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**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
BARTON'S RUN**

THIS DECLARATION of covenants, conditions and restrictions is made this 18th day of November, 2005 by **CRAFTBUILT HOMES, LLC**, a South Carolina limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in Beaufort County, South Carolina, which property is more particularly described in Exhibit "A" attached hereto and made a part of this Declaration (the "Property"); and

WHEREAS, Declarant intends to develop the Property as a residential subdivision and by this Declaration desires to impose upon the Property beneficial restrictions under a general plan of improvement for the benefit of all owners within the Property; and

WHEREAS, Declarant is making a substantial investment in the Property and Declarant finds that private controls over the use of the Property are an effective means of establishing, preserving, maintaining and, in some instances, enhancing, the economic or intangible values pertaining to the use and enjoyment of the Property and, to this end, Declarant desires to establish on the Property certain private land use controls, conditions, protections, restrictions, equitable servitudes, encumbrances, affirmative obligations, burdens, benefits, reservations, easements, assessments, charges and liens (herein collectively referred to as this "Declaration" or these "Covenants"); and

WHEREAS, Declarant desires to provide a flexible and reasonable procedure for the overall development of the Property, and to establish a method for the administration, maintenance, preservation, use and enjoyment of said Property and all real property now or hereafter subjected to this Declaration; and

NOW, THEREFORE, Declarant hereby declares that all of the Property described in Exhibit "A" and any additional property which is hereafter subjected to this Declaration by one or more Supplemental Declarations (as defined hereinafter) shall be held, transferred, sold, devised, assigned, given, purchased, leased, occupied, possessed, mortgaged, encumbered, used and conveyed subject to this Declaration and the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of and which shall run with title to the Property and any other real property subject to this Declaration. This Declaration shall be binding on all parties having any right, title or interest in the Property, now or hereafter subjected hereto, or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

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ARTICLE I
DEFINITIONS

When used in this Declaration, unless the context shall prohibit or otherwise require, the following words shall have the following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

1.01 Additional Property. Wherever used in this Declaration, the term "Additional Property" shall mean all property which may be contiguous to the Property or located nearby, if such property is voluntarily submitted hereunder by Declarant, without the need for consent of the Association or any Owner, or by the owner(s) of such Property, if Declarant is not the owner, with the written consent of Declarant hereunder. The intent of this section is that Declarant shall have the unrestricted right to submit the Additional Property to these Covenants. Such submission of Additional Property herein shall become effective upon the filing of a Supplemental Declaration (as hereinafter defined) of record in the Office of the Register of Deeds for Beaufort County, South Carolina executed in recordable form by the Declarant and also the property owner, if said owner is someone other than the Declarant, and describing such property and stating the intent to be bound hereby and submitted hereunder.

1.02 Architectural Review Board. "Architectural Review Board" or "ARB" shall mean and refer to the Architectural Review Board as may be established in Article VI of this Declaration.

1.03 Articles of Incorporation. "Articles of Incorporation" or "Articles", shall mean and refer to the Articles of Incorporation for the Association, as filed with the Secretary of State of the State of South Carolina, as the same may be amended from time to time.

1.04 Assessments. "Assessments" or "assessments" shall mean all assessments, fees, fines, and all other charges that may be imposed and collected by the Association under Article V hereafter, including but not limited to Regular Assessments, Special Assessments, and Specific Assessments.

1.05 Association. "Association" shall mean the Barton's Run Homeowners Association, Inc., a South Carolina non-stock, nonprofit mutual benefit corporation and its successors and assigns.

1.06 Board of Directors. "Board of Directors" or "Board" or "Directors" or "directors" shall mean and refer to the Board of Directors of the Association..

1.07 Builder. "Builder" shall mean and refer to any Person who purchases one or more Homesites as part of its ordinary and regular trade as a home builder for the purpose of constructing improvements for sale to consumers in the ordinary course of business. The term "Builder" shall also mean (i) any Person who purchases from Declarant one or more parcels of land of the Property and/or the Additional Property for, with the written consent of Declarant, the further subdivision, development, and resale in the ordinary course of business, and (ii) any entity formed by Declarant or its affiliates for the purpose of building product within Barton's Run.

1.08 Bylaws. "Bylaws" shall mean and refer to the Bylaws of the Association, as the same may be amended from time to time.

1.09 Common Expenses. "Common Expenses" shall mean and refer to the actual and estimated expenses incurred, or anticipated to be incurred, by the Association in connection with the

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Common Property for the general benefit of all Owners, including the creation or maintenance of reserves as the Board may find necessary and appropriate pursuant to the provisions of this Declaration.

1.10 Common Property. "Common Property" shall mean and refer to collectively (a) those areas of land, including those with improvements thereon, which are designated in deeds of conveyance to the Association by the Declarant from time to time as "Common Property" and shown on a corresponding plat of record or other recorded exhibit referenced by Declarant in such deed or deeds, (b) any personal property acquired by the Declarant, if said property is designated in writing by the Declarant as "Common Property". No property shall become or shall constitute Common Property, even if shown as such on the Master Plan (as hereinafter defined) or otherwise, until such time as such property is deeded by Declarant to the Association as Common Property. The Declarant reserves the right to restrict the use of any part of the Common Property to the exclusive use of a limited number of Owners and such property shall be known as "Limited Common Property".

1.11 Community-Wide Standard. "Community-Wide Standard" shall mean and refer to the standard of conduct, maintenance or other activity generally prevailing throughout the Property or the minimum standards established pursuant to Board resolutions and/or the Design Standards (as hereinafter defined), whichever is highest. Such minimum standard may be more specifically defined and changed from time to time by the Board of Directors and such standard may include objective and subjective elements.

1.12 Company. "Company" shall mean and refer to CraftBuilt Homes, LLC, a South Carolina limited liability company, its successors and assigns.

1.13 Covenants. "Covenants" shall mean the covenants, conditions, restrictions, and easements established by this Declaration, as the same may be amended from time to time.

1.14 Declarant. "Declarant" shall mean and refer to CraftBuilt Homes, LLC, a South Carolina limited liability company, its successors and assigns. The term shall also be applied to any Person, firm, corporation, partnership, association, trust, or other legal entity, or any combination thereof, which lawfully acquires the rights, privileges and options of Declarant as hereinafter provided. In addition to any other transfer rights of the Declarant, the Company, its successors and assigns, may assign to a lender in connection with any development loan on the Property and/or the Additional Property the status and all rights of the Declarant. Such transfer may take any form including but not limited to a present assignment that may not be exercised upon until a default occurs. Upon such assignment to a lender, the Company, its successors and assigns, shall continue to be the Declarant and such lender shall only become the Declarant (as well as the Class B Member) upon the earlier to occur of (i) the effective date of both the transfer and the date that such rights may be exercised by the lender under the instrument pursuant to which Declarant assigns such rights and, (ii) the date such lender becomes the actual owner of the Property and/or Additional Property through judicial foreclosure or sale made pursuant to any power of sale contained in a mortgage or by conveyance of a deed in lieu of foreclosure. The Company may also transfer all of its rights, privileges and options as Declarant to a successor-in-title or to the Association, provided any such successor-in-title shall acquire for the purpose of development or sale all or some portion of the Property and/or Additional Property, and provided further, that in a written instrument, the Association or such successor-in-title is expressly assigned by the Company the Declarant's rights, privileges and options herein reserved to the Company. Such an assignment may be included as a recital in any deed executed by Declarant that conveys any portion of the Property or the Additional Property. The foregoing shall not preclude and Declarant is specifically authorized to permit other Persons in writing on a one-time or limited basis to exercise any right reserved to Declarant in this Declaration where the Declarant does not intend to transfer the rights of Declarant in its entirety.

1.15 Declaration. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Barton's Run, as the same may be amended from time to time.

1.16 Design Standards. "Design Standards" shall mean guidelines and standards for architecture, design, construction, landscaping, and all other purposes pursuant to and as more particularly set out in Article VI, Section 6.05, as such guidelines and standards may be amended from time to time.

1.17 Development. "Development" shall mean and refer to the Property, the Common Property, Limited Common Property and all improvements located or constructed thereon, and any portion of the Additional Property subjected to this Declaration. The Development is sometimes referred to as "Barton's Run".

1.18 Homesite. "Homesite" or "Lot" shall mean and refer to any numbered parcel of land shown as a residential building lot, whether improved or unimproved, of the Property on any existing and/or future recorded subdivision plat of Barton's Run, and/or as similarly shown on revised or supplemental recorded subdivision plats of the Property or such tracts or such additional tracts as may be added to the Property from time to time, as provided herein. Except as provided in Article III below, no portion of the Common Property shall be comprised of a Homesite. The term "Homesite" shall refer to the land, if any, which is a part of the Homesite as well as any improvements thereon. Except as otherwise provided in this Declaration, an "Improved Homesite" shall mean a Homesite for which a certificate of occupancy has been issued. Except as otherwise provided in this Declaration, an "Unimproved Homesite" shall mean a Homesite for which no certificate of occupancy has been issued. In case of a structure containing multiple dwellings (including condominiums and town homes), each dwelling shall be deemed to be a separate Homesite. A duplex shall be deemed two Homesites whether or not title to each side of the duplex has been separated. A parcel of land under single ownership shall be deemed a single Homesite until such time as a subdivision plat is filed of record with the Register of Deeds for Beaufort County that subdivides all or a portion of such parcel in which event the parcel shall then contain the number of Homesites as shown on such recorded subdivision plat with any remaining un-subdivided portion of such parcel constituting one Homesite. Two or more Homesites may not be legally combined of record into one Homesite (except by Declarant which Declarant shall have the right to do at any time in its discretion) unless Declarant or the Association has consented in writing to such combination, such combination is approved by Beaufort County, and the party requesting such combination pays all costs associated therewith including the costs of a revised or amended plat in a form approved by Beaufort County and by Declarant or the Association in writing and recorded in the Office of the Register of Deeds for Beaufort County making such Homesites a single Homesite. Such combined Homesite shall continue to be treated as separate Homesites for purposes of voting and assessments unless the Declarant or the Association otherwise agrees in writing. A Homesite may be further subdivided by Declarant in its sole discretion but, except for Declarant, no other party may further subdivide a Homesite without the Declarant's prior written approval. A Homesite further subdivided by Declarant or further subdivided with the prior written approval of Declarant shall be treated upon such subdivision as separate Homesites for purposes of voting and assessments.

1.19 Limited Common Property. "Limited Common Property" shall mean a portion of the Common Property primarily benefiting certain Owners but not all Owners. Such Owners primarily benefiting from the Limited Common Property shall pay all costs and expenses associated with such Limited Common Property.

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1.20 Master Plan. "Master Plan" shall mean and refer to any preliminary development plan of Barton's Run that was prepared by or for Declarant, if any, as the same may be now or hereafter amended from time to time. Declarant may add or subtract Homesites as shown on the Master Plan in its sole discretion. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration. **The Master Plan may be significantly amended prior to and/or after the recordation of this Declaration in Declarant's sole discretion and without approval of and/or notice to the Association, any Owner, or any other party.** REFERENCES TO THE MASTER PLAN ARE MADE SOLELY FOR THE CONVENIENCE OF DECLARANT. THE MASTER PLAN MAY BE REVISED OR CHANGED IN ANY MANNER AND AT ANY TIME, AND FROM TIME TO TIME, OR THE MASTER PLAN MAY BE DISCARDED ALTOGETHER, ALL AT THE SOLE AND ABSOLUTE DISCRETION OF THE DECLARANT.

1.21 Member. "Member" shall mean and refer to a Person entitled to membership in the Association.

1.22 Mortgage. "Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed held by a Mortgagee.

1.23 Mortgagee. "Mortgagee" shall mean and refer to an institutional holder of a Mortgage who makes mortgage loans in the ordinary course of its business.

1.24 Mortgagor. "Mortgagor" shall mean and refer to any Person who gives a Mortgage.

1.25 Owner. "Owner" shall mean and refer to that record owner (including Declarant or a Builder) whether one or more Persons, of a fee simple title to any Homesite; provided, however, that where fee simple title has been transferred and is being held merely as security for repayment of a loan, the Person who would own the Homesite in fee simple if such loan were paid in full shall be considered the Owner. All Owners of a Homesite by accepting a deed to such Homesite agree to be bound by this Declaration, the Bylaws, and all rules and regulations of the Association and agree that all assessments constitute a lien on the Homesite.

1.26 Person. "Person" shall mean and refer to a natural person, a corporation, a partnership, a trustee, or any other legal entity.

1.27 Property. "Property" shall mean and refer to that certain real property described in Exhibit "A" attached hereto, together with all Additional Property as may be subjected to the provisions of this Declaration in accordance with the provisions of Article XI hereof.

1.28 Restrictions. "Restrictions" shall mean and refer to all covenants, conditions, restrictions, easements, liens and other obligations created or imposed by this Declaration.

1.29 Structure. "Structure" shall mean:

(a) any material, thing or object of any kind the placement of which upon any Homesite may affect the appearance of such Homesite, including by way of illustration and not limitation, any building or part thereof, garage, porch, out buildings, greenhouse or bathhouse, pet house, covered or uncovered patio, swimming pool, antennas and satellite dishes, fence, curbing, paving, wall, landscaping, hardscape, lighting, tree, shrub, sign, signboard, temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to such Homesite, including, but not

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limited to, paint colors, materials, shutters, windows, railings, columns, or any other items attached to the exterior of any structure or on the Homesite.

(b) any grading and/or excavation on a Homesite including any excavation, grading, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any Homesite, or which affects or alters the flow of any waters in any natural or artificial creek, stream, wash or drainage channel from, upon or across any Homesite.

ALL STRUCTURES MUST MEET THE MINIMUM SQUARE FOOTAGE AND OTHER REQUIREMENTS OF THE DESIGN STANDARDS DISCUSSED IN ARTICLE VI, SECTION 6.05 OF THIS DECLARATION.

1.30 Supplemental Declarations. "Supplemental Declaration" and "Supplemental Declarations" shall mean and refer to all amendments or supplements to this Declaration filed pursuant to Article X and/or Article XI of this Declaration.

1.31. Turnover Date. "Turnover Date" shall mean and refer to the date that the Class B Membership shall cease and terminate which date is sixty (60) days after the first of the following events occur: (a) the expiration of twenty five (25) years from the date of recording of this Declaration; (b) the date as of which ninety five (95%) percent of the Homesites which may be developed on the Property and on the Additional Property shall have been conveyed by both the Declarant (excluding sales to Builders) and by Builders, if any, who purchased Homesites from Declarant to an individual owner or owners for residential use or occupancy; or (c) the surrender by the Declarant of the Class B Membership and authority to appoint and remove members of the Board of the Association by an express amendment to this Declaration executed by the Declarant and recorded in the Office of the Beaufort County Register of Deeds.

ARTICLE II PLAN OF DEVELOPMENT

2.01 Development of the Property. While Declarant has submitted the Property to the terms and provisions of the Declaration, only those lots that are of record and platted on subdivision plats approved by Beaufort County and recorded with the Office of the Register of Deeds for Beaufort County, South Carolina, shall comprise the Homesites. Declarant hereby reserves the right, but not the obligation, to be exercised in its sole discretion and without any approval required from any Owner, the Association, the Board, or any other party, to designate and re-designate and redesign the boundaries of all Homesites (until sold by Declarant) and Common Property (until conveyed by Declarant to the Association) in various phases of the Property as they are developed and platted, including the re-platting of all Common Property and unsold Homesites. Declarant shall have the right, but not the obligation, in its sole discretion and without any approval required from any Owner, the Association, the Board, or any other party, to make improvements and changes to all Common Property and to all Homesites owned by Declarant until conveyed by Declarant, including, without limitation, (i) installation and maintenance of any improvements in and to the Common Property, (ii) changes in the location of the boundaries of any Homesites owned by the Declarant or of the Common Property, (iii) installation and maintenance of any storm drainage system and water, sewer and other utility systems and facilities and (iv) installation of security and/or refuse facilities.

2.02 Development of the Additional Property. In accordance with Article XI of this Declaration, Declarant hereby reserves the option, to be exercised in its sole discretion and without any approval required from any Owner, the Association, the Board, or any other party, to submit from time to

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time the Additional Property or portions thereof to the provisions of this Declaration and thereby to cause the Additional Property or a portion or portions thereof to become part of the Property.

2.03 Removing Declaration. For any part of the Property owned by Declarant, Declarant reserves the right in its sole and absolute discretion, and without any approval required from any Owner, the Association, the Board, or any other party, to remove and fully and completely release the Declaration from any portion of the Property and/or the Common Property owned by Declarant. Declarant may remove and fully and completely release the Declaration from any portion of the Property or Common Property owned by Declarant by filing a Supplemental Declaration which only need be signed by Declarant and Declarant shall not need the approval of the Association, the Board, any Owner, or any other party to so file such Supplemental Declaration.

2.04 Development of the Property. THE DECLARANT DOES NOT GUARANTEE IN ANY MANNER THAT ANY VIEW FROM A HOMESITE OVER AND/OR ACROSS ANY PART OF THE COMMON PROPERTY (INCLUDING BUT NOT LIMITED TO ANY LAGOONS) WILL BE PRESERVED WITHOUT IMPAIRMENT AND DECLARANT WILL NOT HAVE ANY OBLIGATION TO ANY OWNER OF A HOMESITE TO PRESERVE ANY VIEW OVER OR ACROSS THE COMMON PROPERTY (INCLUDING BUT NOT LIMITED TO ANY LAGOONS). IN ADDITION, DECLARANT SHALL NOT HAVE ANY OBLIGATION TO PRUNE OR THIN TREES OR OTHER VEGETATION ON THE COMMON PROPERTY. DECLARANT SHALL HAVE THE RIGHT IN ITS SOLE AND ABSOLUTE DISCRETION TO LOCATE, REMOVE, AND RELOCATE ALL STRUCTURES, SIGNS, HARDSCAPE, TREES, LANDSCAPING, AND LIGHTING ON THE COMMON PROPERTY (INCLUDING BUT NOT LIMITED TO ANY LAGOONS) AS THE DECLARANT SEES FIT. ALL OWNERS BY ACCEPTING A DEED TO ANY HOMESITE ACKNOWLEDGE THAT ANY OR ALL SUCH DECISIONS AND/OR CHANGES BY THE DECLARANT MAY DIMINISH, OBSTRUCT, OR ELIMINATE ANY VIEW OF A HOMESITE OVER AND/OR ACROSS THE COMMON PROPERTY (INCLUDING BUT NOT LIMITED TO ANY LAGOONS). ANY EXPRESSED OR IMPLIED VIEW EASEMENTS AND/OR EASEMENTS FOR THE PASSAGE OF LIGHT OVER, FROM, AND/OR ACROSS THE COMMON PROPERTY (INCLUDING BUT NOT LIMITED TO ANY LAGOONS) ARE HEREBY EXPRESSLY DISCLAIMED.

ARTICLE III COMMON PROPERTY

3.01 Conveyance of Common Property.

(a) The Declarant may from time to time cause to be conveyed to the Association the Common Property (which may include portions of certain Homesites as hereinafter discussed) or grants of easements, as well as personal property, for (i) the common use and enjoyment of the Owners and/or (ii) for the primary use and benefit of a limited number of Owners. In addition, the Declarant may from time to time cause the conveyance of certain real property or grants of easements to other third parties as may be deemed desirable or advisable by Declarant or as required by governing authorities in accordance with this Declaration. Notwithstanding the foregoing, Declarant shall convey all Common Property to the Association no later than the Turnover Date.

(b) It is contemplated by the Declarant that the Declarant will convey Common Property to the Association for scenic and natural area preservation and for general uses associated with residential subdivisions, including roadways and lagoons. The Declarant may, at Declarant's sole

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discretion, modify, alter, increase, reduce and otherwise change the Common Property contemplated to be conveyed to the Association at any time prior to conveyance of such Common Property to the Association. Declarant also reserves the right in its sole discretion to convey Common Property to the Association as Limited Common Property for which the primary access and use of may be restricted to a limited number of Owners and which shall not be available for the use and enjoyment of all Owners of the Property; provided, however, only those Persons allowed to use such Limited Common Property shall be assessed for the maintenance, upkeep, repair and replacement of such Limited Common Property.

(c) In addition to the property described in subsection (b) of this Section 3.01, the Declarant may convey, or cause to be conveyed, to the Association in accordance with this Section 3.01 such other real and personal property as the Declarant may determine to be necessary or proper for the completion or operation of the Development.

(d) Notwithstanding any legal presumption to the contrary, the fee title to, and all rights in, any portion of the Property owned by the Declarant and designated as Common Property (or which is designated by any words which similarly signify such property is for the common use of the Owners in the Development) whether by recorded plat of survey or otherwise, shall be reserved to the Declarant and for its use and subject to its disposition until such time as the same shall be conveyed by deed to the Association or to any municipality or other governmental body, agency or authority.

(e) The Association has agreed and hereby further covenants and agrees to accept all such conveyances of Common Property and all Owners by accepting a deed to any Homesite acknowledge the obligation of the Association to do so. In addition, the Association and each Owner acknowledge that the Association shall be solely responsible for the costs of the maintenance and upkeep of all Common Property, notwithstanding the fact that title has not yet been conveyed to the Association by Declarant. Upon transfer of title of the Common Property or any portion thereof to the Association, the Association shall continue to have the sole responsibility of maintenance and repair of the Common Property. Prior to the Turnover Date, the procedures contained in this Section 3.1(g) shall be followed.

(f) Prior to the Turnover Date, the Declarant shall appoint a nominating committee which shall nominate Members to belong to a Transition Committee. Upon conveyance of any improved Common Property or upon completion of the improvements, whichever is later, the Declarant shall notify the Transition Committee. Within sixty (60) days after said notification, the Declarant or its representative and the Transition Committee shall jointly inspect the Common Property or portion thereof to the extent hereinafter provided. The Declarant and the Transition Committee shall each be entitled to designate a qualified engineer or other such expert to accompany them during the inspection of the improved Common Property. Such inspection shall not account for any normal wear and tear since the date such improvements were constructed and shall be limited to a visual inspection of the improved Common Property. Promptly after the completion of such inspection, the Transition Committee shall submit a written report (hereinafter "Inspection Report") to the Declarant stating whether the improved Common Property or portion thereof is in a good state of repair and specifying the respects, if any, in which such construction is not in a good state of repair (the "Defective Items"). Except as otherwise required under applicable law, the Inspection Report shall constitute conclusive evidence that, except as otherwise set forth in such report, the Declarant has deeded the improved Common Property in a good state of repair and thereafter the Declarant shall have no further liability, duty, or obligation with respect to such improved Common Property or portion thereof except to perform the work called for by the Inspection Report. The reasonable fees and expenses of any experts hired by the Transition Committee in connection with the inspection and re-inspection provided for by this paragraph shall be borne by the Association. If Declarant does not agree with the Defective Items as set forth in the Inspection Report, the

engineer or architect used by Declarant and the engineer or architect used by the Transition Committee shall agree on another engineer or architect to act as an arbitrator (the "Arbitrator"). The Arbitrator shall inspect the improved Common Property and shall identify any portion of the Common Property that is not in a good state of repair, normal wear and tear excepted. Such items as identified by the Arbitrator as defective shall thereafter constitute the Defective Items and shall be substituted for the Defective Items identified by the Transition Committee, and shall form part of the Inspection Report and Declarant shall be required to accept such designation of Defective Items as set forth therein. Following the completion of the Defective Items, the Declarant shall, after fourteen (14) days notice to the Transition Committee, arrange for a re-inspection of the portion of the Common Property that formerly had Defective Items. The Transition Committee shall then issue a written report to the Declarant stating whether the Defective Items have been corrected and specifying the respects, if any, in which such work has not been completed and/or is defective. If Declarant agrees with the Transition Committee, Declarant shall perform any work called for by such report of re-inspection as promptly as practicable. If Declarant disagrees with the Transition Committee, the Arbitrator (or if no Arbitrator has been necessary up to this point, an Arbitrator shall be appointed under the same procedure as set forth above) shall review the corrective work and shall identify the work that has not been completed and/or is defective and such determination by the Arbitrator shall be binding on the Association, the Owners, and the Declarant and Declarant shall correct any such defective work. The reasonable fees and expenses of the Arbitrator in connection with the inspection and re-inspection provided for by this paragraph (f) shall be borne by the Association. EXCEPT AS OTHERWISE REQUIRED UNDER APPLICABLE LAW, ONCE IMPROVED COMMON PROPERTY IS ACCEPTED BY THE ASSOCIATION THROUGH THE TRANSITION COMMITTEE AND ANY DEFECTIVE ITEMS ARE CORRECTED AS SET FORTH ABOVE, DECLARANT SHALL HAVE NO FURTHER LIABILITY OR RESPONSIBILITY OF ANY KIND WITH RESPECT TO SUCH COMMON PROPERTY.

3.02 Right of Enjoyment. Except for Common Property designated by Declarant as "Limited Common Property", every Owner shall, subject to requirements and restrictions of this Declaration and subject to all rules and regulations as are adopted by Declarant and/or the Board, have a nonexclusive right and easement to use and enjoy the Common Property, excluding any Limited Common Property; provided, however, that no Owner shall do any act which interferes with the free use and enjoyment of such applicable Common Property by all other Owners. Notwithstanding any other provision of this Declaration, no Owner may make any use of a pond, lagoon or other portion of the stormwater drainage system of the Development except as expressly allowed in the written rules and regulations adopted by the Board. As long as Declarant owns any of the Property, Declarant may permit persons who are not Owners to use and enjoy any part or all of the Common Property, including Limited Common Property, subject to all rules and regulations established by Declarant. Subject to applicable zoning laws, Declarant and Builders authorized by Declarant in writing may construct and maintain upon portions of the Property owned by Declarant or forming part of the current or future Common Property such facilities and activities as, in the sole discretion of Declarant, may be reasonably necessary, convenient, or desirable for the construction, sale, and resale of homes and Homesites, including but not limited to, business offices, signs, models homes, and sales offices. Declarant and all Builders authorized by Declarant in writing shall have easements as long as they own any Homesites to access all such property, including Common Property, for all such uses and to use all such property and facilities at no charge.

3.03 Right of the Association. The rights and privileges conferred in Section 3.02 to Owners (exempting and excluding the Declarant which shall not be subject to any restrictions on its rights under this Declaration) shall be subject to the right of the Association acting through the Board to:

(a) promulgate rules and regulations relating to the use, operation and maintenance of the Common Property;

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(b) suspend the voting rights of any Owner in default of the provisions of this Declaration and/or rules and regulations of the Association (excluding the Class B Member), pursuant to Section 4.05, and suspend the right of enjoyment granted or permitted by Section 3.02;

(c) grant easements or rights-of-way over Common Property to any municipality or other governmental body, agency or authority, to any quasi-public agency or to any utility company or cable television system or to any third party that the Board deems necessary or desirable;

(d) enforce all applicable provisions of valid agreements of the Association relating to the Common Property or any part thereof;

(e) borrow money for the purpose of carrying out the activities of the Association, including the acquisition, construction, improvement, equipping and maintenance of Common Property, and in aid thereof to encumber by mortgage or other security interest, any or all of the Association's property, including Common Property and revenues from assessments and other sources;

(f) dedicate or transfer all or any part of the Common Property or interest therein to any municipality or other governmental body, agency or authority for such purposes and subject to such provisions and conditions as may be agreed upon by the Association and such grantee, including a provision that such property or interest shall cease to be subject to this Declaration or all or any part of the Restrictions while held by any such municipality or other governmental body, agency or authority; and

(g) to sell, lease or otherwise convey all or any part of its properties and interest therein; provided, however, that the Association shall not sell, encumber by security interest, convey, dedicate or transfer any Common Property or interest therein (excluding however any dedications required by utilities or governmental authorities having jurisdiction) without the approval of two-thirds (2/3) of the Class A Members and the written approval of the Class B Member (if such membership is still in existence).

3.04 Types of Common Property. At the time of the conveyance of any real property or grant of easement by the Declarant to the Association to be used as Common Property, the Declarant shall designate in the deed of conveyance or easement that such real property is to be Common Property and any restrictions on the use thereof, and further may designate in the deed of conveyance or easement the specific or general purpose or purposes for which such real property or any portion thereof may be used, and in such event, such real property or portion thereof shall not, without a two-thirds (2/3) affirmative vote of the Class A Members of the Association, be used for any different purpose or purposes.

3.05 Entrance Easements and Entrance Monuments. It is contemplated that certain easements for landscaping or for the erection and maintenance of entrance monuments, subdivision signs, walls, fences and other structures intended to provide an attractive atmosphere or to provide privacy to Owners within the Development will be reserved by the Declarant and may be set forth on plats and/or surveys of the Development recorded in the records of the Office of the Register of Deeds for Beaufort County. Such easements shall be perpetual in duration and shall include the right to erect, maintain, repair, replace and re-erect any such structures within the easement areas, as well as the right to plant grass, plants, flowers, shrubs and trees, to tend and garden the same, and to generally landscape the area within said easements to keep them clean, attractive and uniform in appearance for the benefit of all owners within the Development. All Owners taking title to any Homesite upon which such an easement lies will take title subject to the easement rights set forth herein, as well as such rights as may be set forth in any instrument conveying such easements to the Association. Such easements shall be Common Property (or Limited

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Common Property if so designated). In addition, or alternatively, such entrance monuments and other similar improvements may be constructed within or upon rights-of-way within the Development. In all such cases, such improvements shall be maintained by the Association as any other Common Property.

3.06 Encroachment Easements. If any structures or other improvements initially constructed by Declarant on any of the Homesites (including without limitation any eaves, roof overhangs, balconies, siding, porches, or other equipment and/or structures which may be attached to the walls or roofs of such buildings) encroach onto or over or extend into the air space or any portion of the Common Property, or, conversely, if any such improvements initially constructed on the Common Property by Declarant encroach onto or over portions of any Homesite, a valid easement for the encroachment and for the maintenance, repair and replacement thereof, shall exist in perpetuity.

3.07 Stormwater Management System Responsibilities and Easement. The effective functioning of the stormwater management system of the Development is essential to the protection of the environment and to the long-term values of all property within the Development. The stormwater management system includes all ponds, lagoons, retention and detention areas, all functional swales and all other features of the property, whether naturally existing or constructed, that serve as an integral part of collecting, retaining, filtering and the ultimate release of stormwater within the Development. All portions of the stormwater management system will be located upon Common Property, both before and after actual conveyance of Common Property to the Association, and shall be maintained in good condition and in functional working order by the Association as a common expense of the Association at all times including the time period that any such property is owned by Declarant prior to being conveyed to the Association as Common Property.

ALL MEMBERS BY ACCEPTING A DEED TO A HOMESITE ACKNOWLEDGE THAT ALL PONDS, LAGOONS AND OTHER PORTIONS OF THE STORMWATER SYSTEM OF THE DEVELOPMENT ARE INTERCONNECTED AND THAT THE ASSOCIATION HAS EXCLUSIVE USE OF SUCH PONDS, LAGOONS, AND OTHER PORTIONS OF THE STORMWATER SYSTEM OF THE DEVELOPMENT, INCLUDING FOR IRRIGATION AND OTHER PURPOSES, AND THAT THE LEVEL OF SUCH PONDS AND LAGOONS WILL VARY DEPENDING ON THE AMOUNT OF USE BY THE ASSOCIATION AND THE AMOUNT OF RAINFALL.

3.08 Alligators. All Owners by accepting a deed to a Homesite acknowledge that the ponds and lagoons of the Development may contain alligators since alligators are indigenous to this area. Alligators are a protected species and no Owner may feed, molest, or otherwise physically interact with any alligator. **OWNERS MUST EXERCISE EXTREME CAUTION AROUND ANY POND, LAGOON, OR OTHER WATER FEATURE OF THE DEVELOPMENT. NEITHER THE DECLARANT NOR THE ASSOCIATION SHALL BE RESPONSIBLE FOR CAPTURING AND/OR RELOCATING ANY ALLIGATOR ON THE PROPERTY. NEITHER THE DECLARANT NOR THE ASSOCIATION NOR MEMBERS OF DECLARANT NOR OFFICERS, MEMBERS, DIRECTORS, AND EMPLOYEES OF THE ASSOCIATION, THE DECLARANT OR ITS MEMBERS SHALL BE RESPONSIBLE FOR ANY DAMAGE, INCLUDING INJURY AND/OR LOSS OF LIFE TO ANY PERSON AND/OR ANIMAL, CAUSED BY AN ALLIGATOR ON THE PROPERTY.**

3.09 Wildlife; Nuisance Wildlife. All Owners by accepting a deed to a Homesite acknowledge that wildlife is abundant and thrives in coastal South Carolina, will be located throughout the Property, and can be very destructive to residential landscaping. Owners are also advised to use

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caution at night when driving through the Property and to be on the alert for wildlife crossing roadways. All Owners are advised to use a landscape plan for Homesites that contain plants known to be wildlife resistant or tolerant. Neither Declarant nor the Association will be responsible for any damage caused by wildlife, whether such damage is to landscaping, automobiles, personal injury, or otherwise. Further, neither the Declarant nor the Association can be required to at any time or in any way control the wildlife population on the Property; provided, however, the Declarant and the Board reserve the right in its sole discretion to control nuisance wildlife.

3.10 Street Lights. Declarant may in its discretion enter into, for or on behalf of the Association, an agreement with the applicable electric utility for the installation, maintenance, and electric power for a system of street lights at the Development. Such electric utility may own the street lights and provide them to the Association under a lease agreement which may likely extend for a period of fifteen or more years. Lease payments by the Association would typically equal the costs of such street lights plus a normal profit to the electric utility. In such event, the Association and all Owners acknowledge that such street lights will not be owned by the Association in such event and will not constitute part of the Common Property. Further, the Association agrees to accept and assume all obligations under any such lease.

3.11 Streets. All roads of the Property will constitute Common Property to be maintained, repaired, and replaced by the Association. Even though the roads are Common Property, development approval of the project for the Property requires access over the roads of the Property by the public at large during certain hours, especially during the day time hours to enhance connectivity. The Association, to the extent permitted by law, shall have the right to post speed limits on the roads of the Association as it deems appropriate and may enforce the posted speed limits, including fining violators. Prior to the Turnover Date, Declarant shall be entitled in its sole discretion to provide control over vehicular access to various sections of the Property which it deems necessary or desirable for the health, safety or welfare of persons within the Property. The use of off road or unlicensed vehicles of any type including but not limited to four (4) wheel all terrain vehicles and dirt bikes are prohibited on the streets of the Property. Declarant shall be entitled to install card controlled entrance gates of a type deemed appropriate by Declarant at each entrance to the Property. Such gates shall remain open at such times as required under agreements with applicable governmental authorities and/or as provided under the rules and regulations of the Association adopted by the Board. EACH OWNER BY ACCEPTING A DEED TO A HOMESITE ACKNOWLEDGES THAT DEVELOPMENT APPROVAL OF THE PROJECT FOR THE PROPERTY REQUIRES ACCESS OVER THE ROADS OF THE PROPERTY BY THE PUBLIC AT LARGE DURING CERTAIN HOURS.

3.12 Delegation of Use. Any Owner may delegate his right to use and enjoy the Common Property to the members of his family, his social invitees or his tenants who reside on a Homesite subject to compliance with the provisions of this Declaration and compliance with applicable rules and regulations of the Association. Tenants who reside on a Homesite shall have the same rights of delegation as an Owner subject to compliance with the provisions of this Declaration and compliance with applicable rules and regulations of the Association. If an Owner is not occupying his Homesite as a primary residence and has leased his Homesite to tenants, the Owner shall not have the right to use and enjoy the Common Property, which right may only be exercised by the tenants. Any delegation of rights must be made in accordance with the Bylaws and will be subject to reasonable regulation by the Board and in accordance with the procedures it may adopt.

ALL OWNERS BY ACCEPTING TITLE TO A HOMESITE ASSUME FOR THEMSELVES AND THEIR FAMILIES, GUESTS, TENANTS, AND INVITEES ALL RISKS ASSOCIATED WITH

USING THE COMMON PROPERTY AND HEREBY RELEASE THE ASSOCIATION, THE DECLARANT, MEMBERS OF DECLARANT, AND ALL OFFICERS, MEMBERS, DIRECTORS, AND EMPLOYEES OF THE ASSOCIATION, THE DECLARANT AND ITS MEMBERS FROM LIABILITY OF ANY KIND FOR ANY PROPERTY DAMAGE AND/OR PERSONAL INJURY INCURRED IN THE USE OF THE COMMON PROPERTY BY A OWNER AND/OR THEIR FAMILIES, GUESTS, TENANTS, AND/OR INVITEES AND/OR IN THE USE OF THE ROADS OF THE DEVELOPMENT BY THE PUBLIC AT LARGE.

ARTICLE IV
THE ASSOCIATION

4.01 Purposes, Powers and Duties of The Association. The Association shall be formed as a non-profit civic organization for the primary purpose of performing certain functions for the common good and general welfare of the people of the Development. To the extent necessary to carry out such purpose, the Association (a) shall have all of the powers of a corporation organized under the South Carolina Nonprofit Corporation Code and (b) shall have the power to exercise all of the rights, powers and privileges of the Association as set forth in this Declaration.

4.02 Membership in the Association. Every Owner shall automatically be a Member of the Association (subject to the provisions relating to multiple ownership or joint ownership set forth in Section 4.03 below) and such membership shall terminate only as provided in this Declaration.

4.03 Voting Rights. Subject to the following provisions of this Section 4.03, the Association shall initially have two classes of membership: Class A and Class B.

(a) Class A Members. Every person who is an Owner, including the Declarant for each Homesite owned by Declarant, shall be a Class A Member and shall be entitled to one vote for each Homesite owned. When more than one Person is a Class A Member by virtue of an ownership interest in the same Homesite, the vote for such Homesite shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Homesite. In the event of disagreement among co-owners and an attempt by two or more of them to cast the vote of such Homesite, such persons shall not be recognized and the vote of such Homesite shall not be counted. The Membership of a Class A Member shall automatically terminate upon the Member's sale of his Homesite. However, no termination of Class A Membership shall affect such Member's obligation to pay assessments, fines or penalties as hereinafter provided for, due and payable for any period prior to the date of such termination, and there will be no refund for assessments paid for periods falling after the date of such termination.

(b) Class B Member. The Declarant (and any successor Declarant) shall be the sole Class B Member. Class B Membership shall be a full voting membership and, during its existence, the Class B Member shall be entitled to vote on all matters and in all events. The Class B Member shall be entitled to votes equal to the number of votes cumulatively held by all Class A Members (other than Declarant) multiplied times three (3). The Class B membership shall cease sixty (60) days after the first of the following events to occur: (a) the expiration of twenty five (25) years from the date of recording of this Declaration; (b) the date as of which ninety five (95%) percent of the Homesites which may be developed on the Property and on the Additional Property shall have been conveyed by both the Declarant (excluding sales to Builders) and by Builders, if any, who purchased Homesites from Declarant to an individual owner or owners for residential use or occupancy; or (c) the surrender by the Declarant of the Class B Membership and the authority to appoint and remove members of the Board of the Association by an express amendment

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to this Declaration executed by the Declarant and recorded in the Office of the Beaufort County Register of Deeds; provided, however, that so long as any Mortgagee of Declarant holds a security interest in any portion of the Property, as security for a development loan to Declarant, the Class B Membership shall not be terminated without the prior written consent of such Mortgagee.

4.04 Board of Directors and Officers.

(a) Board. The affairs of the Association shall be managed by a Board of Directors. The number of directors and the method of election of directors shall be as set forth in this Declaration and in the Bylaws of the Association. Except to the extent otherwise expressly required or authorized by the South Carolina Nonprofit Corporation Code or this Declaration, the Association's Bylaws or Articles of Incorporation, the powers inherent in or expressly granted to the Association may be exercised by the Board, acting through the officers of the Association, without any further consent or action on the part of the Members. Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the Bylaws of the Association, the Board of Directors of the Association shall exclusively be appointed by the Declarant until sixty (60) days after the first of the following events shall occur: (a) the expiration of twenty five (25) years from the date of recording of this Declaration; (b) the date as of which ninety five (95%) percent of the Homesites which may be developed on the Property and on the Additional Property shall have been conveyed by both the Declarant (excluding sales to Builders) and by Builders, if any, who purchased Homesites from Declarant to an individual owner or owners for residential use or occupancy; or (c) the surrender by the Declarant of the Class B Membership and the authority to appoint and remove members of the Board of the Association by an express amendment to this Declaration executed by the Declarant and recorded in the Office of the Beaufort County Register of Deeds.

(b) Officers. The number of officers and the method of election of officers shall be as set forth in this Declaration and the Bylaws of the Association. Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the Bylaws of the Association, officers of the Association shall exclusively be nominated by Declarant and appointed by the Board as long as Declarant is the Class B Member.

(c) Votes. By acceptance of a deed conveying a Homesite, each Owner acknowledges and agrees to the Voting Rights of Section 4.03 above.

(d) Casting of Votes. The votes of the Members shall be cast under such rules and procedures as may be prescribed in this Declaration or in the Bylaws of the Association, as amended from time to time, or by law.

4.05 Suspension of Membership. The Board may, but shall not be obligated to, suspend the voting rights of any Member and the right of enjoyment of the Common Property of any Person who:

(a) shall be subject to the Right of Abatement, as defined in Section 9.02 by reason of having failed to take the reasonable steps to remedy a violation or breach of the Restrictions, or of Design Standards as may be adopted by the ARB, within thirty (30) days after having received notice of the same pursuant to the provisions of Sections 6.11, 7.02 or 9.02 of this Declaration.

(b) shall be delinquent in the payment of any assessment, fine or penalty levied by the Association pursuant to the provisions of this Declaration; or

(c) shall be in violation of the rules and regulations adopted by Association.

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Any suspension shall be for the balance of the period in which said Member or Person shall remain in violation, breach or default, as aforesaid, except that in the case of a violation described in subsection (c) of this Section 4.05, the suspension may be for a period not to exceed 60 days after the cure or termination of such violation. No such suspension shall prevent an owner's ingress to or egress from his Homesite.

4.06 Meetings; Voting Procedures. The necessary quorum for all meetings if not otherwise set forth in this Declaration shall be as set forth in the Bylaws of the Association. The procedures for the election of Directors of the Association and for voting on all other issues as may be brought before the Owners of the Association shall be governed by this Declaration, the South Carolina Nonprofit Corporation Code, the Articles of Incorporation of the Association, and the Bylaws of the Association, as each shall from time to time be in force and effect.

4.07 Control by Declarant and Appointment of the Board. As long as Declarant is the Class B Member, the Board of the Association shall consist of three (3) members. Declarant shall retain the right to appoint and remove members of the Board until sixty (60) days after the first of the following events shall occur: (a) the expiration of twenty five (25) years from the date of recording of this Declaration; (b) the date as of which ninety five (95%) percent of the Homesites which may be developed on the Property and on the Additional Property shall have been conveyed by both the Declarant (excluding sales to Builders) and by Builders, if any, who purchased Homesites from Declarant to an individual owner or owners for residential use or occupancy; or (c) the surrender by the Declarant of the Class B Membership and the authority to appoint and remove members of the Board of the Association by an express amendment to this Declaration executed by the Declarant and recorded in the Office of the Beaufort County Register of Deeds. The right of Declarant to appoint members of the Board also includes the right to remove and replace appointees. Members of the Board appointed by Declarant need not be Members of the Association and may be employees of Declarant. Upon the final expiration of all rights of Declarant to appoint and replace directors of the Association, a special meeting of the Association shall be called. At such special meeting the Owners shall elect a new Board of Directors which shall undertake the responsibilities of the Board, and Declarant shall deliver the books, accounts, and records, if any, which Declarant has kept on behalf of the Association, and any agreements or contracts executed by or on behalf of the Association during such period, which Declarant has in its possession. Notwithstanding any other language to the contrary, the Board of Directors appointed by the Declarant shall retain the power and authority to act of behalf of the Association, and to exercise all rights available to Board members until such time as a new Board of Directors has been elected by the Owners at the special meeting. Each Owner by acceptance of a deed to or other conveyance of a Homesite consents to and vests in Declarant such authority to appoint and replace directors of the Association and to nominate officers of the Association as provided in this Section.

4.08 Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Property, and dwellings within the Property, and the Common Property, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Such regulations and use restrictions shall be binding upon all owners, occupants, invitees, and licensees, if any, until and unless revised or canceled by the Board of Directors or overruled, canceled, or modified in a regular or special meeting of the Association by the vote of Voting Members representing two thirds ($\frac{2}{3}$) of the total of the Class A Members and, as long as there is a Class B Membership, with the written approval of the Class B Member.

4.09 Enforcement. The Association shall be authorized to impose sanctions for violations of this Declaration, the Bylaws, or rules and regulations adopted by the Association. Sanctions may include reasonable monetary fines and suspension of the right to vote and to use any of the Common



Property (although in no event will an Owner be denied access to and egress from such Owner's Homesite). In addition, the Association, through the Board, in accordance with Article IX of the Declaration, shall have the right to exercise the Right of Abatement to cure violations, and shall be entitled to suspend any services provided by the Association to any Owner or such Owner's Homesite in the event that such Owner is more than thirty days delinquent in paying any assessment or other charge due to the Association. The Board shall have the power to seek relief in any court for violations or to abate nuisances. The Association, through the Board, by contract or other agreement, shall have the right to enforce county and applicable town ordinances, if applicable, and to permit the county or town as applicable to enforce ordinances on the Property for the benefit of the Association and its Members.

4.10 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws. The Association may also exercise every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

4.11 Governmental Interests. For so long as the Declarant owns any Property or any Additional Property, the Association shall permit the Declarant to designate sites within the Property for water and sewer facilities and other public facilities deemed necessary or advisable by Declarant. The sites may include Common Property owned by the Association.

4.12 Security. The Association shall maintain, repair and replace any card gates installed by Declarant on the Property and may, but shall not be obligated to, maintain or support other activities, if any, within the Property designed to make the Property safer than it otherwise might be. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY HOMESITE, AND ALL TENANTS, GUESTS, AND INVITEES OF ANY OWNER, ACKNOWLEDGE THAT THE ASSOCIATION, AND ITS BOARD OF DIRECTORS, DECLARANT, ANY SUCCESSOR DECLARANT, AND THE ARB DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE DECLARANT OR THE ARB MAY NOT BE COMPROMISED OR CIRCUMVENTED. FURTHER, THE ASSOCIATION, AND ITS BOARD OF DIRECTORS, DECLARANT, ANY SUCCESSOR DECLARANT, AND THE ARB DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE; NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. ALL OWNERS AND OCCUPANTS OF ANY HOMESITE, AND ALL TENANTS, GUESTS, AND INVITEES OF ANY OWNER, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS. ALL OWNERS AND OCCUPANTS OF ANY HOMESITE AND ALL TENANTS, GUESTS, AND INVITEES OF ANY OWNER ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO HOMESITES AND STRUCTURES LOCATED THEREON, AND TO THE CONTENTS OF DWELLINGS AND FURTHER ACKNOWLEDGE THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR

WARRANTIES, NOR HAS ANY OWNER, OCCUPANT, OR ANY TENANT, GUEST, OR INVITEE OF ANY OWNER RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY CARD GATES, FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASUREMENTS UNDERTAKEN WITHIN THE PROPERTY.

ARTICLE V
ASSESSMENTS AND MAINTENANCE CHARGES

5.01 Covenant for Assessments and Creation of Lien and Personal Obligations. Each Owner, jointly and severally, for himself, his heirs, distributees, legal representatives, successors and assigns, by acceptance of a deed for a Homesite, whether or not the covenants contained herein shall be expressed in any such deed, hereby covenants and agrees as follows:

(a) to pay to the Association the annual assessments and any specific assessments which may or shall be levied by the Association pursuant to this Declaration against all Homesites owned by such Owner;

(b) to pay to the Association any special assessments and any fines, penalties or other charges which may or shall be levied by the Association pursuant to this Declaration against all Homesites owned by such Owner;

(c) that there is hereby created a continuing charge and lien upon all Homesites owned by each Owner against which all assessments, fines, penalties and other charges are made to secure payment of such items and any penalties and interest thereon as provided in Section 5.07 hereof and costs of collection, including reasonable attorney's fees;

(d) that such continuing charge and lien on such Homesites binds such Homesites in the hands of the then Owner, and the Owner's heirs, devisees, legal representatives, successors and assigns. Such charge and lien is superior to any and all charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon such Homesites whether arising from or imposed by judgment or decree or by any agreement, contract, Mortgage, deed to secure debt, or other instrument, except (i) such liens for taxes or other public charges as are by applicable law made superior, and (ii) the lien or charge of all first and second Mortgages of record (meaning any recorded Mortgages with first or second priority over other Mortgages) made by institutional lenders in good faith and for value;

(e) that no sale or transfer at foreclosure or in lieu of foreclosure shall relieve any Homesite or Homesites from liability for any assessment thereafter assessed;

(f) that all annual, specific, and special assessments (together with interest thereon and late charges as provided in Section 5.07 of this Declaration and costs of collection including reasonable attorneys fees) levied against any Homesite or Homesites owned by an Owner during the period of ownership shall be (in addition to being a continuing charge and lien against such Homesite or Homesites as provided in Section 5.01(c) of this Declaration) a personal obligation which will survive any sale or transfer of the Homesite or Homesites owned by such Owner; provided, however, that such personal obligation for delinquent assessments shall not pass to an Owner's successor-in-title unless expressly assumed by such successor.

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5.02 Purpose of Assessment. The assessments levied by the Association shall be used exclusively for the purpose of providing for the common good and general welfare of the people of the community of the Development, including, but not limited to, and in addition to other purposes set forth in this Declaration, the acquisition, construction, improvement, maintenance, and equipping of Common Property, the enforcement of the Restrictions contained in this Declaration, the enforcement of the Design Standards of the ARB, the payment of operating costs and expenses of the Association, repair and replacement of Common Property for which reserves are required under this Declaration, and the payment of all principal and interest when due on all debts owed by the Association.

5.03 Accumulation of Funds Permitted. The Association shall not be obligated to spend in any calendar year all the sums collected in such year by way of annual assessments or otherwise, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply such surplus to the reduction of the amount of the annual assessments in any succeeding year, but may carry forward from year to year such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes.

5.04 Annual Assessment or Maintenance Charge; Specific Assessments.

(a) Subject to the terms of this Article, each Homesite (whether improved or unimproved) is hereby subjected to an annual assessment or maintenance charge, which maintenance charge and assessment will be paid by the Owner or Owners of each Homesite within the Property (and any area annexed under the jurisdiction of the Association). Payment of such assessments will be made in advance in monthly, quarterly, semi-annual or annual installments with the due dates being established by the Board of Directors.

(b) The annual maintenance charge and assessment will commence as to each Homesite, pro-rated for the time remaining in the calendar year of conveyance, on the date that such Homesite is conveyed by Declarant; provided, however, Declarant in its sole discretion as long as it is the Class B Member may waive the assessment for a Homesite sold by Declarant to a Builder until such Homesite constitutes an improved Homesite.

(c) Beginning on the date this Declaration is executed through December 31, 2006, the annual maintenance charge and assessment will not exceed One Thousand Dollars (\$1,000.00) per annum (said rate of charge being the maximum annual assessment for 200). Beginning January 1, 2007, and from year to year thereafter, the annual assessment may be increased by the Board of Directors; provided, however, the annual assessment for any year may not be increased (unless approved by the Membership in the same manner as a special assessment) by more than the greater of (i) fifteen percent (15%) above the annual assessment for the previous year and (ii) the excess of an amount equal to the initial maximum annual assessment compounded annually at 15% over the annual assessment for the previous year. The annual assessment for each year shall be determined by the Board of Directors as the needs of the Development may in the judgment of the Board require; however, the annual assessment for each year shall not exceed the maximum annual assessment allowed for that year (unless approved by the Membership in the same manner as a special assessment). In addition, if for any reason the Board of Directors fails to determine the annual assessment for any successive year, the annual assessment for the previous year shall continue for such successive year until a new annual assessment is determined by the Board of Directors.

(d) Assessments may be used by the Association to provide for, by way of clarification, and not limitation, any and all of the following: normal, recurring maintenance of the Common

Property (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking and otherwise caring for the existing landscaping and maintaining and repairing lagoons) and the acquisition and installation of capital improvements to such areas; provided that the Association shall have no obligation (except as expressly provided in this Declaration) to make capital improvements to the Common Property; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions, and conditions affecting the Property to which said assessments apply; payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment; employment of security guards or watchmen, if determined necessary; caring for vacant lots; and doing any other thing or things necessary or desirable in the opinion of the Board to keep the property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property. The Association may also establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Property, including roads.

(e) Unless required as a matter of law, except as set forth herein, neither the Declarant nor successor Declarants, shall at any time be subject to any assessments (annual, special, or otherwise); however, the Declarant hereby agrees that as long as Declarant is the Class B Member, Declarant will pay to the Association any deficit amounts not covered by the income of the Association which are reasonably necessary to meet the actual operating expenses of the Association; provided, however, such subsidization shall not extend to any amounts properly levied against Owners but not paid by them. In determining whether such a deficit exists, "actual operating expenses" shall not include paper expenses, such as depreciation nor allocations for capital reserves or other reserves. Once Declarant's Class B Membership expires, then beginning on the first day of the month next following the expiration of Declarant's Class B Membership, Declarant for Homesites owned by Declarant shall be subject to an annual maintenance charge and assessment in an amount equal to one-tenth (1/10) of the applicable annual assessment for a Homesite being paid by the other Owners. In addition and notwithstanding anything to the contrary herein, the Declarant may contribute assessments due from it in services or materials or a combination of services and materials, rather than in money (herein collectively called in kind contribution). The amount by which monetary assessments shall be decreased as a result of any in kind contribution shall be the fair market value of the contribution. If the Declarant and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarant cannot agree as to the value of any contribution, the Declarant shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors approved by the Declarant who are in the business of providing such services and materials. If the Association and the Declarant are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors. This subsection 5.04 (e) may only be amended with the prior written consent of the Declarant and any successor Declarant if any such successor still owns at least one (1) Homesite for sale.

(f) In addition to annual assessments, the Association is hereby authorized to levy specific assessments against a Owner to cover costs incurred in bringing the Homesite into compliance with this Declaration, the Design Standards, the Bylaws, or the rules and regulations adopted by the Board or costs incurred as a consequence of the conduct of the Owner or occupants of the Homesite, their agents, contractors, employees, licensees, invitees, or guests.

5.05 Special Assessments for Working Capital and for Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessments authorized by this Article V:

(a) upon the first sale of a Homesite by Declarant to any owner and upon the further sale of each Homesite thereafter, a working capital assessment shall be payable by each purchaser

equal to three (3) months of the then current annual assessment for a Homesite, which shall be collected at the closing of such sale for the benefit of the Association. The funds so collected shall be commingled with the other funds of the Association and may be used by the Association as part of its working capital for recurring and/or nonrecurring expenses. Notwithstanding the foregoing, the Declarant may exempt in writing a Builder from the payment of such special assessment but such special assessment will be applicable upon the sale of a Homesite by a Builder to a third party retail customer; and

(b) the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, any Association expenses not covered by the annual budget, including, but not limited to, the cost of nonrecurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon any Common Property, including fixtures and personal property related thereto, provided that any such assessment shall have been approved by a two-thirds (2/3) vote of the votes of the Class A Members who are present in person or by proxy at a meeting with the necessary quorum duly called for such purpose and, as long as there is a Class B Membership, shall have been approved in writing by the Class B Member.

5.06 Notice and Quorum for Special Assessment. Notwithstanding any other provision of this Declaration or the Bylaws, the following will apply in connection with any special assessments under Section 5.05(b). Written notice of any meeting called for the purpose of voting on a special assessment under Section 5.05(b) shall be sent to all members, or delivered to their residence, not less than twenty-one (21) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Owners holding votes or of proxies entitled to cast fifty one percent (51%) of the total votes of the Class A Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Notwithstanding any other provision of this Declaration, as long as there is a Class B Membership, no special assessment may be levied without the prior written consent of the Declarant.

5.07 Effect of Nonpayment of Assessment. If any assessment or installment is not paid within fifteen (15) days after the due date, the Board in its discretion may impose a late or delinquency charge in the amount of the greater of Ten Dollars (\$10.00) or five percent (5%) of the amount of each assessment or installment not paid when due. Any assessment or installment, and any late charge connected therewith, which is not paid within thirty (30) days after the due date of the assessment shall at the option of the Board in its discretion bear interest (from the due date with respect to the assessment or installment, and the date such charge was imposed with respect to the late charge), at the rate not to exceed eighteen percent (18%) per annum as the Board may from time to time establish; provided, however, that in no event shall the Board have the power to establish a rate of interest in violation of the laws of the State of South Carolina. If any one or more installment of any assessment is not paid within thirty (30) days after the due date, the Board may declare any remaining balance of the assessment at once due and payable. In event that an Owner shall fail to pay fully any portion of any assessment or installment on or before the date on which payment is due, such unpaid portion (including any remaining balance declared immediately due and payable in accordance with the preceding sentence), together with any delinquency charges, interest, costs of collection, including court costs, the expenses of sale, any expense required for the protection and preservation of the Homesite, and reasonable attorney's fees, shall be a binding personal obligation of such Owner, as well as a lien on such Owner's Homesite enforceable in accordance with the provisions of this Declaration. In addition to the above, if any Owner has not paid any assessment or installment, or any late charges or expenses related thereto, within sixty (60) days after the due date of the assessment or installment, the Association shall have the right to notify any or all Mortgagees having a security interest in

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such Owner's Homesite or Homesites that such Owner is in default in the performance of the Owner's obligations under this Declaration, and may notify the Mortgagees of the actions taken or proposed to be taken by the Association as a result of the default. Mortgagees shall have no responsibility for collecting assessments and/or fines or other charges from Owners. Further, the sale or transfer of any Homesite that is subject to any recorded Mortgage, pursuant to a decree of foreclosure under such Mortgage or any proceeding or conveyance in lieu of foreclosure thereof, shall extinguish any lien for assessments, fines, and other charges as to the Homesite (but not such Owner's personal liability for such assessments, fines, and other charges) due prior to such sale or transfer; provided, however, no such sale or transfer pursuant to a decree of foreclosure under such Mortgage or any proceeding or conveyance in lieu of foreclosure thereof shall relieve the Homesite from liability for any assessments and other charges or from the lien thereof from the date of such transfer going forward.

5.08 Certificate of Payment. Upon written demand by an Owner, the Association shall, within a reasonable period of time, issue and furnish to such Owner a written certificate stating that all assessments (including penalties, interest and costs, if any) have been paid with respect to any Homesite owned by said Owner as of the date of such certificate, or that all assessments, interest and costs have not been paid, setting forth the amount then due and payable. The Association may make a reasonable charge for the issuance of such certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and any bona fide purchaser of or lender on the Homesite in question.

5.09 Contributions by Declarant. In accordance with subsection 5.04(e) above, it is the Declarant's intention to support the Association by funding deficits during such time as the Declarant is the Class B Member. It is not, however, the intention of the Declarant to forfeit refundable reserves or deposits paid by Declarant, nor to pay for deficits created by the nonpayment of assessments by an Owner or Owners. It is also not the intention of Declarant to pay for expenses which are otherwise covered in the annual budget, but which, due to the requirement of an advance payment, create temporary or seasonal deficits. Accordingly, the following covenants shall apply:

(a) Declarant shall be reimbursed for all amounts paid by Declarant in the funding of deficits caused by the nonpayment of assessments by an Owner or Owners;

(b) Declarant shall be promptly reimbursed by the Association for all refundable deposits made by Declarant on behalf of the Association upon the Association's receipt of any and all such deposits;

(c) For the calendar year in which the Declarant's Class B Membership expires or is terminated, Declarant shall be reimbursed for all advance payments made by Declarant on behalf of the Association for which the actual expense is covered in the annual budget. In other words, at the end of the calendar year, the Association shall owe the Declarant an amount to be determined as follows:

(i) Begin by determining the difference between expenses actually incurred for the calendar year and the amount of regular annual assessments actually collected for the calendar year (not including portions allocated to capital reserves);

(ii) If the difference determined in (i) above equals zero, or if there is an excess in regular annual assessments actually collected, then Declarant shall be reimbursed for all deficit payments made by Declarant for the calendar year;

(iii) If the difference determined in (i) above is greater than zero, said difference shall be multiplied by a fraction, the numerator of which equals the number of days

Declarant had the right to appoint members to the Board of the Association for the calendar year, and the denominator of which equals 365. Any deficits payments by Declarant exceeding the resulting product shall be reimbursed to Declarant.

(d) Declarant shall be entitled to reimbursement from the Association in accordance with the covenants contained in this Section 5.09 at the time Declarant's Class B Membership expires or terminates. With regard to uncollected assessments, Declarant shall not be entitled to reimbursement until the assessment is actually collected. With regard to refunds of deposits, Declarant shall not be entitled to reimbursement until any such refund is received by the Association. The Declarant, however, shall have the right to pursue the collection of any unpaid assessments on behalf of the Association, as well as the right to act on behalf of the Association (if necessary) in obtaining refunds of all deposits paid for by Declarant. With regard to amounts owed to Declarant as provided for in subsection 5.09(c) above, said amount owed to Declarant shall be fully due and payable by January 31st of the year next following the end of the calendar year in which Declarant's Class B Membership expires or terminates.

(e) In no event shall the Association's obligation to reimburse the Declarant as set forth in this Section 5.09 relieve the Declarant of the obligation to pay assessments in accordance with subsection 5.04(e) above; however, the Declarant may set off amounts due as assessments against amounts owed Declarant hereunder.

(f) This Section 5.09 may only be amended with the prior written consent of the Declarant. Each Owner, by acceptance of a deed to a Homesite in the Property, and the Association, shall be deemed to have approved of the reimbursements to Declarant required by this Article V.

ARTICLE VI ARCHITECTURAL CONTROL

6.01 Declarant's Rights and Architectural Review Board. Each Owner, by accepting a deed or other instrument conveying a Homesite, acknowledges and agrees that Declarant has a substantial interest in ensuring that all improvements within the Property meet Declarant's standards and do not impair Declarant's ability to market, sell or lease its property. Therefore, each Owner agrees that no activity of any kind, as more specifically discussed in Section 6.06 below, shall commence without the prior written consent of Declarant. Declarant hereby reserves this right to approve all activities as more fully discussed in Section 6.06 below so long as Declarant owns any Homesite of the Property notwithstanding whether or not Declarant's Class B Membership has expired or has been terminated. While all approval rights as set forth in this Article VI vest and belong to Declarant, Declarant may establish an Architectural Review Board (the "ARB") for the purpose of reviewing and approving those activities that are made subject to development and architectural approval by these Covenants. The ARB shall have such powers as delegated to the ARB by the Declarant. If established, the ARB shall consist of at least three (3) individuals to be appointed by the Declarant and all submittals shall be made to the ARB instead of to Declarant. Any establishment of an ARB by Declarant and the delegation of authority thereto shall be expressly subject to (i) Declarant's right to revoke such delegation at any time and to reassume jurisdiction over the matters previously delegated, and (ii) Declarant's right to veto any decision of the ARB which Declarant determines in its sole discretion is inappropriate or inadvisable for any reason provided such veto is issued in writing by Declarant to the ARB within three (3) business days from the date of the decision of the ARB. Unless and until such time as Declarant delegates all or a portion of its reserved rights hereunder to the Association, the Association shall have no jurisdiction over architectural matters and the Association shall have no right to impose any architectural restrictions on the Property without the prior written



consent of Declarant. Upon the sale of the last Homesite owned by Declarant, the Association acting through an architectural review board appointed by the Board of Directors of the Association shall assume jurisdiction over architectural matters and shall have the same rights of approval as those that vested in Declarant.

6.02 Purpose, Powers and Duties of the ARB. The purpose of the review by Declarant, or, the ARB if established, is to review and approve any proposed installation, construction or alteration of any Structure on any Homesite, including the location thereof on the Homesite. All plans shall be submitted to the Declarant, or if established, to the ARB (instead of Declarant) for approval (i) as to whether the proposed installation, construction or alteration is in conformity and harmony of external design and general quality with the existing Community-Wide Standard and/or the Design Standards and (ii) as to the location of Structures with respect to topography, finished ground elevation and surrounding Structures. To the extent necessary to carry out such purpose, the Declarant, or, if established, the ARB shall have all of the powers and duties to do each and every thing necessary, suitable, convenient or proper for, or in connection with, or incidental to, the accomplishment of such purpose, including, without being limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction or alteration of any Structure on any Homesite.

6.03 Officers, Subcommittees and Compensation. The members of the ARB shall appoint a Chairman from among their number and may appoint from among their number such other officers and subcommittees of members of the ARB as they shall from time to time determine necessary. The members of the ARB may, with the approval of the Board, be reimbursed by the Association for out-of-pocket costs incurred in the performance of their duties as members of the ARB. An architect or other design professional may be engaged by the ARB to assist in reviewing all Structures and the fees of such architect or design professional shall be paid by the Association as a Common Expense.

6.04 Operations of the ARB.

(a) Meetings. The ARB may hold regular meetings as may be established by the ARB; provided, however, that during such time as Declarant controls the architectural review function, the frequency of regular meetings will be established by the Declarant or, if not established by Declarant, by the Board. Special meetings may be called by the Chairman and shall be called by the Chairman upon the written request of a majority of the members of the ARB then in office. Regular and special meetings of the ARB shall be held at such time and at such place as the ARB shall specify. No written notice shall be required for regular meetings of the ARB. Notice of each special meeting of the ARB shall be mailed to each member of the ARB at his residence or at his usual place of business at least three (3) days before the day the meeting is to be held. The notice of special meetings need not specify the purpose or purposes for which the meeting is called. Notice of a meeting need not be given to any member of the ARB who signs a waiver of notice either before or after the meeting. Attendance of a member of the ARB at a meeting shall constitute a waiver of notice of such meeting and shall constitute a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when the member states, at the beginning of the meeting, any such objection or objections to the transaction of business. At each meeting of the ARB, the presence of a majority of the members then in office shall constitute a quorum for the transaction of business. Except as otherwise provided herein, the act of a majority of the members of the ARB present at any regular or special meeting thereof at which a quorum is present shall constitute the act of the ARB. In the absence of a quorum, any member of the ARB present at the time and place of the meeting may adjourn the meeting from time to time until a quorum shall be present. At any meeting which was adjourned but which is rescheduled to a time when a quorum becomes present, any business may be transacted which might have been transacted at the meeting originally called.

The ARB shall maintain both a record of votes and minutes for each of its meetings. The ARB shall make such records and minutes available at reasonable places and times for inspection by Members of the Association. Any action required to be taken at a meeting of the ARB, or any action which may be taken at a meeting of the ARB, may be taken without a meeting if written consent, setting forth the action so taken, shall be signed by all the members of the ARB and be filed within the minutes of the proceedings of the ARB. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any document filed by the ARB.

(b) Activities.

(i) The Declarant and the ARB, if formed, may adopt and promulgate Design Standards, as that term is defined below, and where appropriate, shall make findings, determinations, rulings, and orders with respect to the conformity and harmony with the external design and the general quality of the Community-Wide Standard and any Design Standards adopted by the Declarant or the ARB, of plans and specifications to be submitted for approval to the Declarant or the ARB pursuant to the provisions of this Declaration. The Declarant, and as applicable the ARB, shall, as required, issue permits, authorizations, or approvals, which may include specified requirements or conditions, pursuant to the provisions of this Declaration.

(ii) Any two (2) or more members of the ARB may be authorized by the ARB to exercise the full authority of the ARB with respect to all matters over which the ARB has authority as may be specified by resolution of the ARB, except with respect to the adoption or promulgation of Design Standards. The unanimous action of the two (2) or more members with respect to the matters specified shall be final and binding upon the ARB and upon any applicant for an approval, permit or authorization; subject, however, to review and modification by the ARB on its own motion or review and modification by Declarant or appeal by the applicant to the ARB as provided in this paragraph (ii). Written notice of the decision of such two (2) or more members concerning a submittal shall be given to the applicant pursuant to the provisions of Section 6.09 hereafter. The applicant may, within ten (10) days after receipt of notice of any decision that he deems to be unsatisfactory, file a written request to have the matter in question reviewed by the ARB. Upon the filing of any such request, the matter with respect to which such request was filed shall be submitted to, and reviewed promptly by the ARB, but in no event later than thirty (30) days after the filing of such request. The decision of a majority of the members of the ARB with respect to such matter shall be final and binding subject to the veto right of the Declarant provided such veto is issued in writing by Declarant to the ARB within three (3) business days from the date of the decision of the ARB.

6.05 Design Standards.

(a) The Declarant, or if established, the ARB may from time to time (but shall not be required to) adopt, promulgate, amend, revoke and enforce guidelines (the "Design Standards") for the purposes of:

- (i) governing the form and content of plans and specifications to be submitted to the ARB for approval pursuant to the provisions of this Declaration;
- (ii) governing the procedure for such submission of plans and specifications;
- (iii) establishing guidelines with respect to the approval and disapproval of all Structures including but not limited to acceptable Structures, design features, architectural styles, exterior colors and materials, details of construction, location and size of

Structures and all other matters that require approval by the Declarant or the ARB pursuant to this Declaration; and

(iv) assuring the conformity and harmony of external design and the general quality of the Development.

(b) The Declarant, or if established, the ARB may publish copies of any current Design Standards adopted by it, in which case they shall be made readily available to Owners and to all applicants seeking the Declarant's, or if established, the ARB's approval. Notwithstanding any other provision of this Declaration, any Design Standards published are intended to provide guidance to Owners and their builders regarding matters of particular concern to the Declarant, or as applicable, the ARB in considering applications; provided, however, the Design Standards are not the exclusive basis for a decision by the Declarant, or as applicable, the ARB concerning a submittal and compliance with the Design Standards does not guarantee approval of any application.

6.06 Submission of Plans and Specifications. No Structure shall be commenced, erected, placed, moved onto or permitted to remain on any Homesite nor shall any existing Structure upon any Homesite be altered in any way which materially changes the exterior appearance of the Structure or Homesite, including changes in the paint color of any dwelling, unless plans and specifications therefor shall have been submitted to and approved in writing by Declarant, or if established, by the ARB (instead of the Declarant). Such plans and specifications shall be in such form and shall contain such information as may be reasonably required by Declarant, or if established, the ARB, including where applicable, and without being limited to:

(a) a site plan with topographical information and a clearing plan as required by the Design Standards showing the location of all proposed and existing Structures on the Homesite including any out buildings and building setbacks, open space, driveways, walkways and parking spaces including the number thereof and all siltation and erosion control measures, including a drainage plan;

(b) a foundation plan;

(c) a floor plan;

(d) exterior elevations of all proposed Structures and alterations to existing Structures, as such Structures shall appear after all back-filling and landscaping are completed;

(e) specifications of materials, color scheme, lighting scheme and other details affecting the exterior appearance of all proposed Structures and alterations to existing Structures; and

(f) plans for landscaping, lighting and grading, including but limited to the handling of drainage.

Each submission shall be accompanied by the review fee to be charged by the Declarant, or if established the ARB, to review the submission package; provided, however that Declarant in its sole discretion may exempt any Builder from such review fees. Such fee may include the charge of an architect, engineer, or other professional that may assist the Declarant, or as applicable, the ARB. Each Owner by accepting a deed to a Homesite acknowledges and agrees that the Declarant, or if established the ARB, does not have to take any action on any submission until such time as a complete package has been submitted as required by this Declaration and the Design Standards and until all review fees (such review fees will not be applicable to a Builder who has been exempted by Declarant) have been paid in full.

6.07 Approval of Plans and Specifications. Final approval of a complete submittal (i.e. approval which is binding on the ARB and the time for the Declarant to veto such action by the ARB has expired) for use in connection with any Homesite or Structure of any plans and specifications shall not be deemed a waiver of the Declarant's right, or if established, the ARB's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Homesite or Structure. Such final approval of a complete submittal of any plans and specifications relating to any Homesite or Structure shall be final only as to that Homesite or Structure and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval. It is recognized that plans may be submitted and approved by Declarant or, if established, the ARB in preliminary form or final form at any time. Preliminary or partial plans approved shall be deemed approved plans only to the extent of the matters covered therein; however, no construction, except as specifically authorized in writing by the Declarant, or if established, the ARB, shall begin on a Homesite until the entire plan has been approved by Declarant or, if established, the ARB for all matters covered in Section 6.06 and/or the Design Standards. **EACH OWNER ACKNOWLEDGES AND AGREES THAT APPROVALS BY THE DECLARANT OR, IF ESTABLISHED, THE ARB INVOLVE SUBJECTIVE DETERMINATIONS AND THAT OPINIONS MAY VARY AS TO THE DESIRABILITY OR ATTRACTIVENESS OF PARTICULAR IMPROVEMENTS. EACH OWNER ACKNOWLEDGES AND AGREES THAT PRIOR APPROVAL OF ANY IMPROVEMENT DOES NOT GUARANTEE FUTURE APPROVAL OF A LIKE IMPROVEMENT AND THAT THE DESIGN STANDARDS MAY BE CHANGED TO PROHIBIT IN THE FUTURE IMPROVEMENTS SIMILAR OR LIKE IMPROVEMENTS PREVIOUSLY APPROVED. DECLARANT OR, IF ESTABLISHED, THE ARB MAY IN ITS SOLE DISCRETION AUTHORIZE VARIANCES FROM COMPLIANCE WITH THE DESIGN STANDARDS, INCLUDING ANY SETBACK REQUIREMENTS AS SET FORTH THEREIN WHICH ARE MORE RESTRICTIVE THAN THE SETBACK REQUIREMENTS OF BEAUFORT COUNTY, AND PROCEDURES WHEN THE DECLARANT OR, IF ESTABLISHED, THE ARB IN ITS DISCRETION DETERMINES THAT CIRCUMSTANCES SUCH AS TOPOGRAPHY, NATURAL OBSTRUCTIONS, HARDSHIP, OR AESTHETIC CONSIDERATIONS, ENVIRONMENTAL CONDITIONS, OR OTHER CONSIDERATIONS SO REQUIRE BUT NO VARIANCE SHALL BE EFFECTIVE UNLESS IT SHALL BE IN WRITING.**

6.08 Disapproval of Plans and Specifications. The Declarant, or if established, the ARB shall have the right to disapprove any plans and specifications submitted pursuant to this Declaration for any of the following reasons:

- (a) the failure to include information in such plans and specifications as may have been reasonably requested;
- (b) the failure of such plans or specifications to comply with this Declaration or the Design Standards;
- (c) any other matter which, in the judgment of the Declarant, or if established, the ARB, would be likely to cause the proposed installation, construction or alteration of a Structure (i) to fail to be in conformity and harmony of external design and general quality with the Community-Wide Standard, or (ii) as to location, to be incompatible with topography, finished ground elevation and surrounding Structures. In any case in which the Declarant, or if established, the ARB shall disapprove any

plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the general grounds upon which such action was based. In any such case the Declarant, or, if established, the ARB shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal may be prepared and submitted for approval.

6.09 Obligation to Act. Upon receipt of (i) all items required pursuant to Section 6.06, including payment in full of all review fees and (ii) all items required by the Design Standards including payment in full of all deposits, the Declarant, or if established, the ARB shall take action on any plans and specifications submitted as herein provided within thirty (30) days after receipt thereof. Approval by the Declarant, or if established, the ARB, if granted, together with all conditions imposed by the Declarant or if established, the ARB, shall be placed in writing on the plans and specifications and shall be returned to the applicant. Failure by the Declarant or, if established, the ARB to take action within thirty (30) days of receipt of plans and specifications submitted for approval shall be deemed approval of such plans and specifications.

For any submission that is ultimately approved by Declarant, or as applicable, the ARB, whether conditionally or unconditionally, such approval shall only be good for one year from the date of the written approval. If construction is not commenced within one year from the date of the written approval, such approval shall automatically be deemed terminated and such Owner shall be required to reapply, including paying all prevailing review charges, and obtaining a new approval before undertaking any activities for which approval is required. All construction, including landscaping, must be completed within twelve (12) months from the start of construction or the Owner must apply to the Declarant, or, as applicable, the ARB for an extension of the construction time. As a condition of the extension, the Declarant, or as applicable, the ARB may require that a performance bond be posted in an amount not to exceed 150% of the cost of completing construction. If the approved work is not completed within the required time, as such time may have been extended in writing, the Homesite shall be nonconforming and the Owner shall be subject to an enforcement action by Declarant, the Association, or any aggrieved Owner. Notwithstanding any other provision of this Declaration, Declarant in its sole discretion may waive the above requirements with respect to a Homesite provided Declarant does so in writing. Further, any pre-approval of house plans or other matters for a Builder by Declarant, or if established, the ARB, shall have no time limits at the discretion of Declarant or the ARB.

6.10 Inspection Rights. Any employee or agent of the Declarant or, if established, the ARB may, at any reasonable time or times, enter upon any Homesite and Structure thereon for the purpose of ascertaining whether the installation, construction, alteration or maintenance of any Structure or the use of any Homesite or Structure is in compliance with the provisions of this Declaration; and neither the Declarant, nor the ARB, nor any such agent shall be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection, provided such inspection is carried out in accordance with the terms of this Section.

6.11 Violations. If any Structure shall be erected, placed, maintained or altered upon any Homesite, otherwise than in accordance with the plans and specifications approved by the Declarant or, if established, the ARB pursuant to the provisions of this Article, such erection, placement, maintenance or alteration shall be deemed to have been undertaken in violation of this Article and without the approval required herein. If, in the opinion of the Declarant, or if established, the ARB, such violation shall have occurred, the Declarant, or, if established, the ARB shall notify the Association. The Board shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable

steps toward the required remedial action with twenty one (21) days after the mailing of the aforesaid notice of violation, then the Association shall have the Right of Abatement as provided in Section 9.02 hereof.

6.12 Fees for Inspections. The Declarant, and if established, the ARB may impose and collect a reasonable and appropriate fee to cover the cost of inspections performed pursuant to Section 6.10. The fee may be established from time to time by the Declarant, or if established, the ARB and published in the Design Standards. Declarant, in its sole discretion, may exempt in writing any Builder who purchases a Homesite from this inspection fee requirement (but may not exempt the Builder from the inspection itself).

6.13 Nondiscrimination by Declarant or ARB. The Declarant, and if established, the ARB shall not discriminate against any applicant requesting its approval of plans and specifications because of such applicant's race, color, sex, religion, age or national origin. Further, the Declarant, or if established, the ARB in the exercise of its powers granted pursuant to this Declaration shall not take any action the intent or effect of which is to discriminate against persons or a particular race, color, sex, religion, age or national origin.

6.14 Acknowledgment of Compliance. Any Owner in connection with the sale of a Homesite may request in writing that the Declarant, or as applicable, the ARB issue, for a reasonable administrative fee, an acknowledgment of compliance for exterior improvements including disclosure of any known violations of this Declaration or the Design Standards for the Homesite in question (excluding matters for which written variances have been issued). Such acknowledgment of compliance, for a reasonable administrative fee, shall be issued within thirty (30) days of receipt of the written request from the Owner or his authorized agent. Failure to timely issue the acknowledgment of compliance shall be deemed acknowledgment of no known violations. The only effect of such acknowledgment of compliance shall be that neither the Association nor any Owner may take any enforcement action against the Homesite once closed on by a bona fide third party purchaser for violations existing on the date of issuance of the acknowledgment but not disclosed on the acknowledgment of compliance. Such acknowledgment of compliance is in no way a warranty to the third party purchaser of any kind concerning the Homesite and/or its actual compliance with this Declaration or the Design Standards.

6.15 Builders. Declarant, or if established, the ARB, may in its sole discretion pre-approve in writing at one time for a Builder purchasing one or more Homesites (i) a number of house plans, (ii) applicable setback requirements pursuant to Section 7.10 of this Declaration, and (iii) any other matters as Declarant, or if established, the ARB, deems appropriate or desirable (such as a typical landscaping plan, a typical site plan, etc.), including but not limited to any matters requiring approval under Article VI and Article VII of this Declaration. Any such approvals by Declarant, or if established, the ARB, will be final and may not be challenged by any party. Declarant in its sole discretion may also exempt in writing any Builder from (i) review fees as required under Section 6.06 above and (ii) the inspection fee as required under Section 6.12 above (but may not exempt the Builder from the inspection itself), and (iii) the requirements of Section 6.09 above.

6.16 Disclaimer as to Declarant or ARB Approval. Plans and specifications are not reviewed for engineering or structural design or quality of materials, and by approving such plans and specifications neither the Declarant nor its members, nor their directors, officers, employees and agents, nor the ARB, nor the members thereof, nor the Association, nor its directors, officers, employees and agents, assume liability or responsibility therefor, nor for any defect in any Structure constructed from such plans and specifications. Neither Declarant nor its members, nor the Association, nor the ARB, nor the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable for costs, expenses, and/or damages of any kind to (i) anyone submitting plans and specifications to any of them for approval, or

(ii) to any Owner of property affected by these Covenants by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every Owner agrees that they will not bring any action or suit against Declarant, the Association, the ARB, or the officers, directors, members, employees, and agents of any of them to recover any such damages and hereby releases, remises, quit-claims, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any judgment, action, approval, or nonfeasance in connection with the architectural review process and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given. DECLARANT SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY FOR THE ACTIONS OR INACTIONS OF THE ARB IF ESTABLISHED. ALL OWNERS AGREE TO HOLD DECLARANT, THE ARB, THE ASSOCIATION, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS HARMLESS IN THE EVENT OF ANY COSTS, CLAIMS, EXPENSES, AND/OR DAMAGES SUFFERED THEREBY AND AGREE THAT ANY SUCH COSTS, CLAIMS, EXPENSES AND/OR DAMAGES, IF ANY AND IF FINALLY ESTABLISHED AFTER ALL APPEALS, SHALL BE EXPENSES PAYABLE SOLELY BY THE ASSOCIATION OUT OF ASSESSMENTS. EACH OWNER SHALL HAVE SOLE RESPONSIBILITY FOR ENSURING THAT ANY IMPROVEMENTS APPROVED BY THE DECLARANT OR THE ARB OTHERWISE MEET ALL APPLICABLE FEDERAL, STATE, AND LOCAL LAWS, ORDINANCES, RULES, AND REGULATIONS, INCLUDING BUT NOT LIMITED TO APPLICABLE HEIGHT RESTRICTIONS, SETBACKS, FLOOD RESTRICTIONS OR REQUIREMENTS, SQUARE FOOTAGE LIMITATIONS, LANDSCAPE REQUIREMENTS, BUFFERS AND PARKING REQUIREMENTS.

6.17 Declarant. The provisions contained in this Article VI, as well as all other architectural control provisions, including but not limited to building setbacks contained in this Declaration which are more restrictive than those required by Beaufort County, the Articles of Incorporation or the Bylaws, shall not apply to Declarant, or to any entities affiliated with Declarant or affiliated with the members of Declarant, or to any successor Declarants. This Section 6.17 may only be amended with the prior written consent of the Declarant, and, any successor Declarants, while Declarant or any successor Declarant still owns at least one (1) Homesite for sale.

ARTICLE VII **GENERAL COVENANTS AND RESTRICTIONS**

7.01 Application. The covenants and restrictions contained in this Article VII shall pertain and apply to all Homesites and to all Structures erected or placed thereon, except to the extent such covenants and restrictions have been modified for a Builder by Declarant as set forth in Section 6.15 above. These covenants and restrictions shall be in addition to all rules and regulations that are adopted by the Board.

7.02 Maintenance. Each Owner shall keep and maintain each Homesite and Structure owned by him, as well as any ponds/lagoons located thereon and all landscaping located thereon, in good condition and repair, including, but not limited to (i) the repairing and painting (or other appropriate external care) of all Structures; (ii) the seeding, watering and mowing of all lawns; and (iii) the pruning and trimming of all trees, hedges and shrubbery so that the same are not unsightly and/or not obstructive of a view by motorists or pedestrians of street traffic; provided, however, nothing herein shall impose on an Owner any obligation to disturb any natural buffer on a Homesite approved by the Declarant, or the ARB as applicable, as part of the landscape plan approved for such Homesite. If, in the opinion of the Declarant, or if established, the ARB, any Owner shall fail to perform the duties imposed by this Section, the Declarant or,

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if established, the ARB shall notify the Association. The Board shall give written notice to the Owner to remedy the condition in question, setting forth in reasonable detail the nature of the condition and the specific action or actions needed to be taken to remedy such conditions. If the Owner shall fail to take reasonable steps to remedy the condition within fourteen (14) days after the mailing of said written notice by certified mail, then the Association shall have the Right of Abatement as provided in Section 9.02 hereof. In the event the Board provides written notice to an Owner of a failure by said Owner to perform its lawn care duties under this Section more than twice during any twelve (12) month period, then the Board shall have the right, but not the obligation, as part of its Right of Abatement to hire a local lawn care service company to perform such Owner's duties under this Section and the cost of such lawn care service shall be a specific assessment of such Owner payable by such Owner as required by this Declaration. Guidelines relating to the maintenance of Homesites, whether vacant or improved, including Structures and landscaping, may be included in the Design Standards of the Declarant or, if established, the ARB. If any Owner rents or leases a Homesite, the Board in its discretion may require such Owner to contract with a local lawn care service company to perform Owner's lawn care duties as required under this Declaration as long as such Owner rents or leases the Homesite. If such is required by the Board, the Owner shall provide the Association with proof of such lawn care service contract within thirty (30) days of renting or leasing the Homesite. In the event that such Owner does not comply with the requirements of the Board, then the Association may, after providing written notice to such Owner and providing such Owner with ten (10) days to comply with this Section, as part of its Right of Abatement, hire a local lawn care service company to perform such Owner's duties under this Section and the cost of such lawn care service shall be a specific assessment of such Owner payable by such Owner as required by this Declaration. In addition, the Association may in its discretion elect to require the Owners of all vacant lots to pay an annual fee as a specific assessment to allow the Association to underbrush vacant Homesites on a periodic basis. As part of such under brushing, the Association shall have the right but not the obligation to remove any stumps or debris and to thin or remove underbrush and thin out small trees under six (6") inches in diameter to the degree necessary to permit tractor drawn mowers to mow underbrush and weeds on the vacant Homesite.

7.03 Restriction of Use. Except as otherwise allowed in writing by Declarant, Homesites (excluding those owned by Declarant) may be used for single-family residential purposes only, or if conveyed or dedicated to the Association as Common Property, for such purposes as the Association sees fit (subject to such restrictions as may be contained in grant or conveyance of said Common Property) and for no other purposes. Notwithstanding any other provision of this Declaration, Declarant and any Builder with the written consent of Declarant may operate sales offices, leasing offices, construction offices, and/or model homes and/or signage on any Homesite or Homesites or on property that is now or may become Common Property.

7.04 Resubdivision of Property. No Homesite may be split, divided, or further subdivided for any purpose, including sale, resale, gift, transfer, or otherwise, without the prior written approval of the Association and the prior written approval of the Declarant as long as the Declarant if the Class B Member. This provision shall not apply to the Declarant.

7.05 Erosion Control. No activity which may create erosion or siltation problems shall be undertaken on any Homesite without the prior written approval of the Declarant, or if established, the ARB of plans and specifications for the prevention and control of such erosion or siltation. The Declarant or if established, the ARB may, as a condition or approval of such plans and specifications, require the use of certain means of preventing and controlling such erosion or siltation. Such means may include (by way of example and not of limitation) physical devices of controlling the run-off and drainage of water, silt

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fence, special precautions in grading and otherwise changing the natural landscape, and required landscaping as provided for in Section 7.06.

7.06 Landscaping. No construction or alteration of any Structure shall take place without the prior written approval by the Declarant or, if established, the ARB of plans and specifications for the landscaping to accompany such construction or alteration. In all utility easement areas, functioning of drainage swales and access to transformers, pedestals, and other above ground utility equipment cannot be impeded by fencing or landscaping other than that approved by Declarant in writing or as allowed in the Design Standards and with any required approval of any affected utility company.

7.07 Trees. Except as otherwise expressly agreed to in writing by Declarant and subject to any applicable restrictions of Beaufort County, no living tree having a diameter of greater than six (6) inches (measured from a point two (2) feet above ground level) shall be removed from any Homesite unless such removal is in conformity with approved landscaping plans and specifications submitted pursuant to the provisions of Sections 6.06, 7.05 and 7.06 hereof. Guidelines relating to the preservation of trees and other natural resources and wildlife upon the Property may be included in the Design Standards issued by the Declarant or, if established, the ARB.

7.08 Temporary Buildings. No temporary building, trailer, garage or building under construction shall be used, temporarily or permanently, as a residence on any Homesite except as may be approved in writing by the Declarant or, if established, by the ARB. Declarant and/or an affiliate of Declarant may use temporary structures, such as construction trailers, sales trailers, leasing trailers and other temporary facilities deemed necessary or desirable by Declarant in its sole discretion while developing Barton's Run and while selling Homesites.

7.09 Signs.

(a) No signs whatsoever (including but not limited to commercial and similar signs) shall, without the prior written approval of plans and specifications therefor by the Declarant, or if established, the ARB, be installed, altered or maintained on any Homesite, or on any portion of a Structure visible from the exterior thereof, except for such signs as may be required by legal proceedings;

(b) In no event during approved construction of any Structure shall more than one job identification sign be approved by the Declarant or, if established, the ARB;

(c) Notwithstanding any other provision in this Declaration, the Declarant may erect and place such signs on any portions of the Property and/or Homesites owned by Declarant or on any Common Property, which Declarant in its sole discretion deems desirable or appropriate, for so long as Declarant owns at least one (1) Homesite on the Property or the Additional Property. This exemption shall also apply to any successor Declarants for so long as any such successor Declarants own at least one (1) Homesite for sale on the Property or the Additional Property. This Section 7.09(c) may only be amended with the prior written approval of the Declarant or, if applicable, any successor Declarant.;

(d) All Owners acknowledge and agree that no "For Sale" signs of any kind will be allowed on any Homesite (excluding Homesites owned by Declarant) without the prior written consent of the Association and, as long as there is a Class B Member, the written consent of the Declarant, which consents may be withheld for any reason.

7.10 Setbacks.

(a) Each dwelling which is erected on a Homesite shall be situated on such Homesite in accordance with the building and setback requirements of Beaufort County as well as with any requirements which are more restrictive as set forth in the Design Standards. To the extent allowed under the ordinances of Beaufort County, all reasonable shutters, awnings, eaves, gutters and other such overhangs will not be considered in violation thereof, even though such parts of a Structure may extend beyond the building and setback lines, unless the Declarant or, if established, the ARB has otherwise established such a requirement as part of its approval of a Structure. To the extent allowed under the ordinances of Beaufort County, HVAC equipment may be located in the setbacks (but all HVAC equipment must be located in a service yard with such screening as may be required by the Design Standards) unless the Design Standards require otherwise; however, the Declarant, or if established the ARB, may require large, packaged HVAC systems (where the air handler and compressor are in one unit) to be located outside any setback lines and/or to have additional screening satisfactory to the Declarant or ARB.

(b) In approving plans and specifications for any proposed Structure, the Declarant or, if established, the ARB, may establish setback requirements for the location of such Structure which may be stricter than setbacks required by Beaufort County and/or as shown on any recorded plat.

(c) Declarant or, if established, the ARB may in its discretion authorize variances from compliance with all setback requirements which are more restrictive than those required by Beaufort County when the Declarant or, if established, the ARB in its sole discretion determines that circumstances such as topography, natural obstructions, hardship, or aesthetic considerations, environmental conditions, or other considerations deemed appropriate by Declarant or, if established, the ARB, so require but no variance shall be effective unless in writing.

(d) Any setbacks meeting the requirements of Beaufort County and as approved in writing by Declarant in connection with the pre-approval of house plans for a Builder shall apply, shall be final, and shall not be subject to change by the ARB, the Board, any Owner, or any other party.

7.11 Fences. No fence or wall of any kind shall be erected, maintained, or altered on any Homesite without the prior written approval of the Declarant or, if established, the ARB, of the location, materials, design, and plans and specifications for such fences and walls.

7.12 Driveways. No entrance or driveway shall be constructed or altered on any Homesite without the prior written approval of the Declarant or, if established, the ARB, of plans and specifications for such entrance and driveways. ALL OWNERS BY ACCEPTING A DEED TO A HOMESITE ACKNOWLEDGE THAT THE ROADS OF THE PROPERTY WILL UTILIZE A SWALE SYSTEM FOR DRAINAGE. EACH OWNER SHALL BE RESPONSIBLE AT SUCH OWNER'S EXPENSE FOR HAVING THE DRIVEWAY EXTEND FROM THE PAVED ROADWAY OVER THE ROAD RIGHT-OF-WAY TO THE OWNER'S PROPERTY LINE UTILIZING AN APPROVED CULVERT AT THE SWALE WITH THE DRIVEWAY BEING DESIGNED TO BE LEVEL WITH THE STREET FROM THE PAVED ROAD TO THE OWNER'S PROPERTY LINE. ALL DRIVEWAYS MUST BE CONSTRUCTED OUT OF CONCRETE OR ASPHALT UNLESS THE DESIGN STANDARDS OTHERWISE PROVIDE. PRIOR TO POURING ANY CONCRETE OR ASPHALT, EACH OWNER MUST HAVE AN APRON INSPECTION BY THE DECLARANT OR THE ARB AS APPLICABLE TO CONFIRM THAT THE DRIVEWAY IS IN COMPLIANCE WITH THIS DECLARATION AND THE DESIGN STANDARDS.

7.13 Clotheslines, Garbage Cans, Etc. No clotheslines visible from any street, sidewalk or public area shall be permitted. All equipment, garbage cans, and woodpiles shall be kept in a garage or screened by adequate planting or approved fencing so as to conceal them from view by neighboring residences and streets.

7.14 Parking and Related Restrictions.

(a) No vehicles of any type whatsoever shall be permitted to park on the streets of the Property except on a temporary basis as may be permitted in writing by Declarant or, if established, the ARB or as permitted in the Design Standards.

(b) No school bus, truck or commercial vehicle over one (1) ton capacity, house trailer, mobile home, motor home, recreational vehicle, camper, habitable motor vehicle of any kind, boat or boat trailer, trailers of any kind, or like equipment shall be permitted on any Homesite unless enclosed within an approved out building or so that it is not otherwise visible from any street or residence, or as otherwise may be permitted in writing by Declarant or, if established, the ARB, or as permitted in the Design Standards.

(c) Any trash, firewood, wood scraps, building materials (excluding during construction of a Structure), or other such materials shall be covered from view as required in writing by Declarant, or if established, the ARB or as permitted in the Design Standards.

(d) The purpose of this Section is to help maintain the neat and attractive appearance of the Property by requiring the streets of the Property to remain cleared and in an attractive condition. In effectuating the purpose of this Section, the Declarant, or, if established, the ARB, may adopt Design Standards, guidelines, rules and regulations which shall give greater substance to these provisions.

(e) The provisions of this Section 7.14 shall not apply to Declarant.

7.15 Recreational Equipment. Recreational and playground equipment must be approved by the Declarant or, if established, the ARB and shall be placed or installed only upon the rear yard of a Homesite so as to not be visible from the street unless another location is otherwise allowed by the Design Standards. Specifically prohibited under this provision are air powered guns and any associated equipment, paint ball guns and any associated equipment, and any other recreational equipment considered potentially hazardous by Declarant or the Association.

7.16 Non-Discrimination. No Owner or person authorized to act for an Owner shall refuse to sell or rent, after receiving a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the purchase or rental of any Homesite to any persons because of race, color, religion, sex, age or national origin in violation of federal law. Anything in this Declaration to the contrary notwithstanding, this covenant shall run with the land and shall remain in effect without any limitation in time.

7.17 Animals. No animals, livestock, swine or poultry of any kind, including birds, insects and reptiles, may be raised, bred, or kept on any Homesite or Lot other than a maximum of three (3) household pets kept on any one Homesite. No livestock or poultry shall be kept on any Homesite or Lot. No animal shall be allowed to become a nuisance or kept, bred or raised for a commercial purpose. Excessive barking by dogs (whether such barking can be heard from the street on which the Homesite is located or by the Owners of surrounding Homesites) may be deemed a nuisance by the Board in its sole

discretion. No Structure for the care, housing or confinement of any animal shall be constructed, placed or altered on any Homesite unless the Declarant, or as applicable, the ARB allows such Structure and the plans, specifications and location for said Structure have been approved in writing by the Declarant or, if established, the ARB or as permitted in the Design Standards. No pets shall be walked or allowed off any Homesite except on a leash. Owners shall be responsible for cleaning up all solid waste of their pets at the time of elimination and shall carry bags, scoopers, and other materials on each walk sufficient for such purposes. The term "household pets" shall exclude those animals, such as cows, horses, poisonous snakes, swine, goats, and fowl, all of which are specifically prohibited from being kept on the Property. Also specifically prohibited are all aggressive breeds of dogs or any dog or breed found to be aggressive, violent or destructive, including, but not limited to Rottweilers, Dobermans, and "pit bulldog" breeds including but not limited to Staffordshire Bull Terriers, Bull Terriers, Bull Mastiff, Pit Terriers, and American Pit Bull Terriers. In order to preserve the aesthetic qualities of the Property, to maintain sanitary conditions on the Property, to prevent the spread of worms and infectious diseases on the Property, to maintain a proper respect for other Owners and users of the Property, and to maximize the overall use and enjoyment of the Property, each Person who keeps a pet within a dwelling on a Homesite shall abide by rules and regulations established by the Declarant or the ARB from time to time. The breach of any of these rules and regulations shall be a noxious and offensive activity constituting a nuisance.

7.18 Solid Waste.

(a) No person shall dump rubbish, garbage, or any other form of solid waste on any Homesite or on Common Property.

(b) Except for building materials employed during the course of construction of any Structure approved by the Declarant or, if established, the ARB, no lumber, metals, bulk materials or solid waste of any kind shall be kept, stored, or allowed to accumulate on any Homesite unless screened or otherwise handled in manner approved in writing by the Declarant or, if established, the ARB.

(c) If rubbish, garbage, or any other form of solid waste is to be disposed of by being collected on a regular and recurring basis, closed containers may be placed in the open on any day that persons for that Homesite are making pick-ups. At all other times such containers shall be screened or enclosed.

(d) Except for Declarant and its contractors, no burning of any trash, debris, or materials of any kind shall be allowed on a Homesite except as otherwise approved in writing by Declarant, or as applicable, the ARB, or as permitted in the Design Standards.

7.19 Nuisances. No noxious or offensive activity shall be carried on upon any Homesite, nor shall anything be done thereon which may be or may become an annoyance or nuisance to Barton's Run.

7.20 Landscape and Monument Easements. For any Homesites subject to a landscape or monument easement as set forth on any recorded plat or survey of the Property, such Homesites are subject to those easements rights set forth in Section 3.05.

7.21. Wells for Irrigation; Sewer & Water. Subject to obtaining permits required from all governmental entities having jurisdiction, private shallow wells will be allowed on Homesites for irrigation purposes only. Notwithstanding any other provision of this Declaration, Declarant and the Association are



allowed to have wells of any type on any portion of the Property. No wells are allowed for drinking water purposes and no septic tanks are allowed.

7.22 Lagoon and Wetlands. For Homesites adjacent to a lagoon, wetland, and/or a wetland buffer of the Property:

(a) no refuse of any kind shall be placed on or disposed of into the adjacent waters or wetland or wetland buffer which are to be kept clean;

(b) wetland buffers and wetlands may not be disturbed in any manner;

(c) no boats shall be used or permitted in any lagoons/ponds located on Common Property and no Owner may access any ponds and/or lagoons and/or any other water features adjacent to a Homesite or Lot and located on Common Property for irrigation or for any other purpose; provided, however, the Association may access water from lagoons/ponds located on Common Property for irrigation and other purposes;

(d) Owners, provided they can access such areas pursuant to their clearing/landscape plans approved by the ARB, are required to maintain in an attractive manner on a regular basis the area between the Owner's property line and the waterline of a lagoon adjacent to such Owner's Homesite but no alteration may be made by an Owner of a lagoon bottom or edge, nor shall any board canals be dug or excavated, nor shall any bulkheading, barges, docks, pilings, or other marine structures be erected adjacent thereto or thereupon except as authorized by the Board in writing.

7.23 Occupancy Restrictions. No Homesite may be used or occupied as a primary residence by more than nine (9) Persons in the main structure and two (2) Persons in any approved out building nor may a Homesite be used or occupied by more than two (2) Persons who are not Family Members (as defined below) of the Owner of the Homesite. Any Person who rents or leases a Homesite is subject to the same occupancy restrictions as provided in this Section (i.e. – no more than nine (9) Persons in the main structure and two (2) Persons in any out building nor more than two (2) Persons who are not Family Members of the Person leasing or renting the Homesite may occupy or use the Homesite during the rental or lease term). For the purposes of this Section, "Family Members" shall include: (i) the Owner of the Homesite (or any Person who rents or leases a Homesite), (ii) the spouse of an Owner (or the spouse of any Person who rents or leases a Homesite), (iii) the dependent children of an Owner (or of any Person who rents or leases a Homesite) age 24 or younger, and (iv) the parents of the Owner or Spouse (or of any Person who rents or leases a Homesite).

7.24 Antennae/Satellite Dish. No outside television or radio aerial, antennae, tower, or other device for the reception or transmission of radio or television or other electronic signals shall be erected or maintained on any Homesite except as otherwise allowed below or in the Design Standards. No ham radio towers or antennae of any type will be allowed on the Property. The Declarant or if established, the ARB, shall approve any application for the installation of no more than two (2) satellite dishes less than three feet in diameter per Homesite so long as the application indicates that the installation is for the personal use of the Owner and provided the location of the satellite dish(es) meets the requirements of the Design Standards and will not be visible from the street. In addition, the Declarant, or if established the ARB shall have the power to require specific forms of screening such as fences or shrubbery as it deems appropriate in order to render the installation as inoffensive as possible to other Owners. All installations must comply with local zoning requirements and building codes, if applicable.

7.25 Mailboxes. All mailboxes shall meet the requirements of the Design Standards. With respect to unimproved Homesites purchased from Declarant, Declarant may elect in its discretion to provide and/or install standard mailboxes for such Homesites with the owners of such Homesites being required to pay Declarant the cost thereof. Until such time as Declarant's Class B Membership expires or terminates, Declarant may elect to supply replacement mailboxes at the current replacement cost for such mailboxes and thereafter, the ARB shall approve duplicate mailboxes.

7.26 Homesite Open Space, Wetland Buffers, and Protected Wetlands. Each Homesite contains open space as mandated by the Barton's Run Planned Unit Development as approved by Beaufort County, South Carolina and as shown on Exhibit "B" attached hereto and incorporated herein. In addition, certain Homesites may contain (i) a 20' wetland setback as mandated by the Barton's Run Planned Unit Development as approved by Beaufort County, South Carolina and as shown on the subdivision plat recorded by Declarant and (ii) wetland buffers as required by and subject to the restrictions of the South Carolina Department of Health and Environmental Control – Office of Coastal and Resource Management ("DHEC-OCRM") and as shown on the subdivision plat recorded by Declarant. EACH OWNER BY ACCEPTING A DEED TO A HOMESITE ACKNOWLEDGES THAT (I) THE OWNER HAS REVIEWED A COPY OF THE OPEN SPACE EXHIBIT WHICH IS ATTACHED HERETO AS EXHIBIT "B" AND ACKNOWLEDGES THAT THE OPEN SPACE WITHIN A HOMESITE AS SHOWN ON SAID EXHIBIT IS SUBJECT TO THE PROVISIONS AND RESTRICTIONS OF THE BARTON'S RUN PLANNED UNIT DEVELOPMENT AS APPROVED BY BEAUFORT COUNTY, SOUTH CAROLINA, (II) ANY WETLAND BUFFERS REQUIRED BY DHEC-OCRM AS SHOWN ON THE SUBDIVISION PLAT RECORDED BY DECLARANT ON A LOT ARE SUBJECT TO RESTRICTIONS AS REQUIRED BY DHEC-OCRM AND MAY NOT BE DISTURBED EXCEPT AS ALLOWED BY DHEC-OCRM, AND (III) ANY PROTECTED WETLAND ON A HOMESITE AS SHOWN ON THE SUBDIVISION PLAT RECORDED BY DECLARANT MAY NOT BE DISTURBED EXCEPT AS ALLOWED BY BEAUFORT COUNTY AND IS SUBJECT TO THE PROVISIONS AND RESTRICTIONS OF THE BARTON'S RUN PLANNED UNIT DEVELOPMENT AS APPROVED BY BEAUFORT COUNTY, SOUTH CAROLINA.

ARTICLE VIII
EASEMENTS, ZONING AND OTHER RESTRICTIONS

8.01 Easements.

(a) Declarant hereby expressly reserves to the Declarant, its successors and assigns forever, the right to create perpetual easements in, on, over and under any part of the Property or the Additional Property for any purpose which Declarant deems necessary, including, by way of example, and not limitation, the following:

- (i) the erection, installation, construction and maintenance of wires, lines, conduits and poles and the necessary or proper attachments in connection with the transmission of electricity, telephone, cable television and other utilities and similar facilities;
- (ii) the erection, installation, construction and maintenance of storm-water drains, lagoons/ponds, land drains, public and private sewers, irrigation systems, pipelines for supplying gas, water and heat, and for any other public or quasi-public facility, service or function;
- (iii) slope control purposes, including the right to access, grade and plant slopes, including slopes of all lagoons/ponds, and to prevent the doing of any activity which might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow;



(iv) the planting or re-planting of hedges, shrubbery, bushes, trees, flowers and plants of any nature;

(v) the erection, installation, construction and maintenance of fences, walls, monuments, signs, hardscape, lighting, etc. along streets in, around and along, and at entrances to the Development, and the right to landscape such areas, plant, re-plant and prune hedges, shrubbery, bushes, trees, flowers, grass and plants of any nature; and

(vi) an easement for grading and/or regrading areas deemed necessary or desirable by Declarant.

(b) No Owner or Member shall have any right to use any easement created by the Declarant in, on or over any portion of the Property unless such easement has been specifically conveyed or assigned by the Declarant to the Association for the benefit of Members.

(c) The Declarant hereby expressly reserves to the Declarant, its successors and assigns, and the Association across the Property, and across each portion of any Additional Property subsequently submitted to this Declaration by annexation as provided in Article XI hereof, perpetual easements appurtenant to all or any portion of the Property, including all Homesites, and to all or any portion of the Additional Property for the following uses and purposes:

(i) an easement for ingress and egress by vehicular and pedestrian traffic over (1) such roadways, walkways and paths as are shown on the plat or plats recorded in connection with each phase of the Property and such portions of the Additional Property as are submitted to this Declaration, and (2) such roadways, walkways and paths as may be constructed in the future, including access as is needed for the construction, installation, maintenance, repair, and replacement of all or any part of the Common Property;

(ii) an easement for the purpose of installing, operating, maintaining and replacing wires, pipes, conduits and other structures and facilities necessary to the furnishing of gas, water, sewage, storm drainage, electricity, street lights, telephone, and other utilities and services, including the right to connect with and to use in common with the Owners in each phase of the Property and portions of the Additional Property subsequently submitted to this Declaration, the wires, pipes, conduits, and other structures and facilities furnishing such utilities and services to such owners; and

(iii) easements for accessing and maintaining all lagoons/ponds which are part of the stormwater system for the Development and easements for the purpose of utilities and/or creating and maintaining satisfactory drainage across Homesite's and Common Property in the Development, such easement rights to include the right to access such areas over the Homesites from time to time for the purpose of constructing (including the right to remove trees, underbrush, and other plant material), maintaining, and/or repairing lagoons/ponds and/or open swales for drainage purposes, such easements being (unless a greater easement is shown on the subdivision plat recorded by Declarant) ten (10) feet along the front boundary line, ten (10) feet wide along each side line, and fifteen (15) feet wide along rear boundary line of each Homesite; provided, however, said easements shall not include any portion of a Homesite upon which the foundation of any dwelling is located.

(d) In addition to the above, the Declarant hereby grants a general easement in favor of utility, cable television and other such service companies across the Property, and across each portion of any Additional Property subsequently submitted to this Declaration by annexation as provided in Article XI hereof to maintain, repair, replace and service wires, pipes, conduits, street lights and other structures and facilities provided for the benefit of the Owners.


(e) The easements created in this Article VIII are in addition to any easements or rights created elsewhere in this Declaration or in other easements of record. The provisions of this Article VIII may not be amended without the written consent of the Declarant, its successors and assigns.

8.02 Easement Area. The words "Easement Area" as used herein shall mean those areas on any Homesite as described in Section 8.01 above or as described in a separate recorded grant of easement or deed or as may be shown on any recorded plat of the Property.

8.03 Entry. The Declarant and its employees, agents, successors and assigns, shall have the right at all reasonable times to enter upon all parts of each Easement Area for any of the purposes for which such Easement Area is reserved without being deemed to have committed a trespass or wrongful act solely by reason of such entry and the carrying out of such purposes. The Declarant and its employees, agents, successors and assigns shall be responsible for leaving each Homesite in good condition and repair following any work or activity undertaken by the same in an Easement Area pursuant to the provisions of Section 8.01.

8.04 Roads. The Declarant hereby reserves for the benefit of the Association and all Owners, their guests and invitees and has granted, bargained, sold and released and by these presents does hereby grant, bargain, sell and release to the Association and all Owners, their guests and invitees a perpetual non-exclusive easement appurtenant to the Property for vehicular and pedestrian access of ingress and egress to and from all access points to the Property established by Declarant over all roads constructed on the Property, whether now existing or hereafter built. The easement granted by the Declarant herein shall be subject to the right of the Declarant to borrow money and encumber any roads and the right of the Declarant and/or the Association to adopt, enforce, and amend from time to time, reasonable, non-discriminatory rules and regulations pertaining to the use of all roads; provided, however, in no event will Declarant and/or the Association be permitted to charge the Owners or their guests and invitees any use charge to use such roads other than a reasonable charge for vehicle decals and a reasonable charge for any cards, strips, or other devices to be used in connection with any gates at the entrances of the Property (however, in no event shall reserves that are part of the assessments payable by all Owners for road maintenance, repair, and replacement be deemed a use charge prohibited herein). Notwithstanding the foregoing, the Association may impose reasonable charges for commercial vehicles to access the Property.

8.05 Zoning and Private Restrictions. None of the covenants, restrictions or easements created or imposed by this Declaration shall be construed as permitting any action prohibited by applicable zoning laws, or by the laws, rules or regulations of any governmental body. In the event of any conflict between such laws, rules or regulations and the covenants, restrictions and easements created or imposed by this Declaration, the most restrictive provision shall govern and control. Notwithstanding the foregoing, if these Covenants are included as part of any zoning ordinance or resolution, the adoption of the same shall not prevent the later modification or amendment of these Covenants in accordance with the provisions for amendment contained in this Declaration.



ARTICLE IX
ENFORCEMENT

9.01 Right of Enforcement. This Declaration and the Restrictions contained herein shall inure to the benefit of and shall be enforceable by (i) the Declarant so long as it is an owner of any Property and/or maintains the right to annex Additional Property in accordance with Article XI hereof, (ii) the Association, and (iii) subject to the limitations as set forth below, each Owner, his legal representatives, heirs, successors and assigns; provided, however, no Owner shall have the right to enforce any provision of this Declaration for which the Declarant and/or the Association is seeking the enforcement of and no Owner shall interfere in any way with such enforcement efforts of the Declarant or the Association. In all enforcements of the provisions of this Declaration, the Declarant and the Association shall have the exclusive right to handle such enforcement proceedings without interference from any other party.

No Owner, his heirs, successors, or assigns, shall have the right to object, to challenge, and/or to commence any legal proceeding concerning this Declaration, the Bylaws, or any rules and regulations of the Association under any act, power, or authority now in force or hereafter to be enacted except after following such procedures as may be established by the Board by rule or regulation consistent with the provisions of this Declaration. The Board or a committee as may be appointed by the Board shall hear claims from Owners regarding alleged violations of the Declaration, Bylaws, and any rules and regulations (except for violations with respect to assessment obligations) of the Association. The Board or such committee shall hold a hearing on any such claim within forty-five (45) days after receipt by the Board of a written notice of claim and request for a hearing from a Owner. A decision shall be issued in writing by the Board or such committee (which decision may at the Board's or committee's discretion, but shall not be required, to include the rationale supporting the decision) within twenty (20) days after the conclusion of the hearing, unless the parties involved agree to extend the timeframe for the decision. Unless the internal remedies provided by this section, or by any rules and regulations as may be promulgated by the Board shall be expressly waived by the Association, or the Association fails or refuses to act, no legal proceeding shall be commenced by any Owner until such internal remedy is pursued to exhaustion.

9.02 Right of Abatement.

(a) Except where different notice provisions are provided in Sections 6.11 and 7.02, in the event of a violation or breach of any covenants, conditions or restrictions contained in this Declaration, the Association shall give written notice by certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach; provided, however, notwithstanding any other provision of this Declaration, the Association may take immediate action without notice for any condition which the Board deems to be an immediate threat to the health, safety and welfare of the other Owners and/or the Property and the costs of such actions shall be a specific assessment payable by such Owner and a lien upon such Owner's Homesite. Upon such notice, if the Owner shall fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the mailing of such written notice, then the Association shall have the Right of Abatement as provided below. If any assessment, interest, cost or charge required by this Declaration is not paid within sixty (60) days after such assessment is due or such charge is imposed, the Association shall have the right to notify any or all Mortgagees having a security interest in the Owner's Homesite or Homesites that such Owner is in default in the performance of his obligations under these Covenants, and of those actions taken or proposed to be taken by the Association as a result of the default.



(b) The Right of Abatement, as used in this Section and Sections 6.11 and 7.02 hereof, means the right of the Association, through its agents and employees, to enter at all reasonable times upon any Homesite or Structure, as to which a violation, breach or other condition to be remedied exists, and to take the actions specified in the notice to the Owner(s) to abate, extinguish, remove, or repair such violation, breach or other condition which may exist thereon contrary to the provisions of this Declaration or the rules and regulations adopted by the Association, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions, provided such entry and such actions are carried out in accordance with the provisions of this Section, and with the cost thereof, including the costs of collection and reasonable attorneys fees, together with interest thereon at a rate not to exceed eighteen percent (18%) per annum as the Board may from time to time establish; provided, however, that in no event shall the Board have the power to establish a rate of interest in violation of the usury laws of the State of South Carolina, to be a specific assessment and binding personal obligation of such Owner(s) enforceable in law, as well as a lien on such Owners' Homesite enforceable pursuant to the provisions of Section 9.05 hereof. Such lien shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Homesite after such entry whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or other instrument, excepting only (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the liens created by Section 5.01 hereof, and (iii) the lien or charge of all first and second Mortgages of record prior to such entry held by Mortgagees to secure loans made in good faith in the ordinary course of business and for value.

9.03 Fines and Penalties and Creation of Lien.

(a) Except for nonpayment of any Association assessments (whether annual, specific, or special), which violation of the Restrictions is controlled by Section 5.07, in addition to all other remedies set forth in this Declaration, the Association, acting through the Board may establish fines and penalties for any or all violations of the Restrictions.

(b) The Association, acting through the Board shall have the authority to establish different degrees or categories of violations and to further establish fines or penalties which vary in amount, or method of application, from category to category. All fines within any one category shall be set at a standard amount and shall be applied by a standard method. Owners shall be responsible for the conduct of their guests and invitees and shall be responsible for paying any fines not paid by such guests or invitees.

(c) Except for violations of rules governing the use, operation and maintenance of the Common Property, no fine or penalty provided for herein shall begin to accrue unless the Owner has been given notice in accordance with Section 9.02 (a). This provision shall not supersede any other provision or this Declaration requiring different notice. No notice need be given for fines imposed for violations of the rules governing the use, operation, and maintenance of Common Property.

(d) Due to the recognition that fines and penalties are often not established until after a violation has occurred, the Association, acting through the Board shall have the authority to assess any fines or penalties established in accordance with these provisions against any and all violations of the Restrictions referred to herein, regardless of when the violation occurred; however, no fines or penalties can begin accruing until after they are adopted and notice of the penalty has been given to the Owner. The Board shall also have the authority in its sole discretion to waive any fines or penalties as it deems appropriate.

(e) Any fines or penalties assessed pursuant to this Section 9.03 for violations of the Restrictions, including any fines or penalties assessed for violation of rules and regulations relating to the use, operation and maintenance of the Common Property, together with the cost of collection and reasonable attorneys fees, shall be a binding personal obligation of the Owner enforceable in law, as well as a lien on such Owners' Homesite enforceable pursuant to the provisions of Section 9.05 hereof. Such lien shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Homesite after their assessment, whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or other instrument, excepting only (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the liens created by Section 5.01 hereof, and (iii) the lien or charge of all first and second Mortgages of record held by Mortgages made in good faith and for value.

9.04 Specific Performance. Except for the restrictions on enforcement by Owners as set forth on Section 9.01 above, nothing contained in this Declaration shall be deemed to affect or to limit the rights of the Declarant, the Association or any Owner to enforce the Covenants and seek damages. However, it is hereby declared that it may be impossible to measure accurately in money the damages which will accrue to a beneficiary hereof, its transferees, successors or assigns, by reason of a violation of or failure to perform any of the obligations provided by this Declaration; and therefore, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance, as well as any other relief available at law or in equity, to enforce the provisions hereof.

9.05 Collection of Assessments and Enforcement of Lien. If any assessment, interest, cost, fine, or other charge is not paid as required by this Declaration, the Association may bring either an action at law against the Owner personally obligated to pay the same, or an action to foreclose any lien created by this Declaration against the Homesite or Homesites subject to the lien, or both, for the purpose of collecting such assessment, cost or charge, plus any interest thereon and costs of collection, including reasonable attorneys' fees.

9.06 No Waiver. The failure of the Declarant, the Association, or the Owner of any Homesite, his or its respective legal representatives, heirs, successors and assigns, to enforce any Restrictions herein contained shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

9.07 Litigation against Declarant. No judicial or administrative proceeding shall be commenced or prosecuted by the Association or the Owners against the Declarant unless approved by a vote of seventy-five percent (75%) of the total votes of the Class A Members. In the event any claim is made against Declarant or any litigation is instituted against Declarant, then the Association shall assess all Owners, other than the Declarant, for the costs of claim or litigation, including, without limitation, attorneys' fees incurred, and funds from regular assessments shall not be used for any such claim or litigation.

ARTICLE X DURATION AND AMENDMENT

10.01 Duration of Covenants. All covenants, restrictions and affirmative obligations set forth herein shall run with the land and shall be binding on all parties and persons claiming under them to specifically include, but not be limited to, the successors and assigns, if any, of Declarant for a period of forty (40) years from the execution of this Declaration, subject to the right reserved unto Declarant, its

successors and assigns to add additional restrictive covenants in respect to the Property subject to this Declaration and the further right to limit or amend the application of the Covenants herein contained. After the initial forty (40) year period of duration, all said Covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then existing Owners has been recorded, agreeing to terminate said Covenants in whole or in part. Notwithstanding any other provision of this Declaration, termination of these Covenants shall not terminate any easements granted hereunder which easements shall be perpetual unless this Declaration otherwise specifically provides.

10.02 Amendment. So long as Declarant is the Class B Member, these Restrictions may be amended unilaterally at any time and from time to time by Declarant (i) if such amendment is necessary to bring any provision of this Declaration into compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Homesites subject to these Restrictions, (iii) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Homesites subject to these Restrictions, (iv) if such amendment would enable any governmental agency, such as the Veterans Administration or reputable private mortgage insurance company to insure Mortgage loans on the Homesites subject to these Restrictions, (v) if such amendment is for the purpose of releasing this Declaration from all or any part of the Property or Additional Property owned by Declarant or Declarant successors in interest, (vi) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration, or (vii) if such amendment is deemed necessary or desirable by Declarant; provided any such amendment shall not materially adversely affect any existing Owner's rights under this Declaration and/or adversely affect the title to any Owner's Homesite. EVERY OWNER BY ACCEPTING A DEED TO A HOMESITE ACKNOWLEDGES THE RIGHT OF THE DECLARANT TO UNILATERALLY AT ANY TIME AND FROM TIME TO TIME TO AMEND THESE RESTRICTIONS AND THIS DECLARATION AS SET FORTH ABOVE WITHOUT ANY INTERFERENCE FROM THE OWNERS AND/OR THE ASSOCIATION OR THE BOARD AND WITHOUT ANY SIGNATURE REQUIRED ON ANY SUCH SUPPLEMENTAL DECLARATION TO ACCOMPLISH SUCH AMENDMENT BUT DECLARANT'S SIGNATURE.

Except as otherwise provided in this Declaration, these Restrictions may also be amended at any time from time to time by the affirmative vote of Owners holding at least three fourths (¾) of the votes of the Class A Members at a duly called meeting with a quorum present; provided, however, such amendment by the Class A Members shall not be effective unless also signed by the Declarant if the Declarant is still the Class B Member. No amendment to the provisions of these Restrictions shall materially and adversely alter, modify, change or rescind any right, title, interest or privilege herein granted or accorded to the holder of any Mortgage encumbering any Homesite affected thereby unless such holder shall consent in writing thereto. Notwithstanding the foregoing, nor any other provisions contained in this Declaration, no amendment to the Declaration, the Articles of Incorporation or the Bylaws, which modifies or affects the rights, privileges, options or exemptions of the Declarant and/or its affiliates shall be effective unless consented thereto in writing by the Declarant and/or its affiliates. No amendment to this Declaration shall become effective until the instrument evidencing such change with all required signatures has been filed for record in the Beaufort County Register of Deeds Office. Every Owner by acceptance of a deed to a Homesite or other conveyance therefor, hereby and thereby agrees that these Restrictions may be amended as provided in this Section.

10.03. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then

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such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

ARTICLE XI
ANNEXATION

11.01 Submission of Additional Property. Declarant shall have the option and right from time to time, without the necessity of consent by the Association, the Board, Members or the Owners, but subject to Section 11.02 of this Article, to submit all or portions of Additional Property to this Declaration and thereby to cause the Additional Property, or such portions thereof as may be submitted, to become part of the Property. This option may be exercised by the Declarant in accordance with the conditions and limitations set out in Section 11.02 of this Article, which are the only conditions and limitations on such right.

11.02 Conditions of Annexation. Any annexation as permitted in Section 11.01 of this Article shall be in accordance with the following terms and conditions:

(a) The option to submit portions of Additional Property may be exercised at any time and from time to time until twenty (20) years from the date this Declaration is recorded; provided, however, that the Owners of Homesites to which two-thirds of the Class A votes in the Association appertain, exclusive of any vote or votes appurtenant to Homesites then owned by Declarant, may consent to the extension of such option by vote taken prior to the date upon which such option will expire.

(b) Portions of Additional Property may be added at different times, and there are no limitations fixing the boundaries of those portions or regulating the order in which any such portions may become part of the Property.

(c) The Homesites created on portions of Additional Property which are added to the Property will be restricted exclusively to residential purposes, in accordance with Article VII of this Declaration, unless otherwise used as Common Property and except as otherwise allowed by Declarant in writing. The exercise of the option to submit a portion of Additional Property to the Declaration shall not bar further exercise of this option as to other portions or the balance of Additional Property.

(d) If Additional Property or any portion thereof is subjected to this Declaration, Declarant reserves the rights to designate the boundaries of the Homesites and Common Property, if any, in accordance with Article II, Section 2.01 of this Declaration.

(e) The option reserved by Section 11.01 of this Article may be exercised by the Declarant alone (without the consent of the Association, the Board, or any Owner) by the execution by the Declarant of an amendment to this Declaration which shall be filed for record in the Beaufort County Register of Deeds Office. Any such amendment shall expressly submit that portion of Additional Property which is to become part of the Property, and upon the exercise, if any, of such option, the provisions of this Declaration shall be understood and construed as embracing all of the Property, including the initial phase and such portions of Additional Property as have become part of the Property by annexation.

(f) In addition to the procedure outlined in subparagraph (e) above, the option reserved by Section 11.01 of this Article may be exercised with respect to any portions of Additional Property, notwithstanding that such Additional Property may be owned by Persons other than Declarant. Declarant shall exercise this option by an amendment expressly submitting such property to this

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Declaration, which amendment shall be filed for record in the Beaufort County Register of Deeds Office. Any such amendment shall contain a statement consenting to the annexation of any such Additional Property, together with a reference to the Declaration (citing the specific Deed Book and Page in which such Declaration is recorded), executed by the owner or owners thereof submitting such Additional Property to this Declaration. Upon exercise of the foregoing procedure, the provisions of this Declaration shall be understood and construed as embracing all of the Property, including the initial phase and such portions of the Additional Property as have become part of the Property by annexation in this manner.

(g) Should the option to add Additional Property or any portions thereof, not be exercised within the term specified herein or be otherwise released or terminated by Declarant, Declarant shall not be obligated to impose on the Additional Property or any portion thereof any covenants conditions or restrictions whatsoever.

11.03 Effect of Annexation.

(a) From and after the date of annexation of any portion of Additional Property, all Common Property on such portion of the Additional Property annexed and each Homesite on such portion of the Additional Property annexed shall automatically be added to and shall become a part of the Property and the owners of such Homesites shall be Class A Members of the Association and shall have the same vote, shall share the same obligations and responsibilities, and shall have the same rights and privileges afforded every other Class A Member. Upon annexation of each portion of Additional Property as herein provided, the Association shall be deemed to have assumed, automatically, and without the necessity of consent by the Association, the Board, or any individual owners, the covenant to maintain the Common Property and the other obligations imposed by this Declaration, as amended from time to time, with respect to that portion of Additional Property which is then the subject of annexation.

(b) Each Owner by acceptance of a deed to a Homesite in the Property shall be deemed to have approved annexation in the manner provided in this Article XI.

11.04 Proposed or Future Development of Additional Property. Notwithstanding any other provision contained in this Declaration, or any language contained upon any plat of survey of the Development, Declarant is under no obligation to submit any portion of Additional Property to the Declaration, or to develop any portion of Additional Property. Any references to "proposed" or "future" development are for the Declarant's reference only, and all or any portion of Additional Property can be developed by Declarant or by others as Declarant in its sole discretion sees fit.

11.05 Withdrawal of Property. Declarant reserves the right to amend this Declaration unilaterally at any time so long as Declarant holds an unexpired option to expand the Development pursuant to this Article, without prior notice and without the consent of any Person or any Owner or the Association or the Board for the purpose of removing certain portions of the Property of the Development then owned by the Declarant from the provisions of this Declaration as a result of any changes whatsoever in the plans for the Development desired to be effected by the Declarant.

ARTICLE XII LEASES

12.01 Application. In order to assure a community of congenial Owners and thus protect the value of Homesites within the Development, the leasing of a Homesite, or any portion thereof, by any

Owner (other than as provided herein for certain Mortgagees and Declarant) shall be subject to the provisions contained in this Article so long as the Property is subject to the Restrictions. Notwithstanding any other provision of this Declaration, the provisions of this Article XII shall not apply to Declarant and/or to any affiliates of Declarant and/or to any party exempted from these provisions by Declarant in writing.

12.02 Notice and Regulation. The Board in its discretion may require any Owner (excluding Declarant and any affiliates of Declarant) intending to lease his improved Homesite, or any portion thereof, to give written notice of such intention to the Board of Directors, stating the name and address of the intended lessee and such other information as the Board may reasonably require. The Board of Directors shall have the authority to make and enforce reasonable rules and regulations in order to enforce this provision, including the right to impose fines constituting a lien upon the Homesite being leased.

12.03 Required Lease Provisions. The Board of Directors may set the minimum lease term for all Owners (excluding Declarant and any affiliates of Declarant); however, regardless of whether or not the Board establishes such minimum, the minimum term of any lease shall not be set for less than six (6) months (i.e., all Owners (excluding Declarant and any affiliates of Declarant) may only rent Homesites for periods of six months or greater and may not rent Homesites for periods of less than six months; provided, however, such minimum period may be increased by the Board). All leases and lessees (except for leases of Declarant or its affiliates or affiliates of its members) are subject to the provisions of the Declaration and Bylaws. The Owner must make available to the tenant a copy of this Declaration. Any leases of a Homesite, or a portion thereof, shall be deemed to contain the provisions of Sections 12.03 (a) and (b), whether or not said provisions are expressly stated therein, and each Owner covenants and agrees that any lease of his Homesite shall contain the language of said provisions, and further, that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of these Covenants on the Homesite. Any lessee, by occupancy of a Homesite, agrees to the applicability of this Declaration and its incorporation as part of the lease along with the following provisions:

(a) Lessee acknowledges and agrees that all promises deemed made by the lessee to the Association under this Article XII, Sections 12.03 (a) and (b) of the Declaration are incorporated by reference and made a part of the applicable lease agreement and are made for the benefit of the Association for the purpose of discharging lessor's duties to the Association through lessee's performance. In order to enforce those provisions made for the benefit of the Association, the Association may bring an action against lessee for recovery of damages or for injunctive relief, or may impose any other sanctions authorized by the Declaration and Bylaws, as they may be amended from time to time, or which may be available at law or equity, including but not limited to, all remedies available to a landlord upon breach or default of a lease agreement by a lessee. Failure by the Association to enforce any of its rights shall in no event be deemed a waiver of the right to do so thereafter.

(b) Lessee shall comply strictly with all provisions of the Declaration, Bylaws, and with the rules and regulations adopted by the Association pursuant thereto, as any of the foregoing may be lawfully amended from time to time. Lessee shall control the conduct of his or her family and guests in order to assure compliance with the foregoing and shall indemnify and hold lessor and the Association harmless for any such person's failure to comply. Lessee acknowledges the violation by lessee or any occupant or person living with lessee of any provision of the Declaration, Bylaws, or rules and regulations adopted thereunder shall constitute a default under this lease. Lessee further acknowledges that the Association has the right to act on its own behalf, or where necessary on behalf of lessor, as lessor's attorney-in-fact, to seek any remedies which are available to a landlord upon breach or default of a lease agreement by lessee.

12.04 Enforcement. For the purpose of enforcing the provisions of Section 12.03, which shall be incorporated in the provisions of any leases of a Homesite, each Owner (excluding Declarant and its Members and their affiliates), by acceptance of a deed or other conveyance of a Homesite, hereby irrevocably appoints the Association, which may act by any one of its authorized officers, as his attorney-in-fact, to enforce said provisions and to take action, at law or equity, which could be taken by said owner against the lessee should lessee default in performance under the lease agreement. Further, each Owner acknowledges and agrees that any unpaid fines by a lessee shall constitute a lien against the Homesite of the Owner/lessor.

12.05 Rights of Lessee. Any lessee charged with a violation of the Declaration, Bylaws, or rules and regulations of the Association is entitled to the same rights to which the Owner is entitled as provided in this Declaration or the Bylaws.

12.06 Rights of First Mortgagees. Notwithstanding anything to the contrary herein contained, the provisions of this Article shall not impair the right of any first mortgagee to:

- (a) foreclose or take title to the Homesite pursuant to remedies contained in any mortgage;
- (b) take a deed or assignment in lieu of foreclosure; or
- (c) sell, lease, or otherwise dispose of a Homesite acquired by the mortgagee.

ARTICLE XIII MISCELLANEOUS

13.01 No Reverter. No restriction herein is intended to be, or shall be construed as, a condition subsequent or as creating a possibility of reverter.

13.02 Severability. A determination by a court that any provision hereof is invalid for any reason shall not affect the validity of any other provisions hereof.

13.03 Headings. The headings of the Articles and Sections hereof are for convenience only and shall not affect the meaning or interpretation of the contents of this Declaration.

13.04 Gender. Throughout this Declaration, the masculine gender shall be deemed to include the feminine and neuter, and the singular, the plural, and vice versa.

13.05 Notices. All notices, requests, objections, waivers, rejections, agreements, approvals, disclosures or consent or any kind made pursuant to this Declaration, whether by the Declarant, the Association, the ARB, a Owner, or any other Person, shall be in writing and sent by U.S. mail, postage prepaid or as set forth in the By-Laws. All notices to Owners may be sent to the Owner's Homesite unless and until the Owner notifies Declarant and the Association in writing of a different address for notice purposes. Unless and until a different address is provided in writing to the party seeking to provide notice, all such writings to Declarant shall be delivered, as may be appropriate, to the following address:

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Declarant: CraftBuilt Homes, LLC
 P.O. Box 22748
 Hilton Head Island, SC 29925

Any written communication transmitted by the United States Mail, with sufficient postage affixed, shall be deemed received on the third (3rd) day following the day such written notice is deposited in the United States Mail.

13.06 No Liability. Subject to the restrictions on enforcement of these Covenants by Owners as set forth in Section 9.01 above, Declarant has prepared and recorded this Declaration in anticipation that each and every Owner shall have the right and the power to enforce the terms and provisions of this Declaration against every other Owner. However, in the event that this Declaration is, for any reason whatsoever, unenforceable by a Owner (or any other person) in a court of law or otherwise, Declarant shall have no liability of any kind as a result of such unenforceability, and each and every Owner, by acceptance of a deed conveying a Homesite, acknowledges that Declarant shall have no such liability.

13.07 Trademarks. Declarant may elect to register the mark "BARTON'S RUN" or a similar mark as a registered trademark under the laws of the State of South Carolina. Each Owner, by acceptance of a deed to any Homesite within the Property hereby acknowledges that "CRAFTBUILT HOMES, LLC", and any associate designs are service marks and trademarks of Declarant and that upon registration of "BARTON'S RUN" and/or "BARTON'S RUN PROPERTY OWNER'S ASSOCIATION, INC." and any associate designs, such will be service marks and trademarks of Declarant. Each Owner and the Association agrees to refrain from misappropriating or infringing on the rights of Declarants to these marks.



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IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed and sealed this 18th day of November, 2005.

WITNESSES:

DECLARANT:

CRAFTBUILT HOMES, LLC, a South Carolina Limited Liability Company

M. V. ...
S. ...

By: *J. John Cardamone*
J. John Cardamone, Managing Member

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that J. John Cardamone, the Managing Member of CRAFTBUILT HOMES, LLC, a South Carolina limited liability company personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 18th day of November, 2005
[Signature]
Notary Public of South Carolina
My Commission Expires: 02/06/05

Exhibit "A"

All those certain pieces, parcels or lots of land lying and being in Beaufort County, South Carolina, consisting of approximately 170.168 acres as shown on that certain subdivision plat entitled "A Plat of Barton's Run," said plat dated September 7, 2005, last revised November 7, 2005, as prepared by Thomas & Hutton Engineering Co., certified by Boyce L. Young, S.C.R.L.S. No. 11079, with said plat recorded November 9, 2005 in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 109 at Pages 147-155.

For a metes and bounds description, reference is made to the aforementioned plat of record.

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MASTER PLAN
OF
BARTON'S RUN
THE TOWN OF BILLYTON
SOUTH CAROLINA

PREPARED FOR:
CRAFTBUILT HOMES, LLC
EXHIBIT B
WETLAND AND
OPEN SPACE EXHIBIT

APPROVED BY:
THOMAS & HARRISON ENGINEERING CO.
AN EQUAL OPPORTUNITY FIRM
DATE: 8/11/19
SCALE: AS SHOWN
PROJECT NO.: 19-0001
SHEET NO.: 11 OF 11



LEGEND

- PROJECT AREA 170.17 AC
- OPEN SPACE 80.86 AC. (47.52%)
- PROTECTED WETLAND AREA 4.58 AC
- WETLAND BUFFER AREA 5.39 AC

NOT TO SCALE

