, across and upon the Common Areas until conveyed to the Association and any portion of the Property owned by Declarant, any easements, rights-of-way, licenses, and other rights in accordance with or to supplement the provisions of this Declaration or as may otherwise be necessary or desirable for the Development. The Board shall have the right to grant such easements, rights-of-way, licenses, and other rights over, under, across and upon the Common Area in accordance with or to supplement the provisions of this Declaration or as may be necessary or desirable for the Development, by the execution, without further authorization, of such grants of easement or other instruments as may, from time to time, be necessary or desirable, in its sole discretion. Such easements may be for the use and benefit of Persons who are not Owners or Members of the Association.

10.13 No Merger of Easements

The easements established shall not be terminated by merger or otherwise, except upon execution and recordation of an instrument specifically terminating any such easement.

10.14 Community Boat Slips

Subject to and contingent upon receipt of the approval of Duke Energy Corporation and any other regulatory body having jurisdiction, Declarant shall have the exclusive right to construct all of the Community Boat Slips 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 Boat Slips than are approved by Duke Energy Corporation pursuant to Declarant's Boat Slip permit request for the Subdivision. The Community Boat Slips, to the extent available, will be assigned to Owners of Interior Lots on a first come, first served basis and, thereafter, on such basis, as Declarant shall determine in Declarant's sole discretion. Declarant may transfer the lot on which Community Boat Slips are constructed to the Association and it will thereafter own and administer the lot as provided herein.

Following the construction of the Community Boat Slips, each of the Community Boat Slips may be leased by Declarant to the Owners of the Interior Lots and transferred among Owners as follows:

Declarant shall require each purchaser of an Interior Lot to lease one of the Community Boat Slips. Each Boat slip Lease shall be appurtenant to the ownership of the applicable Interior Lot and shall only be assigned as provided below. The Boat slip Lease shall include the right to use the assigned Community Boat slip and the access area in common with the other Interior Lot Owners.

The Lot to which a Boat slip Lease is appurtenant shall thereafter be a Boat slip Lot. Once entered into between Declarant and the Boat slip Lot Owners, the relevant Boat slip Lease shall not be separated from the ownership of the Interior Lot to which it is appurtenant and shall run with the title of such Interior Lot.

The owners of the Lake Front Lots shall have the right to use the Community Boat Slips not leased to an Interior Lot owner and shall have the obligation to pay Boat slip Assessments, Supplemental Boat slip Assessments and Special Boat slip Assessments on the Community Boat slip they have access to, if any. Declarant (or the Association) shall not be required to pay Boat slip Assessments and Special Boat slip Assessments for the Community Boat slip.

The use of the Boat Slips are and shall be subject to each of the following:

Rules and regulations for use promulgated by Declarant, Association and/or the ECC;

All laws, statues, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon;

Rules and regulations for use established by Duke Energy Corporation, it successors and assigns;

The Board of Directors shall adopt rules and regulations governing the use of the Boat Slips and the personal conduct thereon of the Boat slip Lot Owners and their families, tenants, guests and invitees. If the Boat slip Lot Owners desire to amend such rules and regulations, then a meeting of the Members owning Boat slip Lots may be called and held, in accordance with the terms and provisions of the Bylaws, for the purpose of voting to amend such rules and regulations. If such a meeting is duly called and held, the Boat slip Lot Owners may direct the Board of Directors to amend the rules and regulations governing the use of the Community Boat Slips, including additions to and deletions of portions of such rules and regulations, as are (a) approved by a vote of the

Members owning Boat slip Lots in accordance with the terms and provisions of the Bylaws, (b) permitted by Duke Energy Corporation, and (c) consented to by Declarant so long as Declarant is the Owner of any Lot.

SECTION 11. CONDEMNATION

11.1 Partial Taking Without Direct Effect on Lots

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

11.2 Partial or Total Taking Directly Affecting Lots

If part or all of the Property shall be taken or condemned by any authority having the power of eminent domain, such that any Lot or a part thereof (including specific easements assigned to any Lot) is taken, the Association shall have the right to act on behalf of the Owners with respect to Common Area as provided in Subsection 11.1 and the proceeds shall be payable as outlined in that Subsection. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Lots. All compensation and damages for and on account of the taking of any one or more of the Lots or Improvements, fixtures or personal property thereon, shall be paid to the Owners of the affected Lots and their Mortgagees, as their interests may appear. If all of the Property shall be taken such that the Association no longer has reason to exist and shall thereafter be dissolved and/or liquidated, all compensation and damages for and on account of the taking of the Common Areas shall be distributed with the other assets of the Association in accordance with the Articles of Incorporation.

11.3 Notice to Mortgagees

A notice of any eminent domain or condemnation proceeding shall be sent to all Mortgagees who have served written notice upon the Association in accordance with SECTION 9.

SECTION 12. GENERAL PROVISIONS

12.1 Enforcement

Declarant wishes to maintain a high standard in the appearance and quality of the Development. Though damages would be difficult to measure, the failure of the Owners and the Association to abide by the terms, covenants and restrictions contained in this Declaration would result in irreparable damage to Declarant and its reputation. Accordingly, Declarant, during the term of this Declaration, as well as the Association or any Owner or Owners, shall have the right, but not the obligation, to enforce all restrictions, conditions, covenants, reservations, easements, liens, and/or charges now or hereafter imposed by the provisions of this Declaration by proceeding at law or in equity against any Person or Persons violating or attempting to violate any such restrictions, conditions, covenants, reservations, easements, liens, and/or charges, either to restrain violation thereof or to recover damages therefor. Each Owner and Declarant shall have all appropriate remedies at law or in equity to enforce against the Association the provisions of this Declaration, the Bylaws, and the Rules adopted by the Board which govern the Development.

In addition, the Association covenants and agrees that it shall exercise its power of enforcement to maintain a first class development in appearance and quality, and that it shall, upon the request of Declarant, enforce any restriction, condition, covenant, reservation, easement, lien or charge contained in this Declaration deemed by Declarant, in its sole discretion, to have been violated, using all remedies available to the Association at law or in equity. Declarant reserves the right and easement, but not the obligation, to go upon any portion of the Common Areas at any time in order to repair and maintain such Common Areas where needed, in Declarant's sole discretion, to bring such Common Areas within the standards required by Declarant. If Declarant goes upon the Common Areas to perform maintenance and repairs for such purpose, the Association agrees to reimburse Declarant in full for the cost of such maintenance and repairs, upon receipt of a statement for such cost from Declarant. Failure by Declarant, the Association or by any Owner to enforce any restrictions, conditions, covenants, reservations, easements, liens, and/or charges herein contained shall not be deemed a waiver of the right to do so thereafter.

If a dispute, claim, or controversy arises under this Declaration between two parties, the proponent party shall propose an arbitrator. If the other party refuses to agree to the arbitrator within ten (10) days after written request by the proponent party, the Board shall have the exclusive right to appoint the arbitrator. The decision by the arbitrator shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other. The non-prevailing party shall bear the cost of arbitration and attorneys fees incurred by the prevailing party.

12.2 Alternative Dispute Resolution and Arbitration

THIS DECLARATION IS SUBJECT TO ARBITRATION PURSUANT TO SECTION 15-48, ET. SEQ., OF THE SOUTH CAROLINA CODE OF LAWS (THE SOUTH CAROLINA UNIFORM ARBITRATION ACT), AS MODIFIED HEREIN.

Note: The overriding purpose of this Subsection 12.2 is to allow the parties to elect the least onerous and cost-effective process for resolving disagreements or objections ("**Dispute**" or "**Disputes**") based on the circumstances of the Dispute and the effectiveness of the governing jurisdiction's small claims, superior court and/or arbitration systems, based on advice of their respective counsel. The Board and the Members of the Association are bound to resolve their objections to any matter according to the provisions of this Section.

In the event of a Dispute arising from or in any way connected with this Declaration, or to interpret or enforce any rights under the South Carolina Uniform Arbitration Act, the parties agree to resolve such Disputes as follows.

First, the parties must in good faith, attempt to negotiate their differences for at least thirty (30) days following receipt of a written demand submitted by the aggrieved party outlining the facts of their Dispute. If unsuccessful, negotiation must be followed by at least one good faith attempt to mediate the Dispute with a neutral mediator. If mediation is unsuccessful, the parties shall proceed to binding arbitration, unless the parties unanimously agree to litigate instead as described below. Any mediation or arbitration shall be performed in accordance with the rules of the American Arbitration Association or such other rules to which the parties may mutually agree.

After unsuccessful negotiation, the aggrieved party in any Dispute can elect to submit their Dispute to small claims court in lieu of mediation and arbitration if: a) the amount in controversy is within the state's small claims court limits, and b) the Dispute does not involve a declaration of rights of the parties. Any small claims court decision shall be binding on the parties. All Disputes not submitted to small claims court shall be subject to the alternative dispute resolution procedures described above; however if mediation is unsuccessful, on request of the aggrieved party and unanimous consent of all parties, the aggrieved party may initiate litigation in superior court (or the state's equivalent) in lieu of arbitration. The prevailing party in any small claims court action, binding arbitration, or litigation shall be entitled to an award of reasonable attorneys' fees and costs associated with Dispute resolution and/or litigation.

At all times leading up to and during such negotiation, mediation, or arbitration, the Board shall maintain Association operations as if such Dispute had not occurred, except that disbursement of any funds that are in Dispute, if applicable, shall be held in trust in a bank account in the name of the Association or other designated escrow account, until such time as the Dispute has been resolved.

12.3 Severability

Invalidation of any of the provisions contained in this Declaration, or any restriction, condition, covenant, reservation, easement, lien, or charge contained herein by judgment or court order shall not affect any other provisions, which shall remain in full force and effect.

12.4 Amendment

In addition to the specific amendment rights reserved or granted elsewhere in this Declaration, until the conveyance of the first Lot, Declarant may amend this Declaration for any reason. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, ordinance, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance on the Lots; (c) to enable any institutional or government lender, purchaser, issuer, or guarantor of Mortgage Loans on the Lots or Homes; (d) to satisfy the requirements of any local, state, or federal agency; (e) to correct scrivener's errors; (f) to make corrections or changes that do not materially adversely affect the title to any Lot; or (g) to make corrections or changes that the Owner of a Lot consents to in writing.

This Declaration may also 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 portion of the Property in the Development. Any such amendment shall not become effective until either (a) the instrument evidencing such change has been filed of record, or (b) the Secretary of the Association executes a certification in recordable form stating that the amendment has been approved by the requisite number of Owners.

In addition, Declarant may, at Declarant's option, amend this Declaration without obtaining the consent or approval of any other person or entity if the amendments or modifications are correctional in nature and do not involve a change which has a material adverse effect on the rights, duties or obligations specified in this Declaration.

12.5 Term

The covenants and restrictions of this Declaration shall 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 that time the covenants and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument is recorded which is signed by a majority of the then Owners of the Lots, plus Declarant for so long as Declarant is the Owner of any Lot in the Development, agreeing to terminate the covenants and restrictions in whole or in part. Provided, however, that the residential use restrictions set forth in 7.1 of this Declaration shall run with the land and be binding upon all parties and all persons claiming under them in perpetuity.

**[BALANCE OF PAGE LEFT INTENTIONALLY BLANK – SIGNATURE OF DECLARANT
APPEARS ON THE FOLLOWING PAGE]**

EXHIBIT A

ARTICLES OF INCORPORATION FOR
KENSINGTON ESTATES AT KEOWEE HOMEOWNERS ASSOCIATION

FILED OCOONEE COUNTY, SC
ANNA K. DAVISON
REGISTER OF DEEDS
2018 MAR 12 P 3:18

Filing ID: 180208-0955560

Filing Date: 02/08/2018

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

ARTICLES OF INCORPORATION
Nonprofit Corporation – Domestic
Filing Fee \$25.00

Pursuant to S.C. Code of Laws Section 33-31-202 of the 1976 S.C. Code of Laws, as amended, the undersigned corporation submits the following information

1. The name of the nonprofit corporation is

Kensington Estates at Keowee Homeowners Association

2. The initial registered office (registered agent's address in SC) of the nonprofit corporation is
2131 Woodruff Rd, Suite 2100, Box 316

(Street Address)

Greenville, South Carolina 29607

(City, State, Zip Code)

The name of the registered agent of the nonprofit corporation at that office is

Sasha Block

(Name)

I hereby consent to the appointment as registered agent of the corporation.

(Agent's Signature)

3. Check "a", "b", or "c", whichever is applicable. Check only one box.

- a. The nonprofit corporation is a public benefit corporation.
- b. The nonprofit corporation is a religious corporation.
- c. The nonprofit corporation is a mutual benefit corporation.

4. Check "a" or "b" whichever is applicable

- a. This corporation will have members.
- b. This corporation will not have members.

5. The principal office of the nonprofit corporation is
2131 Woodruff Rd., Suite 2100, Box 316

(Street Address)

Greenville, South Carolina 29607

(City, State, Zip Code)

Form Revised by South Carolina Secretary of State, August 2016
F0014

SC Secretary of State
Mark Hammond

Book: 2342 Page: 241 Seq: 41

Kensington Estates at Keowee Homeowners Association

Name of Corporation

6. If this nonprofit corporation is either a **public benefit** or **religious corporation** complete either "a" or "b", whichever is applicable, to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation. **If you are going to apply for 501(c)(3) status, you must complete section "a".**

a.

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

If you choose to name a specific 501(c)(3) entity to which the assets should be distributed, please indicate the name of the selected entity.

[Empty text box for naming a specific 501(c)(3) entity]

OR

b.

If the dissolved corporation is not described in Section 501(c)(3) of the Internal Code, upon dissolution of the corporation, the assets shall be distributed to one or more public benefit or religious corporation or to one or more of the entities described in (i) above.

If you chose to name a specific public benefit, religious corporation or 501(c)(3) entity to which the assets should be distributed, please indicate the name of the selected entity.

[Empty text box for naming a specific public benefit, religious corporation or 501(c)(3) entity]

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

a.

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

b.

Upon dissolution of the mutual benefit corporation, the (remaining) assets, consistent with the law, shall be distributed to

[Empty text box for describing distribution of mutual benefit corporation assets]

8. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows [See S.C. Code of Laws Section 33-31-202(c)].

[Empty text box for optional provisions in articles of incorporation]

Kensington Estates at Keowee Homeowners Association

Name of Corporation

9. The name and address of each incorporator is as follows (only one is required, but you may have more than one).

Sasha Block

(Name)

2131 Woodruff Rd, Suite 2100, Box 316

(Business Address)

Greenville, South Carolina 29607

(City, State, Zip Code)

(Name)

(Business Address)

(City, State, Zip Code)

(Name)

(Business Address)

(City, State, Zip Code)

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

Sasha Black

(Name – only if names in articles)

Sasha Black

(Signature of Director)

(Name – only if names in articles)

(Signature of Director)

(Name – only if names in articles)

(Signature of Director)

Kensington Estates at Keowee Homeowners Association

Name of Corporation

11. Each incorporator listed in #9 must sign the articles

Sasha Block

(Signature of Incorporator)

(Signature of Incorporator)

(Signature of Incorporator)

12. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is:

EXHIBIT B

**BYLAWS FOR
KENSINGTON ESTATES AT KEOWEE HOMEOWNERS ASSOCIATION**

ARTICLE I - INTERPRETIVE PROVISIONS

Definitions of terms and other provisions set forth in the Declaration and Restrictions for **KENSINGTON ESTATES AT KEOWEE** are incorporated herein by reference and made a part hereof and shall control in the event of any conflict herewith.

ARTICLE II - OFFICES

1. Name. The name of the corporation is **KENSINGTON ESTATES HOMEOWNERS ASSOCIATION**, hereinafter referred to as the "Association."

2. Principal Office. The principal office of the Association in the State of South Carolina shall be located in the County chosen by the Board of Directors. The Association may have such other offices, either within or outside the State of South Carolina, as the Board of Directors may determine or as the affairs of the Association may require.

3. Registered Agent. The registered agent for the Association shall be the Secretary as from time to time elected, unless otherwise agreed upon by the Members. For the purpose of service of process, the address of the registered agent shall be deemed an office of the Association. The Declarant or the Members may choose to hire a professional property management company to handle certain operations of the Association, whereby the management company shall become the registered agent.

ARTICLE III - MEMBERS

1. Membership. The Members of the Association, hereinafter referred to as "Members," shall at all times be limited to the Declarant and Owners of Lots in **KENSINGTON ESTATES AT KEOWEE**. Each Member shall be entitled to one vote for each Lot owned by such Member regardless of size, market value, purchase price or any other basis. Membership shall be interest appurtenant to title of each lot and may not be separated from ownership of any Lot which is subject to assessment and shall be transferable only as part of the fee simple title to each lot.

2. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held at such place or such date and time as the Board of Directors shall fix and set forth in the notice of the meeting. All meetings shall be held at the principal office of the Association or at such place in Oconee County, South Carolina as shall be stated in a notice thereof by the Board of Directors.

3. Special Meetings. Special meetings of the Members may be called at any time by resolution of a majority of the Board of Directors, the request of the President, or by the President at the written request of the Declarant or of a majority of the Members. Any such

request shall state the purpose or purposes of the special meeting requested. Business transacted at all special meetings shall be confined to the purposes as stated in the notice.

4. Notice of Meetings. Written notice stating the place, day and hour of meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed by first class prepaid mail or served upon each Member in person at such address as appears in the books of the Association, not fewer than fourteen (14) nor more than thirty (30) days before the date of the meeting in the case of the annual meeting and not fewer than five (5) nor more than thirty (30) days before the date of the meeting in the case of a special meeting.

5. Membership List. At least seven (7) days before the annual meeting, a complete list of the Members entitled to vote at said meeting, arranged numerically by Lot designation with the resident address of each, shall be prepared by the Secretary. Such list shall be available for inspection by any Member at the Association's principal office for the period of time prior to the meeting, shall be kept and produced at the time and place of the annual meeting during the whole time thereof, and shall be subject to the inspection of any Member present at such meeting.

6. Quorum. Thirty-five (35%) percent of all the votes of those entitled to vote, present in person or represented by proxy, shall be required and shall constitute a quorum at the first meeting of the Members for the transaction of business, except as otherwise provided by statute, the Declaration and Petition for Incorporation or these Bylaws. If a quorum shall not be present in person and by proxy at such meeting of the Members, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be twenty (20%) percent.

When a quorum is present at any meeting, the vote of a majority of the Members present in person and by proxy shall decide the questions brought before each meeting, unless the question is one upon which by express provision of statute, the Declaration and Petition for Incorporation, or these Bylaws a different vote is required, in which case such express provision shall govern and control the decision of such question. The Members present at a duly called or held meeting at which a quorum is present may continue to do business at the meeting or any adjournment thereof notwithstanding the withdrawal of enough Members to leave less than a quorum.

7. Proxies. At any meeting of Members, a Member may vote by proxy executed in writing and subscribed by the Member, filed with the Secretary of the Association, bearing date within six months prior to said meeting. A Member may revoke a valid proxy for any meeting by appearing and voting in person at that meeting of Members, or by filing or having filed a substitute valid proxy or cancellation of proxy with the Secretary prior to the call to order of a meeting of Members.

8. Consent Action. Whenever the vote of Members at a meeting is required or permitted by any provisions of statute, the Declaration and Petition for Incorporation, or these Bylaws to be taken in connection with any corporate action, the meeting and vote of Members may be dispensed with, if all the Members who would have been entitled to vote upon the action, if such meeting were held, shall consent in writing to such corporate action being taken.

ARTICLE IV - BOARD OF DIRECTORS

1. General Powers and Authority. The business and property of the Association shall be managed by the Board of Directors and they shall and may exercise all powers and authority of the Association except as limited by law, the Declaration and Petition for Incorporation, or elsewhere by these Bylaws, or as reserved to the Members. They shall have all power and authority to make all necessary rules and regulations for their government and for the regulation of the business of the Association which are not inconsistent with law, the Declaration and Petition for Incorporation, and these Bylaws and shall have general management and control of the Association. These powers include but are not limited to adoption of rules and regulations of the Common Area and amenities, establish penalties for infractions of Common Area and amenities rules and regulations, suspend voting rights of members, employ managers, independent contractors as they deem necessary, maintain the Common Area and amenities, fix Assessments and pursue nonpayment of Assessments. The Board of Directors may delegate from time to time to any committee, office, or agent, such power and authority as may be permitted by law, except as expressly reserved to the Declarant in the Declaration and Petition for Incorporation with respect to an Architectural Review Committee.

2. Number, Tenure, Qualifications. The Board of Directors or the Members may from time to time fix the number of directors at not fewer than three nor more than five at the annual meeting or at a special meeting called for such purpose; except that the initial Board of Directors and the manner of filling vacancies in the initial Board shall be elected by Declarant and said Board of Directors shall serve as provided for therein until the first annual meeting of the Members or until their respective successors are chosen and shall qualify.

3. Directors must be Members of the Association except for Directors appointed by Declarant. The Directors shall be elected to serve for a two year term and until their successors are elected and qualified or until their earlier resignation, removal from office, incapacity, or death.

4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may provide, by resolution, the date, time and place but only within Greenville County, South Carolina, for the holding of additional regular meetings without other notice than such resolution.

5. Special Meetings. Special meetings of the Board of Directors may be called by the Executive Committee, a majority of the Board of Directors, or the President, and may be held at such time and place within Greenville County, South Carolina, as may be specified in the notice thereof. To the extent permitted by applicable law, special meetings of the Board of Directors, or any committee thereof, may be held by conference telephone communication.

6. Notice of Meetings. Notice of each special meeting of the Board of Directors, stating the time, manner and place of the meeting, shall be given by or at the direction of the Secretary of the Association by mailing the same to each director at his residence or business address not fewer than three days before such meeting, or by giving the same to him personally or telegraphing or telephoning the same to him at his residence or business address not later than

the day before the day on which the meeting is to be held. Any and all requirements for call and notice of meetings may be dispensed with if all directors are present at the meeting or if those not present at the meeting shall at any time waive or have waived notice thereof

7. Quorum. A majority of the number of directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

8. Vacancy and Removal. If the office of one or more directors becomes vacant for whatever reason, a majority of the remaining directors, though less than a quorum, shall choose a successor or successors, who shall hold office for the unexpired term created by the vacancy. Vacancies in the initial Board of Directors shall be filled as provided for in the Declaration and Petition for Incorporation. Directors may be removed from office for cause by an affirmative vote of the majority of the Members.

9. Compensation. Directors, as such, shall not receive any salary or compensation for their services; provided, however, a director may serve the corporation in another capacity and receive compensation therefor. The salaries and compensation for directors for services other than as such shall be fixed by the Members.

10. Salaries of Employees and Agents. Except as provided elsewhere in these Bylaws, the Board of Directors shall set the salaries of all employees and agents of the Association.

11. Property Management. The Declarant or Board of Directors may choose to hire a

professional property management company to manage certain operations of the Association, which may include collection of Assessments and fees, accounting and bookkeeping, property management, organizing Association meetings, etc.

ARTICLE V – COMMITTEES

1. Executive Committee. The Board of Directors may, by resolution passed by a majority of the whole Board, designate an Executive Committee to consist of two or more of the Directors of the corporation, which, to the extent provided in said resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation and to do all things, including actions specified by these Bylaws to be performed by the Board of Directors, in the same manner and with the same authority and effect as if such acts had been performed by the Board of Directors; but the Board of Directors shall at all times have the power to reverse any action taken by the Executive Committee, provided that the exercise of such power by the Board of Directors shall not in any way abrogate the obligations or duties owing by the corporation to third parties who have acted in reliance on the action taken by such committee.

All proceedings and action taken by such committee shall be reported to the Board of Directors at the regular meeting of the Board or special meeting called for such purpose next following such proceedings or action.

2. Architectural Review Committee. Once control of architectural review responsibilities has been turned over by the declarant to the members of the Association, the Architectural Review Committee shall be composed of three or more representatives appointed by Declarant until the Association is turned over to the Members, then the Board of Directors shall appoint the representatives. The Association shall describe rules and regulations pursuant to which proceedings or actions are required for construction on the Property to adhere to the Covenants and Restrictions, and the enforcement of such. The Board of Directors shall have the right to assign any or all of the rights or responsibilities to an Architect or such other qualified person or persons as the ARC shall deem appropriate.

3. Other Committees. There shall be such other committees consisting of at least one director and/or officer of the corporation. These committees may be constituted for social membership and building and grounds purposes

4. Compensation. Members of committees, as such, shall not receive any salary or compensation for their services; provided, however, that a committee member may serve the Association in another capacity and receive compensation therefor.

5. Annual Statement. The Board of Directors shall present at each annual meeting, and when called for by vote of the Members at any special meeting of the Members, a full and clear statement of the business and condition of the corporation. The annual statements shall include profit and loss statements and balance sheets prepared in accordance with sound business and generally accepted accounting principles and copies thereof shall be given to each Member.

ARTICLE VI - OFFICERS

1. Designation and Number. The officers of the corporation shall be chosen by the Board of Directors and shall be a President, a Vice-President, a Secretary, and a Treasurer, The Board may also choose additional vice-presidents and one or more assistant secretaries and treasurers. The same person may hold any two of said offices at the same time, except that the President may not also be the Secretary or Treasurer. The officers shall have such authority, powers and duties as the Board may designate and determine not inconsistent with the law, the Declaration and Petition for Incorporation, or other provisions of these Bylaws.

2. Election and Tenure. The officers of the corporation shall be elected for two year terms at the first regular meeting of the Board of Directors held after each meeting of Members, or at a special meeting called for that purpose if for any reason officers have not been elected at such first meeting. The officers of the corporation shall hold office until their successors are duly elected and qualified. Any officer elected or appointed by the Board may be removed from office by the Board at any regular or special meeting called for that purpose; and any vacancy in any office, however caused, may be filled by the Board at any regular or special meeting called for that purpose for the remainder of the unexpired term of such office.

3. Other Officers and Agents. The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform, such duties as shall be determined from time to time by the Board,

4. Initial Officers. The initial officers and the manner of filling vacancies of the initial officers shall be as set forth in the Declaration and Petition for Incorporation of the Association and they shall serve as provided for therein.

5. Compensation. Officers, as such, shall not receive any salary or compensation for their services; provided, however, that an officer may serve the Association in another capacity and receive compensation therefor.

6. The President. The President shall be the chief executive officer of the corporation and shall preside at all meetings of the Members and directors. He shall be an ex officio member of all standing Board committees, shall have general and direct management of the business of the Association, and shall be responsible for seeing that all orders and resolutions of the Board are carried into effect.

7. The Vice President(s). The Vice President(s), in the order of their seniority if there be more than one, shall, in the absence or disability of the President, perform the duties and exercise the authority and powers of the President, and shall have such other authority and powers and perform such other duties as the Board of Directors may from time to time direct by resolution.

8. The Secretary. The Secretary shall attend all meetings of the Board and of the Members and record all notes and the minutes of all proceedings in a book to be kept for 1+10 purpose and shall perform like duties for the standing committees. The Secretary shall give, or cause to be given, notice of all meetings of Members, committees and special meetings of the Board and shall have such other authority and power and perform such other duties as the Board of Directors may from time to time direct by resolution. The Secretary shall have custody of the corporate seal and shall affix the same to any instrument requiring it and, when so affixed, it shall be attested by the signature of the Secretary or an Assistant Secretary.

Assistant Secretaries, in order of their seniority, shall, in the absence or disability of the Secretary, exercise the authority and powers and perform the duties of the Secretary and shall perform such other duties as the Board of Directors may from time to time direct by resolution.

9. The Treasurer. The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. This responsibility may be assigned to an independent property management firm hired by the Declarant or Association.

The Treasurer shall disburse the funds of the Association as may be ordered by the Board, requiring receipt of proper vouchers, and shall render to the President and Board, at the regular meetings of the Board, or whenever they may require it, an account of all the

Treasurer's transactions and of the financial condition of the corporation. Upon written request, the Treasurer shall provide a certificate as to the status of payment of assessments with respect to the requesting Members. Assistant Treasurers, in order of their seniority, shall, in the absence or disability of the Treasurer, exercise the authority and powers and perform the duties of Treasurer and shall perform such other duties as the Board of Directors may from time to time direct by resolution.

ARTICLE VII BOOKS AND RECORDS

1. *Accounting and Transfer Records.* The Association shall maintain accounting records in accordance with sound business and generally accepted accounting principles and shall maintain accurate and current records of Members, Assessments, whether Regular, Special or Extraordinary, Reserves and Surplus. All such corporate books and records shall be available for inspection by the Members at all reasonable hours. Such records shall include, in addition to the foregoing and those listed in Article VI, paragraph 9 of these Bylaws, the following:

An account for each Member designating the name and address of such Member, the amount and due dates of any Assessments, the amounts paid and the balance due.

A record of any Mortgagees or other lien holders who have requested the Association in writing that they be registered and given notice of default in the event of nonpayment of and assessments. No responsibility by the Association is assumed with respect to said register except that the corporation will endeavor to give any such notice but failure to do so shall not affect any of the Association's rights with respect to its Assessments and any lien it may have for them.

ARTICLE VIII - ASSESSMENTS

1. *Initial Assessments.* The initial Annual Assessment shall be assessed in accordance with the Declaration.

2. *Subsequent Assessments.* The Board of Directors may from time to time fix and

determine regular Assessments for Association Expenses and Reserves.

3. *Special and Extraordinary Assessments.* The Board of Directors shall have authority and the duty to fix and determine such Special and Extraordinary Assessments in accordance with the Declaration as may from time to time be necessary or proper.

4. *Retroactivity.* Any change in Assessments and any Special or Extraordinary Assessment if determined by the Board of Directors shall be retroactive to the first day of that calendar year. Any amounts paid by members shall be credited against any retroactively adjusted assessment

5. *Due Date.* Annual Assessments shall be assessed and paid in advance without additional notice or demand and shall be past due on the fifteenth (15th) of the month when due.

Special Assessments shall be due and payable as provided by resolution of the Board of Directors.

6. Default. Upon a default by a Member in payment when due of any Assessments, including Special and Extraordinary, the Board of Directors shall, in accordance with the Declaration and the Association Documents, enforce the right and remedies of the corporation with respect to such default

7. Disqualification of Members. Any member who defaults in payment of any assessment shall be disqualified from voting or holding any office, including director, of the corporation so long as such default exists.

ARTICLE IX - MISCELLANEOUS

1. Notices. Unless otherwise provided in the Amended and Restated Declaration, the other Association Documents, or elsewhere in these Bylaws, whenever notice is required or permitted to be given to any Director or Member, it shall not be construed to mean personal service, but may be given in writing by prepaid, first-class mail addressed to such Director or Member at such address as appears on the books of the corporation. Such notice shall be deemed given when sent. Whenever notice is required to be given by law or the Association Documents, a waiver thereof signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

2. Fiscal Year. The calendar year shall be the corporate operating year, beginning on January 1 and ending December 31 of each year. The Board of Directors may change the corporation to such other fiscal year basis as the Board determines in the best interest of the corporation.

3. Statutory Powers. The corporation shall, have all the powers and authority granted to corporations pursuant to the laws of the State of South Carolina, as the same may from time to time be amended, as if the same were stated in full herein, subject to any limitations set forth in the Amended and Restated Declaration and Association Documents.

4. Authority of Members. No Member, except as an officer of the corporation, shall have any authority or power to act for the corporation or to bind it

5. Amendments. These Bylaws may be added to, amended, or repealed by the majority affirmative vote of the Members present in person or by proxy at any regular meeting of Members or at any special meeting, provided notice has been given as hereafter provided.

Subject to the foregoing right of Members to adopt, amend or repeal Bylaws, the Board of Directors shall have the power to adopt, amend, or repeal the Bylaws, by an affirmative vote of seventy-five percent (75%) of all directors then holding office, provided that notice has been given as hereinafter provided.

No meeting of Members or Directors shall be deemed competent to consider adoption, amendment or repeal of Bylaws unless prior written notice of said meeting, whether regular or special, specifying said proposed change shall have been given to all Members or all

Directors at least ten (10) days prior to the meeting, or said notice is waived by written waiver as provided elsewhere herein. Any Member of the Association may propose a change to the Bylaws by written request to the President.

6. Captions; Gender; Number. Captions to Articles and paragraphs herein are for convenience only and shall not be deemed to be a part of these Bylaws or limit anything contained herein. Whenever used herein any gender shall include the others, the singular shall include the plural and the plural shall include the singular, whenever appropriate.

7. Validity; Severability. If any By-Law or part thereof shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other By-Law or part thereof.

8. Indemnification. To the extent permitted by and subject to the laws of the State of South Carolina, any present or former director, officer or employee of the corporation shall be entitled to reimbursement of expenses and other liabilities including attorney's fees actually and reasonably incurred by him and any amount owing or paid by him in discharge of a judgment, fine, penalty or costs against him or paid by him in settlement approved by a court of competent jurisdiction, in any action or proceeding, including any civil, criminal or administrative action, suit, hearing or proceeding, to which he is a party by reason of being or having been a director, officer or employee of this corporation.

To the extent permitted by and subject to the laws of the State of South Carolina, the Association is authorized to purchase and maintain insurance on behalf of any present or former director or officer of the Association, any liability asserted against him and incurred by him in any such capacity or arising out of his status as such together with such costs, fees, penalties, fines and the like with respect thereto, all as set forth hereinabove.

This section is not intended to extend or to limit in any way the right and remedies provided with respect to indemnification of directors, officers, employees, and other persons provided by the laws of the State of South Carolina but is intended to express the desire of the Members of this Association that indemnification be granted to such directors, officers, employees and other persons to the fullest extent allowable by such laws.

9. Insurance. The Association shall obtain a general all-peril public liability policy and blanket insurance policy equal to the full replacement value of any and all or all improvements constructed upon the Common Area within Vintage Oaks. Said policy shall contain a replacement cost endorsement providing for replacement of a structure from insurance loss proceeds, and said policy shall be consistent with the requirements of any mortgages or financing agreements to which the Common Area within Vintage Oaks and any improvements thereon may be subject. The Association shall apply the full amount of any insurance proceeds to the rebuilding or repair of any said improvement, subject to the concurrence of any mortgagee or lien holder having a right to control the application of such proceeds.

Premiums for the group or blanket hazard insurance policy and the general public liability policy shall be a common expense and shall be collectible in the same manner and to the same extent as provided for annual and special assessments in Article IV. Any Owner shall, at

his own expense, carry adequate hazard and homeowner's insurance policies insuring the residence and improvements on his Lot.

In the event of damage or destruction by fire or other casualty to any property covered by insurance payable to the Association, the Board of Directors shall, with the concurrence of mortgagees, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good a condition as prior to the damage. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least two-third (2/3) of the members of the Board of Directors, or by an agent duly authorized by the Board of Directors.

Also, the Association may levy in any calendar year, a special assessment for the purpose of defraying the cost of construction, reconstruction, repair or replacement of improvements constructed in the Common Area or landscape easements within Vintage Oaks to the extent that insurance proceeds under a group insurance policy containing a replacement cost endorsement are insufficient to pay all costs of said construction, reconstruction, repair or replacement to as good a condition as prior to damage or destruction by fire or other casualty covered by insurance.

The Association shall maintain adequate fidelity coverage against dishonest acts by officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. Such fidelity bonds shall:

1. Name the Association as an obligee;
2. Be written in an amount equal to at least twenty (20%) percent of the estimated annual operating expenses of the Association, including reserves;
3. Contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.