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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

TEAL BLUFF

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) **DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
TEAL BLUFF**

THIS DECLARATION of Covenants, Conditions and Restrictions is made this 21st day of April, 2022 by Forino Co., L.P., a Pennsylvania limited partnership (hereinafter referred to as “Declarant”).

W I T N E S S E T H:

WHEREAS, Declarant is a limited partnership organized and existing under the laws of the State of Pennsylvania and is the owner of certain real property which property is more particularly described in Exhibit “A” attached hereto (hereinafter referred to as the “Property”) which Property is located in Beaufort County, South Carolina; and

WHEREAS, Declarant desires to develop the Property in a coordinated manner into a residential subdivision to be known as “Teal Bluff” with provisions for certain common areas, common access areas, common regulations and cost-sharing, all as more particularly set forth herein; and

WHEREAS, Declarant desires to (i) establish the jurisdiction of a mandatory membership owners association for the Property, (ii) establish the obligation of each owner of any portion of the Property to be a member of such neighborhood association as long as such owner holds title to such portion of the Property, (iii) establishes the obligation of each owner of the Property to pay assessments to the neighborhood association, and which assessments, are secured by a lien against each owner’s portion of the Property, and (iv) establishes architectural restrictions requiring approval of Declarant or an architectural review board established by Declarant prior to the installation, placement, or modification of structures and improvements on any portion of the Property by an owner other than Declarant; and

WHEREAS, Declarant finds that private controls over the use of land 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, restrictions, equitable servitudes, encumbrances, affirmative obligations, burdens, benefits, reservations, easements, assessments, charges and liens (hereinafter referred to as the “Declaration” or “Covenants”); and

WHEREAS, Declarant deems it desirable to provide a flexible and reasonable procedure for the overall development of the Property, and to provide a mechanism for the proper administration of these Covenants, including, but not limited to, the ownership, operation, maintenance, preservation, use and enjoyment of the common facilities on the Property, the performance of acts of maintenance, administration, assessment, enforcement and other activities set forth in these Covenants and other mandated and discretionary functions consistent with the purpose of these Covenants which benefit the Property and all real property now or hereafter subjected to this Declaration; and

WHEREAS, in connection with the need for such a mechanism, Declarant has caused or will cause to be incorporated under the laws of the State of South Carolina a non-profit corporation, the Teal Bluff Community Association, Inc., for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth; and

NOW, THEREFORE, Declarant hereby declares that all of the property described in Exhibit “A”, incorporated herein, and any Additional Property (as hereinafter defined) which is hereinafter subjected to this Declaration by Supplemental Declarations (as hereinafter defined) is and shall be held, transferred, sold, devised, assigned, conveyed, given, purchased, leased, occupied, possessed, mortgaged, encumbered and used subject to these Covenants. These Covenants, the benefits of these Covenants, and the affirmative and negative burden of these Covenants, whether pertaining to items, benefits and obligations presently existing or to be created or executed in the future, do and shall, in equity and at law, touch and concern, benefit and burden, and run with the land and any estates in the land herein referred to as the “Property” and these Covenants are intended to be Covenants and servitudes burdening and benefiting all persons now or hereafter deriving a real property estate in the Property whether by deed, assignment, succession or inheritance or any other method of conveyance.

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:

Section 1.1 Additional Property.

“Additional Property” shall mean and refer to 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, the Board, or any Owner, or by the owner(s) of such Property, if Declarant is not the owner, with the written consent of Declarant hereunder and made subject to this Declaration pursuant to Article X hereof. In addition to the Property described in Exhibit “A” wherever used in these Covenants, the term the “Property” shall also mean and refer to all Additional Property submitted to these Covenants by Declarant. Such submission of Additional Property shall become effective only after filing a document of record in the Office of the Register of Deeds for Beaufort County, South Carolina, executed in recordable form by Declarant and, if Declarant is not the owner of the Additional Property, the owners of the Additional Property, describing such Additional Property and stating the intent to be bound hereby and submitted hereunder.

Section 1.2 Architectural Review Board.

“Architectural Review Board” or “ARB” shall mean and refer to the Architectural Review Board established by Declarant.

Section 1.3 Articles of Incorporation.

“Articles of Incorporation” or “Articles” shall mean and refer to the Articles of Incorporation for the Teal Bluff Community Association, Inc. (hereinafter referred to as the “Association”), as filed with the South Carolina Secretary of State, as the same may be amended from time to time.

Section 1.4 Association.

“Association” shall mean and refer to the Teal Bluff Community Association, Inc., a South Carolina Non-Profit Corporation organized under the South Carolina Non-Profit Corporation Act of 1994 as the same may be amended from time to time, its successors and assigns.

Section 1.5 Board of Directors.

“Board of Directors” or “Board” shall mean and refer to the Board of Directors of the Association.

Section 1.6 Builder.

“Builder” shall mean and refer to any Person who purchases one or more Homesites (as hereinafter defined) 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 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 Teal Bluff.

Section 1.7 Bylaws.

“Bylaws” shall mean and refer to the Bylaws of the Association, as the same may be amended from time to time, a current copy of which is attached hereto as Exhibit “B”.

Section 1.8 Common Expenses.

“Common Expenses” shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration.

Section 1.9 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 conveyed 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”; provided, however, such Owners primarily benefiting from the Limited Common Property shall pay all costs and expenses associated with such Limited Common Property.

Section 1.10 Community Wide Standard.

“Community Wide Standard” shall mean and refer to the standard of conduct, maintenance or other activity generally prevailing throughout the Property. Such standard may be more specifically defined by the Board of Directors.

Section 1.11 Declarant.

“Declarant” shall mean and refer to Forino Co., L.P., 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, Forino Co., L.P., its successors and assigns, may assign to a lender in connection with any development loan on the Property 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, Forino Co., L.P., 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 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 Declarant 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 or the Additional Property, and provided further, that in a written instrument, the Association or such successor-in-title is expressly assigned by Forino Co., L.P., the Declarant's rights, privileges and options herein reserved to Forino Co., L.P. 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.

Section 1.12 Declaration.

“Declaration” or “Covenants” shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Teal Bluff, as the same may be amended or supplemented from time to time.

Section 1.13 Design Guidelines.

“Design Guidelines” 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 6.5, as such guidelines and standards may be amended from time to time.

Section 1.14 Development.

“Development” shall mean and refer to the Property, the Common Property, and all improvements located or constructed thereon, and any portion of the Additional Property subjected to this Declaration. The term shall be used generally to describe the residential community of Teal Bluff.

Section 1.15 Homesite.

“Homesite” shall mean and refer to any numbered parcel of land shown as a residential building Lot upon that certain plat entitled “A Subdivision Land Survey for Teal Bluff Subdivision as located at Stuart Point Road APN R100 012 000 0123, Sheldon Area, Beaufort County, South Carolina,” prepared by Michael R. Dunigan S.C.R.L.S. No. 11905, and recorded on November 16, 2021 in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 157 at Page 175, and any plat of survey recorded by Declarant in the Office of the Register of Deeds for Beaufort County, South Carolina, or as similarly shown on revised or supplemental surveys of such tracts or such additional tracts as may be added to the Property from time to time as provided herein. The term “Homesite” shall also include the Dwelling or improvement placed or constructed on such parcel of land by or on behalf of Declarant or an Owner. The term “Homesite” shall include both improved and unimproved Lots.

Section 1.16 Lot.

“Lot” shall mean and refer to an unimproved Homesite.

Section 1.17 Member.

“Member” shall mean and refer to a person entitled to Membership in the Association, including Class “A” Members and the Class “B” Member as long as there is a Class “B” Membership. Each Owner is a mandatory member of the Association as long as such Owner owns any portion of the Property.

Section 1.19 Mortgage.

“Mortgage” shall mean and refer to any Mortgage, Deed of Trust, Deed to Secure Debt or other form of security instrument held by a Mortgagee affecting the Property or any Homesite or Lot within the Property.

Section 1.20 Mortgagee.

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

Section 1.21 Mortgagor.

“Mortgagor” shall mean and refer to any person who gives a Mortgage.

Section 1.22 Owner.

“Owner” shall mean and refer to that record Owner (including Declarant) whether one or more persons, of a fee simple title to any Homesite or Lot; 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 or Lot in fee simple, if such loan were paid in full, shall be considered the Owner.

Section 1.23 Person.

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

Section 1.24 Property.

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

Section 1.25 Restrictions.

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

Section 1.26 Structure.

“Structure” shall mean and refer to:

- a. Any material, thing or object of any kind the placement of which upon any Homesite or Lot may affect the appearance of such Homesite or Lot, 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 or Lot, including, but not limited to, paint colors, materials, shutters, windows, railings, columns, or any other items attached to the exterior of any structure or on the Homesite or Lot;
- b. Any landscaping, change in landscaping or naturally occurring trees or plant material, grading or excavation on a Homesite or Lot including any tree removal, 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 Lot, 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 or Lot; and

- c. Any change in the grade at any point on a Homesite or Lot of more than 6" whether or not subsection (b) of this Section 1.26 applies to such change.

Section 1.27 Supplemental Declaration.

“Supplemental Declaration” shall mean and refer to an amendment or supplement to this Declaration filed pursuant to Article IX or Article X which amends this Declaration or imposes, expressly or by reference, additional restrictions and obligations on the land described therein or subjects Additional Property to this Declaration.

Section 1.28 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 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 or Lots 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 or Lots 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 Register of Deeds for Beaufort County, South Carolina.

ARTICLE II: PLAN OF DEVELOPMENT

Section 2.1 Development of the Property.

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 or Lots owned by Declarant, including, without limitation, (1) installation and maintenance of any improvements added to the Common Property; (2) changes in the location of the boundaries of any Homesites or Lots owned by the Declarant or of the Common Property; (3) changes in the boundaries between the Property and any portion of property owned by Declarant; (4) installation and maintenance of any storm drainage system and water/sewer or other utility systems and facilities; (5) installation of security or refuse facilities; (6) construction, installation and maintenance of a permanent dwelling unit on any Lot or Homesite without the approval of the Association, the ARB, the Board of Directors or their respective successors or assigns; and (7) construct on any portion of the Property recreational facilities, including, without limitation, swimming pools, playgrounds, dog park and related facilities.

Section 2.2 Development of Additional Property.

In accordance with Article X of this Declaration, Declarant hereby reserves the option, to be exercised in its sole discretion, to submit from time to time, Additional Property or portions thereof to the provisions of this Declaration and thereby to cause Additional Property or a portion or portions thereof to become part of the Property.

Section 2.3 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 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.

Section 2.4 Development of the Property.

The Declarant does not guarantee in any manner that any view from a Homesite or Lot over 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 or Lot 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 or Lot acknowledge that any or all such decisions or changes by the Declarant may diminish, change, obstruct, or eliminate any view of a Homesite or Lot over or across the Common Property (including, but not limited to, any lagoons). Any expressed or implied view easements or easements for the passage of light over, from, or across the Common Property (including, but not limited to, any lagoons) are hereby expressly disclaimed.

ARTICLE III: COMMON PROPERTY

Section 3.1 Conveyance of Common Property.

(a) Conveyance of Common Property. The Declarant may, from time to time, cause to be conveyed to the Association the Common Property (which may include portions of Homesites), including all roadways which shall be privately owned and maintained by the Association including grants of easements as well as personal property for the common use and enjoyment of the Owners (except for Limited Common Property, if any, which shall be for the use and enjoyment of only the Owners so designated in the conveyance by Declarant to the Association). 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 may be required by governing authorities in accordance with this Declaration. In any event, the Declarant will convey all Common Property to the Association on or before the Turnover Date.

(b) Street Lights. Declarant may but is not required to enter into an agreement with the applicable utility for the installation, maintenance, and electric power for a system of street lights at Teal Bluff. The applicable utility may own the street lights and provide them to the Association under a lease agreement which would likely extend for a period of fifteen or more years. Lease payments by the Association would equal the costs plus a normal profit margin. Each Owner by accepting a deed to any portion of the Property and the Association specifically recognize that said street lights are not owned by the Association or Declarant and that the Association will accept and assume the lease agreement.

(c) Alteration of Common Property; Limited Common Property. It is contemplated by the Declarant that the Declarant will convey Common Property to the Association where scenic and natural area of preservation and for general recreational use. The Declarant may, at the Declarant's sole discretion, modify, alter, increase, reduce or otherwise change the Common Property contemplated to be conveyed to the Association in accordance with this Declaration at any time prior to the 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.

(d) Additional Conveyances. In addition to the Property described in subsection (a) of this Section 3.1, the Declarant may convey, or cause to be conveyed, to the Association in accordance with this Section 3.1 and such other real and personal property as the Declarant may determine to be necessary or proper for the completion of the Development.

(e) Title to Common Property. 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 properties for the use of the Owners in the Development) whether by recorded plat of survey or otherwise, or designated for public use, 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 grant or deed to the Association or to any municipality or other governmental body, agency or authority.

(f) Acceptance of Conveyances of Common Property. The Association hereby covenants and agrees to accept all such conveyances of the Common Property and all Owners by accepting a deed to any Homesite or Lot 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.

(g) Transfer of Common Property. Prior to the Turnover Date, the Declarant shall appoint a nominating committee comprised of three (3) Members, which shall nominate Members to belong to a five (5) Member Transition Committee. Upon conveyance of any such 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 deemed 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 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 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.

(h) Certificate of Occupancy. With respect to any improved Common Property, issuance of a Certificate of Occupancy by the local governing authority having jurisdiction over such matters, shall be conclusive evidence that said Property complies with all building and construction standards. The Declarant shall not be responsible for compliance with any requirements called for by said local governing authority after the issuance of a Certificate of Occupancy.

Section 3.2 Right of Enjoyment.

Subject to the provisions of this Declaration and the provisions of Section 3.3 below, every Owner shall have a non-exclusive right and easement to use and enjoy the Common Property (excluding Limited Common Property, if any), which right shall be appurtenant to and shall pass for the title to every Homesite or Lot upon transfer; provided, however, that no Owner shall do any act which interferes with the free use and enjoyment of the Common Property by all other Owners. The Association may permit persons who are not Owners to use and enjoy any part or all of the Common Property subject to such limitations, and upon such terms and conditions, as it may from time to time establish. The right and easement of enjoyment granted or permitted by this Section 3.2 is subject to those items set forth in Section 3.3 which includes suspension by the Association as provided in Sections 3.3 and 4.8.

Section 3.3 Rights of the Association.

The rights and privileges conferred in Section 3.2 hereof 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 (which shall specifically include the right of the Association, acting through its Board of Directors, to allow residents of other developments outside of Teal Bluff to use the Common Property for such fees and charges as determined by the Board); (b) charge reasonable fees in connection with the admission to and use of facilities or services; provided that in setting any such fee the Board may establish reasonable classifications which shall be uniform within each such class, but need not be uniform between such classes; (c) suspend the voting rights of any Member, pursuant to Section 4.8 and the right of enjoyment granted or permitted by Section 3.2 (but in no event may the Board deny an Owner access to such Owner's Homesite or Lot); (d) grant easements or rights of way over Common Property to adjoining property owners, to any municipality or other governmental body, agency or authority, to any quasi-public agency or to any utility company or cable television system; (e) enforce all applicable provisions of valid agreements of the Association relating to the Common Property or any part thereof; (f) 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, user fees and other sources; (g) 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 these Restrictions while held by any such municipality or other governmental body, agency or authority; and (h) to sell, lease or otherwise convey all or any part of its properties and interest therein; provided, however, that the Association, once it obtains title of record to the Common Property, shall not sell, encumber by Mortgage or other 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 ($\frac{2}{3}$) of the Class "A" Members and with the written consent of the Class "B" Member as long as there is a Class "B" Membership.

Section 3.4 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 a Common Property, the Declarant 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 a portion thereof, shall not be used for any different purpose of purposes without the affirmative vote of two thirds ($\frac{2}{3}$) of the Class "A" Members and with the written consent of the Class "B" Member as long as there is a Class "B" Membership.

Section 3.5 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 may be reserved by the Declarant for itself and for the benefit of the Association and, as applicable, shall be set forth on plats of survey of the Property recorded with the Office of the Register of Deeds for Beaufort County, South Carolina. 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 Teal Bluff. All Owners taking title to any Homesite or Lot 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 easement rights to the Declarant or to the Association. Such easements shall be Common Property. In addition, or alternatively, such entrance monuments or 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.

Section 3.6 Encroachment Easements.

If any buildings, dwelling units, or other improvements initially constructed by Declarant on any of the Homesites (including, without limitation, any roof overhangs, balconies, siding, porches or other 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 or Lot, a valid easement for the encroachment and for the

maintenance, repair and replacement thereof shall exist in perpetuity, if such encroachment is approved by Beaufort County. Otherwise, such encroachments shall not be permissible.

Section 3.7 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, subject to certain reservations of easements. 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 WILL BE USING THE PONDS AND LAGOONS OF THE DEVELOPMENT 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.

Section 3.8 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 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 OR LOSS OF LIFE TO ANY PERSON OR ANIMAL, CAUSED BY AN ALLIGATOR ON THE PROPERTY.

Section 3.9 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 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.

Section 3.10 Streets.

The roads of the Property will be owned, maintained, repaired, and replaced by the Association and shall be subject to the rules and regulations of the Association. Because of the private nature of the roads within the Property subject to this Declaration, the Association shall be entitled at its option, but shall not be required, 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; provided, however, 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. Said functions may include, but shall not be required, without limitation, constructing, operating and maintaining access road control gates (including card-controlled entrance gates of a type deemed appropriate, if any, by Declarant or the Association) and restricting vehicular traffic including commercial vehicular traffic within the Property, thus admitting only Members, lessees or their guests and invitees and such other persons as Declarant or the Association elects to have access. Any entrance gates, if any, shall remain open at such times as required under agreements with applicable governmental authorities or as provided under the rules and regulations of the Association adopted by the Board. All Members and lessees may be required to keep the Association informed of all persons who have overnight accommodations at such Member's or lessee's Homesite in order to allow the Association to enforce its vehicular access rules and regulations appropriately. The Association, to the extent permitted by law, shall have the right to post speed limits on the roads of the Property as it deems appropriate and may enforce the posted speed limits, including fining violators. Declarant or the Board may prohibit excessively noisy vehicles, may prohibit vehicles with more than six wheels, and may adopt any and all rules and regulations deemed necessary or desirable by the Declarant or the Board concerning vehicular access to and use of the Property. The use of off road or unlicensed vehicles of any type including but not limited to four (4) wheel all terrain vehicles, go carts, and dirt bikes are prohibited on the roads of the Property except as specifically allowed by the Association.

DECLARANT AND THE ASSOCIATION EACH RESERVE THE RIGHT BUT NOT THE OBLIGATION TO CHARGE A FEE ON SUCH BASIS AS DETERMINED BY DECLARANT OR THE ASSOCIATION, IF ANY (WHETHER A DAILY FEE, YEARLY FEE, OR SOME OTHER BASIS) FOR THE ENTRY OF ALL APPROVED COMMERCIAL VEHICLES INTO THE PROPERTY (EXCLUDING DECLARANT, ANY BUILDERS SO DESIGNATED BY DECLARANT, AND THEIR SUBCONTRACTORS WHO MAY NOT BE CHARGED AN ENTRY FEE OF ANY TYPE AS LONG AS DECLARANT OR A BUILDER SO DESIGNATED BY DECLARANT

OWNS ONE (1) OR MORE HOMESITES OR LOTS IN THE DEVELOPMENT), INCLUDING BUT NOT LIMITED TO ALL CONTRACTORS, MOVERS, AND ALL OTHER COMMERCIAL SERVICE PROVIDERS.

Section 3.11 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 OR PERSONAL INJURY INCURRED IN THE USE OF THE COMMON PROPERTY BY AN OWNER OR THEIR FAMILIES, GUESTS, TENANTS, OR INVITEES.

ARTICLE IV: PROVISIONS FOR THE TEAL BLUFF COMMUNITY ASSOCIATION, INC.

Section 4.1 Purposes, Powers and Duties of the Association.

The Association shall be formed as a mutual benefit, non-Profit corporation for the primary purpose of performing certain functions for the common good and general welfare of the residents of Teal Bluff. To the extent necessary to carry out such purpose, the Association: (a) shall have all the powers of a corporation organized under the South Carolina Non-Profit Corporation Act of 1994, as may be amended from time to time; and (b) shall have the power to exercise all of the rights, powers, and privileges of the Association as set forth in this Declaration.

Section 4.2 Membership in the Association.

Declarant, and every person or entity who is a record Owner of a Lot or Homesite, or an undivided interest in any Homesite or Lot which is made subject to this Declaration, shall be a Member of the Association (subject to the provisions relating to multiple Ownership or joint ownership set forth in Section 4.3), provided that any such person or entity holding such title or interest merely as the security for performance of an obligation shall not be a Member of the Association. Each

Owner, by accepting a deed to any portion of the Property, acknowledges that membership in the Association is mandatory for each Owner as long as such Owner owns any portion of the Property.

Section 4.3 Voting Rights.

In recognition of the fact that Declarant finds it essential to maintain effective control of the Association during the development stages, Declarant hereby establishes two classes of voting Membership, Class "A" Members and Class "B" Member.

- (a) Class "A" Members. The Class "A" Membership shall include all those Owners described in Section 4.2 above, including Declarant, of any Lot or Homesite within the Property. Each Class "A" Member shall have one vote for each Lot or Homesite owned by such Member. When more than one person is a Class "A" Member by virtue of an Ownership interest in the same Homesite or Lot, the vote for such Homesite or Lot shall be exercised as they among themselves determine, but in no event, shall more than one (1) vote be cast with respect to any one Homesite or Lot. In the event of disagreement among such co-Owners in an attempt by two or more owners to cast the vote of such Homesite or Lot, such co-owners shall not be recognized and the vote of such Homesite or Lot shall not be counted. The Membership of a Class "A" Member shall automatically terminate upon the Member's sale of his Homesite or Lot. 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 shall 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. The 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 (including 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 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 Register of Deeds for Beaufort County.

Section 4.4 Quorum for any Action Authorized.

Except as otherwise required in this Declaration, the presence at the meeting of any Members, or of proxies, entitled to cast forty (40%) percent of the total vote of the Class "A" Membership and, until the Class "B" Membership terminates, as provided for herein, the presence of a representative of the Class "B" Member, shall constitute a quorum. If the required quorum is not forthcoming in any meeting, the meeting shall be adjourned and another meeting shall be scheduled for a date not less than ten days nor more than thirty days subsequent to the initial meeting. Written notice of the time and place of the adjourned meeting shall be provided to all Members as provided in the Bylaws. The quorum requirement for the adjourned meeting shall be the presence of Class "A" Members, or proxies entitled to cast 25% of the total vote of the Class "A" Membership and the presence of a representative of the Class "B" Member so long as such Class "B" Membership exists. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting.

Section 4.5 Bylaws.

The Bylaws of the Association have been drawn and approved by Declarant to govern meetings, duties, and related aspects of the Association. Declarant may, in its sole discretion, cause them to be recorded in the Office of the Register of Deeds for Beaufort County, South Carolina as a supplement to this Declaration. The recordation shall be deemed to be notice to the Association and all Members thereof. Declarant is not required, however, to record the Bylaws, but may provide notice thereof to the Members by such manner as it deems appropriate.

Section 4.6 Powers and Duties Prior to Activation of Association; Time of Activation.

Prior to activation of the Association by Declarant, Declarant shall possess all powers and rights described herein as belonging to the Association. Declarant may activate the Association at any time before or after the date of the recording of these Covenants, at the sole discretion of Declarant.

Section 4.7 Board of Directors and Officers.

- (a) Board. The affairs of the Association shall be managed by the 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 Non-Profit Corporation Act of 1994, as may be amended from time to time, 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 Owners or Members.
- (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 be nominated by Declarant and shall be appointed by the Board from such nominations until such time as Declarant no longer has the right to appoint Members to the Board of Directors.

- (c) 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.

Section 4.8 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 8.2 by reason of having failed to take the reasonable steps to remedy a violation or breach of the Restrictions, or of Design Guidelines as may be adopted by the ARB within thirty (30) days after having received notice of the same pursuant to the provisions of Sections 6.17 or 8.2 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

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. No such suspension shall prevent an Owner's ingress or egress from his Homesite or Lot.

Section 4.9 Voting Procedures.

The procedures for the election of Directors of the Association and the resolution of such other issues as may be brought before the Membership of the Association shall be governed by this Declaration, the South Carolina Non-Profit 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.

Section 4.10 Control by Declarant and Appointment of the Board.

Until such time as Declarant's Class "B" Membership terminates, the Board of the Association shall consist of three (3) 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 Declarant hereby retains and shall have the right to appoint all members to the Board as long as Declarant is the Class "B" Member. The right of Declarant to appoint members of the Board also includes the right to remove and replace appointees until such time as Declarant's rights to appoint members to the Board ceases. Members of the Board appointed by Declarant need not be Members of the Association and may be employees of Declarant. 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 Register of Deeds for Beaufort County, South Carolina. 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 on 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. Each Owner by acceptance of a deed to or other conveyance of a Lot or Homesite expressly vests in Declarant such authority to appoint and replace directors and nominate officers of the Association as provided in this Section and in the Bylaws.

Section 4.11 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 and Lots 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, Members, occupants, tenants, 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 with a quorum present by the vote of Members representing two thirds of the total Class "A" Member votes in the Association and by the affirmative vote of the Class "B" Member, so long as such Class "B" Membership shall exist.

Section 4.12 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 recreational facilities within the Common Property. In addition, the Association through the Board, in accordance with Article VIII of this Declaration, shall have the right to exercise the Right of Abatement as set forth in Section 8.2 to cure violations, and shall be entitled to suspend any services provided by the Association to any Owner or such Owner's Homesite or Lot 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 town ordinances, if applicable, and to permit Beaufort County to enforce ordinances on the Property for the benefit of the Association and its Members.

Section 4.13 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.

Section 4.14 Governmental Interests.

For so long as the Declarant owns any Property described on Exhibit "A" or Additional Property submitted to this Declaration, the Declarant has authority and the Association expressly authorizes the Declarant to designate sites within the Property for fire, water and sewer facilities, and other required public facilities. The sites may include Common Property owned by the Association.

Section 4.15 Security.

The Association shall maintain, repair and replace any security or card gates installed by Declarant on the Property, if any, 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.

ALL OWNERS BY ACCEPTING TITLE TO A HOMESITE ACKNOWLEDGE THAT NEITHER THE DECLARANT NOR THE ASSOCIATION IS UNDER ANY OBLIGATION TO INSTALL ANY SECURITY MEASURES SUCH AS CARD GATES OR ANY OTHER TYPE OF SECURED ACCESS. 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 SECURITY OR CARD GATES, FIRE 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

Section 5.1 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 or Lot, 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 which may or shall be levied by the Association, pursuant to this Declaration against all Homesites or Lots owned by such Owner;
- (b) to pay to the Association any special assessments, specific assessments, and any fines, penalties or other charges which may or shall be levied by the Association pursuant to this Declaration against all Homesites or Lots owned by such Owner;
- (c) that there is hereby created a continuing charge and lien upon all Homesites owned by such 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 5.6 hereof and costs of collection, including reasonable attorneys' fees, including but not limited to the assessments due to the Association;
- (d) that such continuing charge and lien on such Homesites and Lots binds such Homesites and Lots in the hands of the 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 or Lots whether arising from or imposed by

judgment or decree or by any agreement, contract, Mortgage, 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 made in good faith and for value and (iii) the lien of the Association;

- (e) that no sale or transfer at foreclosure or in lieu of foreclosure shall relieve any Homesite or Lot 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 5.6 of this Declaration and costs of collection including reasonable attorneys' fees) levied against any Homesite or Lot owned by such Owner shall be (in addition to being a continuing charge and lien against such Homesite or Homesites as provided in Section 5.1(c) of this Declaration) a personal obligation which will survive any sale or transfer of the Homesite or Lot 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.

Section 5.2 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 residents of the Development, including, but not limited to, security, the acquisition, construction, improvement, maintenance and equipping of Common Property, the enforcement of the restrictions contained in this Declaration, the enforcement of the Design Guidelines of the ARB, the payment of operating costs and expenses of the Association, the payment of all principal and interest when due on all debts owed by the Association, and also other purposes set forth or contemplated by this Declaration.

Section 5.3 Annual Assessment or Maintenance Charge; Specific Assessments.

- (a) Subject to the terms of this Article, each Homesite and Lot in the Property is hereby subjected to an annual assessment or maintenance charge, which assessment or maintenance charge will be paid by the Owner or Owners of each Homesite within the Property or Additional Property. Payment of such assessments will be made in advance in monthly, quarterly, annual or semi-annual installments with the due dates being established by the Board of Directors. In addition to the annual assessments, the Association is hereby authorized to levy specific assessments against an Owner to cover costs incurred in bringing the Homesite into compliance with this Declaration, the Design Guidelines, the Bylaws, or the rules and regulations adopted by the Board or costs incurred or fines imposed as a consequence of the conduct of the Owner or occupants of the Homesite, their agents, contractors, employees, licensees, invitees, or guests.
- (b) The annual maintenance charge and assessment will commence as to each Homesite or Lot on the first day of the month following the conveyance of the Homesite or Lot to an Owner by Declarant or a successor in title to Declarant;

provided, however, Declarant in its sole discretion as long as it is the Class B Member may waive in writing the annual assessment for a Homesite sold by Declarant to a Builder until such time as the Homesite is sold and occupied by a third-party purchaser.

- (c) Beginning on the date this Declaration is executed through December 31, 2022, the annual maintenance charge and assessment will not exceed Five Hundred Dollars (\$500) per annum, said rate of charge being the “maximum annual assessment” for 2022. Beginning January 1, 2023, and from year to year thereafter, the maximum annual assessment may be increased by the Board of Directors but not more than the greater of fifteen percent (15%) above the maximum annual assessment for the previous year or an amount equal to the initial annual assessment compounded annually at fifteen (15%) percent per annum (unless such greater increase is approved by the Membership in the same manner as a special assessment).
- (d) 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 Directors require; however, the annual assessment for each year shall not exceed the maximum annual assessment allowed for that year (unless such greater increase is approved by the Membership in the same manner as a special assessment). In addition, if for any reason the Board of Directors shall fail 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.
- (e) Assessments may be used by the Association to provide for, by way of clarification and not limitation, any and all of the following:
 - (i) 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 recreational facilities) 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;
 - (ii) 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;
 - (iii) payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment;
 - (iv) employment of security guards or watchmen, if any and if determined necessary;

(v) caring for vacant Lots; and

(vi) doing any other thing or things necessary or desirable in the opinion of the Board or Membership of the Association to keep the property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that when and if presented to the Members, the judgment of the majority of the Members of the Association in the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith.

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 but not limited to all roads of the Development.

(f) Unless required as a matter of law, the Declarant shall not at any time be subject to any assessments.

Notwithstanding the preceding, the full annual assessment will commence as to each Homesite or Lot owned by Declarant, predecessor Declarants, or a Builder upon its lawful occupancy for residential use.

(g) 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.

Section 5.4 Special Assessments for Nonrecurring Maintenance, and Capital Improvements.

In addition to the annual assessments and specific 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 no more than three (3) times 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 may 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 Builder to a third-party retail customer. This amount shall be in addition to, not in lieu of, the annual Assessment and any other Specific Assessment levied on the Homesite/Lot and shall not be considered an advance payment of such

assessments. This amount shall be due and payable to the Association immediately upon transfer of title, for its use in covering initial start-up expenses, operating expenses and other expenses which it incurs pursuant to this Declaration and the By-Laws.

- (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 Class A Members of the Association who are present in person or by proxy at a meeting duly called for such purpose with a quorum present, and, as long as there is a Class B Membership, by the Class B Member in writing.

Section 5.5 Notice and Quorum.

Written notice of any meeting called for the purpose of taking any action requiring vote under Section 5.3 or 5.4 shall be sent to all members, or delivered to their residence, not less than fourteen (14) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty-one percent (51%) of all the votes of the Class A Membership and 100% of the Class B Membership (for so long as the Class B Membership exists) 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 twenty-five percent (25%) of the total vote of the Class A Membership and, until the Class B Membership terminates, the presence of the Class B Member. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.6 Effect of Nonpayment of Assessment.

If any assessment or installment is not paid within fifteen (15) days after that due date there shall be imposed in the discretion of the Board a late or delinquency charge of up to the amount of the greater of Thirty Dollars (\$30.00) or ten percent (10%) of the amount of each assessment or installment not paid when due, whichever is greater.

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 in the discretion of the Board shall 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 a rate as established by the Board from time to time not to exceed eighteen percent (18%) per annum; 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 or Lot, and reasonable attorneys' fees, shall be a binding personal obligation of such Owner, as well as a lien on such Owner's Homesite or Lot enforceable in accordance with the provisions of this Declaration. The obligation of an Owner at the time of the assessment to pay such assessments, however, shall remain his personal obligation and shall not pass as a personal obligation to his successors-in-title unless expressly assumed by them; provided, however, the assessments due by such Owner shall remain a lien against the applicable Homesite or Lot unless a certificate has been obtained from the Association by the purchaser of the Homesite or Lot pursuant to Section 5.7 below and the amount as shown on said certificate has been collected at closing by the closing attorney and forwarded to the Association.

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 such Owner's Homesite or Lots 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.

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.

Section 5.7 Certificate of Payment.

In connection with a closing, upon written demand by an Owner or the purchaser of a Homesite or Lot, the Association shall within a reasonable period of time (but in any event prior to the applicable closing as long as the written request is received at least ten (10) days prior to the applicable closing) issue and furnish to such Owner or purchaser a written certificate stating that all assessments (including penalties, interest and costs, if any) have been paid with respect to any Homesite or Lot owned by said Owner as of the date of such certificate, or if 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 or Lot in question but shall not be binding as to the Owner in question.

Section 5.8 Contributions by Declarant.

In accordance with Subsection 5.3(f) above, it is the Declarant's intention to support the Association by funding deficits during such time as the Declarant has the right to appoint members to the Board of the Association. 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 right to appoint members to the Board of the Association 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 the amount of regular annual assessments actually collected for the calendar year (not including portions allocated to capital reserves) and expenses actually incurred for the calendar year;
 - (ii) If the difference determined in (i) above is equal to or greater than zero, 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 negative, 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 deficit payments by Declarant in excess of 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 5.8 at the time Declarant's right to

appoint members to the Board of the Association 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 this subsection 5.8, 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 right to appoint members to the Board expires or terminates. In addition, at the time Declarant's right to appoint members to the Board of the Association expires or terminates, Declarant shall have the right to withdraw from the Association reserve account provided for in subsection 5.3(e) an amount which is a reasonable estimate of the amount due Declarant but such amount shall not to exceed one-half of the amount on deposit at that time to cover Declarant's good faith estimate of amounts which shall be owed to Declarant in accordance with subsection 5.8 above. If for any reason the amount withdrawn exceeds the actual amount owed to Declarant as determined at the end of the calendar year then Declarant shall promptly refund such excess to the Association.

- (e) In no event shall the Association's obligation to reimburse the Declarant as set forth in this Section 5.8 relieve the Declarant of the obligation to pay an annual maintenance charge and assessment in accordance with subsection 5.3 above; however, the Declarant may set off amounts due as assessments against amounts owed Declarant hereunder.
- (f) This Section 5.8 may only be amended with the prior written consent of the Declarant. Each Owner, by acceptance of a deed to a Homesite or Lot in the property, and the Association, shall be deemed to have approved of the reimbursements to Declarant required by this Section 5.8.

ARTICLE VI: ARCHITECTURAL CONTROL; GENERAL COVENANTS AND RESTRICTIONS

Section 6.1 Declarant's Rights and Architectural Review Board.

Each Owner, by accepting a deed or other instrument conveying a Homesite or Lot, 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, including those as more specifically discussed in Section 6.6 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 6.6 below so long as Declarant owns any Homesite or Lot 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 Declarant or upon the Property without the prior written consent of Declarant. Upon the sale of the last Homesite or Lot 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.

Section 6.2 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 or Lot, including the location thereof on the Homesite or Lot. 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 or the Design Guidelines, 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 everything 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.

Section 6.3 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.

Section 6.4 Operations of the ARB.

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.

Activities. The Declarant and the ARB, if formed, may adopt and promulgate Design Guidelines, 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 Guidelines 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.

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 Guidelines. 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.

Section 6.5 Design Guidelines.

- (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 Guidelines”) 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 (excluding those installed by Declarant) 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 Guidelines 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 Guidelines 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 Guidelines are not the exclusive basis for a decision by the Declarant, or as applicable, the ARB, concerning a submittal and compliance with the Design Guidelines does not guarantee approval of any application.

- (c) No dwelling unit plans will be approved unless the proposed minimum square footage is 2000'. The term "enclosed dwelling area" as used in this section shall mean the total enclosed area air conditioned and heated in the dwelling unit, excluding garages.

Section 6.6 Submission of Plans and Specifications.

No Structure (excluding Structures by Declarant) shall be commenced, erected, placed, moved onto or permitted to remain on any Homesite or Lot nor shall any existing Structure upon any Homesite be altered in any way which materially changes the exterior appearance of the Structure or Homesite or Lot, 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 Guidelines 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 Guidelines 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.

Section 6.7 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 Lot 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 Lot or Structure. Such final approval of a complete submittal of any plans and specifications relating to any Homesite or Lot or Structure shall be final only as to that Homesite or Lot 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 or Lot until the entire plan has been approved by Declarant or, if established, the ARB for all matters covered in Section 6.6 or the Design Guidelines.

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 GUIDELINES 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 GUIDELINES, INCLUDING ALL SETBACK REQUIREMENTS AS SET FORTH THEREIN OR AS SHOWN ON A SUBDIVISION PLAT, 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.

Section 6.8 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 Guidelines; and
- (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.

Section 6.9 Obligation to Act.

Upon receipt of (i) all items required pursuant to Section 6.6, including payment in full of all review fees and (ii) all items required by the Design Guidelines 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.

Section 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 or Lot 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 Lot 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.

Section 6.11 Violations.

If any Structure shall be erected, placed, maintained or altered upon any Homesite or Lot, 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 8.2 hereof.

Section 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 Guidelines. Declarant, in its sole discretion, may exempt in writing any Builder who purchases a Homesite or Lot from this inspection fee requirement (but may not exempt the Builder from the inspection itself).

Section 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.

Section 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 Guidelines 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 or its actual compliance with this Declaration or the Design Guidelines.

Section 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 contained in 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 6.6 above, (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 6.9 above.

Section 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, 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, OR DAMAGES SUFFERED THEREBY AND AGREE THAT ANY SUCH COSTS, CLAIMS, EXPENSES 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.

Section 6.17 Maintenance.

Notwithstanding the rights and easements reserved by Declarant in Section 7.1(c)(iv), each Owner shall keep and maintain each Homesite or Lot or Structure owned by such Owner, as well as 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 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, 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 8.2 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 Guidelines 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 Lots (unimproved Homesites) to pay an annual fee as a specific assessment as provided below to allow the Association to underbrush Lots 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 Lots.

Notwithstanding the obligations above, as an additional charge, all Owners of Lots (unimproved Homesites) shall pay the sum of TWO HUNDRED DOLLARS (\$200.00) per year to the Association, said sum to be used specifically to have Lots mowed. Said sum may be increased from time to time as the Board of Directors of the Association deems reasonably necessary.

Section 6.18 Restriction of Use.

Homesites shall 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 Homesite or Lot) and for no other purposes provided that Declarant may operate sales offices or model homes on any Homesite or Lot owned by Declarant. In addition, Declarant may authorize a Builder in writing to operate, upon such terms and conditions as imposed by Declarant, a model home or sales office on a Homesite or Lot owned by such Builder. Upon the sale of the final lot within Teal Bluff, however, it shall no longer be permissible to all the commercial use of a sales office on any Homesite.

Section 6.19 Re-subdivision of Property.

Once a Lot or Homesite has been conveyed by Declarant to an Owner, the Lot or Homesite shall not be split, divided, subdivided, or combined nor shall its boundary lines be altered, without the prior written approval of the Board of such split, division, subdivision, combination or boundary line alteration. Two or more Homesites or Lots may not be legally combined of record into one Homesite or Lot (except by Declarant which Declarant shall have the right to do at any time in its sole discretion) unless Declarant or the Association has consented in writing to such combination, such combination is approved by Beaufort County as applicable, 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 as applicable and by Declarant or the Association in writing and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, making such Homesites or Lots a single Homesite or Lot. Such combined Homesite or Lot shall continue to be treated as separate Homesites for purposes of voting and assessments unless the Declarant or the Association otherwise agrees in writing. This provision shall not apply to the Declarant who shall have the right, at its sole discretion at any time, to alter boundary lines of any Homesite or Lot or acreage of any Homesite or Lot owned by Declarant. Nothing herein contained shall be construed to prohibit the Declarant the right to re-plat any Homesites or Lots into one (1), two (2) or more Homesites or Lots which are owned by the Declarant, by subdivision, consolidation or reconfiguration, and the Declarant may take such other steps as are reasonably necessary to re-plat

such Homesites or Lots, subject to the ordinances and standards of Beaufort County. Such steps may include, but are not limited to, the relocation of easements, walkways and rights-of-way to conform to the new boundaries of said re-platted Homesites or Lots.

Section 6.20 Erosion Control.

No activity which may create erosion or siltation problems shall be undertaken on any Homesite or Lot without the prior written approval of the ARB of plans and specifications for the prevention and control of such erosion or siltation. 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, special precautions in grading and otherwise change the natural landscape, and required landscaping.

Section 6.21 Trees.

No living tree having a diameter of more than six (6) inches (measured from a point four (4) feet above ground level) shall be removed from any Homesite or Lot unless such removal is in conformity with approved landscaping plans and specifications submitted pursuant to the provisions of Section 6.6 hereof. However, Rosebuds, Dogwoods and Magnolias shall not be removed if such tree has diameter of four (4) inches or more, pursuant to the applicable ordinance(s) of Beaufort County. Guidelines relating to the preservation of trees and other natural resources and wildlife upon the Property may be included in the Design Guidelines of the ARB.

Section 6.22 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 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 Teal Bluff and while selling Homesites or Lots.

Section 6.23 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 Lot, 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 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 or Lot 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 or Lot for sale on the Property or the Additional Property. This Section 6.23(c) may only be amended with the prior written approval of the Declarant or, if applicable, any successor Declarant; and

- (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.

Section 6.24 Setbacks.

- (a) Each dwelling which is erected on a Homesite or Lot shall be situated on such Homesite or Lot in accordance with the building and setback lines as set forth in the Design Guidelines and the plat of record for the Property. For purposes of this requirement, 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 established such a requirement as part of its approval of a Structure or has otherwise established setback requirements. HVAC equipment also may not be located in the setbacks as shown on the plat of record for the Property.
- (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 that may be shown on any recorded plat.
- (c) Declarant or, if established, the ARB may in its discretion authorize variances from compliance with all setback requirements 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. Notwithstanding the foregoing, however, variances shall not be permissible which would constitute a violation of setbacks reference on the plat of record of the Property as approved by Beaufort County.
- (d) Any setbacks 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.

Section 6.25 Fences.

No fence or wall of any kind shall be erected, maintained, or altered on any Homesite or Lot without (i) obtaining any necessary approvals, authorizations, or permits from applicable governmental authorities, including Beaufort County, South Carolina; and (ii) 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

Section 6.26 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 Guidelines and with any required approval of any affected utility company.

Section 6.27 Entrance and Driveways.

No entrance or driveway shall be constructed or altered on any Homesite or Lot without the prior written approval of the ARB. The Declarant, however, shall have the right to construct, or to authorize the construction of, such entrances, driveways, and roads as may be convenient for the development of the Property or the Additional Property through any Homesite or Lot owned by Declarant.

Section 6.28 Antenna/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 Guidelines. 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 Guidelines 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.

Section 6.29 Clotheslines, Garbage Cans, Mailboxes.

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. Standard mailboxes shall be provided and installed by Declarant at each Homesite improved by Declarant at Declarant's sole cost and expense. With respect to unimproved Homesites purchased from Declarant, Declarant may elect in its discretion to provide 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.

Section 6.30 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 Guidelines. No vehicles of any type whatsoever shall be permitted to park on any non-paved, grassed, landscaped, or other such area not designated for parking within the Development.
- (b) No school bus, truck or commercial vehicle over three-quarters (3/4) 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 or Lot unless enclosed within an approved garage or out building so that it is not visible from the street or as otherwise may be permitted in writing by Declarant or, if established, the ARB or as permitted in the Design Guidelines.
- (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 Guidelines.
- (d) The purpose of this Section 6.30 is to help maintain the neat and attractive appearance of the Development by requiring the streets of the Development to remain cleared, and for larger vehicles and equipment to be either hidden from view or eliminated altogether if intended to be stored on more than a temporary basis. In effectuating the purpose of this Section, the Board or the ARB may adopt guidelines, rules and regulations which shall give greater substance to its provisions, as for example, by defining what shall be considered temporary or permanent in the case of each subsection above.
- (e) The provisions of this Section shall not apply to Declarant.

Section 6.31 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 Guidelines. Specifically prohibited under this provision are air powered guns (excluding airsoft 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.

Section 6.32 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 or Lot to any persons because of race, color, religion, sex, age or national origin. 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.

Section 6.33 Lagoon Front and Wetlands.

For Homesites or Lots adjacent to a lagoon/pond, wetland, or wetland buffer or required buffer next to a road right-of-way:

- (a) no refuse of any kind shall be placed on or disposed of into the adjacent waters, wetland, or wetland buffers which are to be kept clean and free of pollution;
- (b) no water shall be removed from a lagoon/pond by any Owner, it being the intention that lagoons be maintained at their natural level, subject to the control of governmental authorities; provided, however, the Association may access water from lagoons/ponds for irrigation and other purposes;
- (c) Owners shall not disturb wetland buffers or wetlands or required buffer next to a road right-of-way in any manner;
- (d) no boats or devices of any type shall be used or permitted therein, except as may be approved by the Board;
- (e) subject to that easement for maintenance provided for in Section 7.1(e), and except as may be included as part of any Common Property including or adjacent to a lagoon/pond, 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; and
- (f) unless the Board determines otherwise in its discretion, Owners of Homesites adjacent to a Lagoon shall be required to maintain the landscaping of their Homesite to the waterline of the Lagoon and, if applicable, any area between Owner's property line and waterline. Furthermore, Owner's shall keep the maintenance easement portion of their respective lots, which runs parallel to the waterline of the lagoon, free from any structure, fixture, hardscaping or landscaping.
- (g) Fishing by Owners, their occupants, guests or invitees is permitted in accordance with the terms of Section 6.34(c) below.

Section 6.34 Lagoons Generally.

- (a) As a condition of using the Lagoons, in accordance with the limited use(s) set forth herein, all persons shall assume all risks associated with such use and shall release and indemnify the Declarant, Board or the Association, and all their respective officers, directors and employees, from and against any and all losses, expenses, liens, claims, demands, and causes of action of every kind and character for death, personal injury, property damage, or any other liability, damages, fines or other penalties, including costs, attorneys fees and settlements. Furthermore, neither the Declarant, Board nor the Association, including all their respective officers, directors and employees, shall be responsible for any loss, damage, or injury to any person or property arising out of the unauthorized use of the Lagoons within Teal Bluff.
- (b) Swimming, boating, use of personal flotation devices, watercraft or other active uses of the Lagoons, save and except those specifically allowed by this Declaration or by the Rules enacted by the Board, are strictly prohibited. However, Declarant, its successors or assigns, shall be permitted to perform such activities as it deems necessary for (1) emergency situations in order to preserve or protect life or property; or (2) for proper maintenance of the Lagoons.
- (c) Fishing by Owners, their occupants, guests or invitees is permitted at any time unless prohibited by law and subject to the obtainment of all required South Carolina fishing licenses and stamps. The limit on the number of fish that may be caught in one day by any one person shall be the lesser of the amount allowed by law or the amount that may be from time to time established by the Board from time to time. This section shall not be construed to permit any trespassing for purposes of fishing or accessing the Lagoons.
- (d) No person shall release or permit to be released any hazardous substances into the Lagoons, provided, however, that this restriction shall not prevent and person from applying publicly-available pesticides, herbicides or fertilizers to any landscaping on such person's property or property controlled by such person. Furthermore, no person shall place, throw, deposit, discharge, or cause to be placed, thrown, deposited, or discharged on the waters of the Lagoons any grass clippings, leaves or other landscaped debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances, litter, raw sewage, bottles, cans, papers, or any other liquid or solid materials.
- (e) In addition to imposing fines and taking other actions permitted by this Declaration or other governing documents of Teal Bluff or the Association, the Association, through its Board, may suspend use of the Lagoon by any owner, their occupant, guest, invitee or any other person authorized to use the Lagoon who violates these rules.

Section 6.35 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 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. No Structure for the care, housing or confinement of any animal shall be constructed, placed or altered on any Homesite unless plans, specifications and location for said Structure have been approved by the ARB. For the purposes of this Section 6.35, the term “household pets” shall exclude those animals, such as cows, horses, snakes, swine, goats, and fowl, all of which are specifically prohibited from being kept on the Property. 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 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.

Section 6.36 Solid Waste.

- (a) No person shall dump or burn rubbish, garbage, or any other form of solid waste on any Homesite or Lot 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 or Lot 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 and Builders that have been authorized by Declarant in writing, no burning of any trash, debris, or materials of any kind shall be allowed on a Homesite or Lot except as otherwise approved in writing by Declarant, or as applicable, the ARB, or as permitted in the Design Guidelines.

Section 6.37 Nuisances.

No noxious or offensive activity shall be carried on upon any Homesite or Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the community.

Section 6.38 Landscape and Monument Easements.

On Homesites or Lots subject to a Landscape or Monument Easement as set forth on any recorded plat of survey of the Development, such Homesites are subject to those easements rights set forth in Section 3.5.

Section 6.39 Water/Sewage.

Declarant shall make provisions with the appropriate entity for water for each Homesite prior to sale of that Homesite by Declarant. No private water wells for domestic water use may be drilled or maintained on the Property by anyone other than Declarant or the Association except as specifically authorized by Declarant or the Association in writing. Declarant shall make provisions for sewage collection for each Homesite with the appropriate entity prior to sale of any Homesite by Declarant. No septic tank shall be permitted on the Property. Shallow wells for irrigation use are specifically permitted.

Section 6.40 Occupancy Restrictions.

Except as otherwise approved by the Board in writing, no Homesite may be used or occupied as a primary residence by more than seven (7) Persons in the main structure and two (2) Persons in any approved out building, if any, 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 seven (7) 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).

Section 6.41 Declarant.

Notwithstanding any other provision of this Declaration or the Bylaws, the provisions contained in this Article VI, as well as all other architectural control provisions or general covenants and restrictions, including but not limited to building setbacks contained in this Declaration, the Articles of Incorporation or the Bylaws, shall not apply to Declarant, or to any entities affiliated with Declarant or to any successor Declarants. This Section 6.40 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 or Lot.

Section 6.42 Prohibition on Mining.

Notwithstanding any other provision of this Declaration, the mining or extraction of any oil, gas or minerals of any type are prohibited on any portion of the Property.

Section 6.43 Buffers.

The Owners of all Homesite subject to buffers of any type (including but not limited to wetland buffers and buffers required for lots adjacent to any road rights-of-way as shown on any subdivision plat or other plats of the Property recorded by Declarant or its predecessors or in any recorded restrictive covenants) shall respect such buffers and shall not disturb such buffers in any manner without the express prior written consent of Declarant or the ARB. The Owner of any Homesite that disturbs any such buffers in any manner except as expressly allowed in writing by Declarant or the ARB and Beaufort County or Army Corps of Engineers, as applicable, shall be subject to fines and other remedies deemed appropriate to Declarant or the Board, Beaufort County or the Army Corps of Engineers, including but limited to being required to re-establish at such offending Owner's expense such buffers in a manner approved in writing by Declarant or the ARB.

Section 6.44 Natural Resource Preservation Areas.

Portions of the Property may be subject to buffers or other vegetative, landscaping, environmental, natural resource preservation, or wildlife control areas as shown on any plats of the Property or as established by any governing authority or authorities having jurisdiction over such matters. Such buffers and control areas may limit the improvements permitted to be constructed on any Lot affected thereby. The Declarant, the Association, when empowered, and the Owners of Lots upon which natural resource preservation areas are located or to which natural resource preservation areas are adjacent shall be prohibited from all land disturbance activities and any tree removal.

ARTICLE VII: EASEMENTS, ZONING AND OTHER RESTRICTIONS

Section 7.1 Easements.

- (a) Declarant hereby expressly reserves to the Declarant, its successors and assigns forever, 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, retention lagoons, 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 slopes of all lagoons/ponds and including the right to grade and plant slopes 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;

- (v) the planting or re-planting of hedges, shrubbery, bushes, trees, flowers and plants of any nature; and
 - (vi) the erection, installation, construction and maintenance of fences, walls, monuments, signs, 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.
- (b) No Owner 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 assigned by the Declarant to the Association.
- (c) The Declarant hereby expressly reserves to the Declarant, its successors and assigns, across the Property, and across each portion of any Additional Property subsequently submitted to this Declaration by annexation as provided in Article X hereof, perpetual easements appurtenant to all or any portion of the Property and to all or any portion of the Additional Property not subject to this Declaration for the following uses and purposes:
- (i) an easement for ingress and egress by vehicular and pedestrian traffic over (1) such drives, roadways, walkways and paths as are shown on the plat or plats recorded in connection with the initial phase of the Property and such portions of the Additional Property as are submitted to this Declaration, and (2) such drives, roadways, walkways and paths as may be constructed in the future;
 - (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 the initial 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;
 - (iii) an easement for the purpose of maintaining that certain Grant of Easement dated February 5, 1997 and recorded in Book 921 at Page 1551 and as relocated by that certain Modification of Easement dated February 9, 2021 and recorded in Book 3970 at Page 257 in the Beaufort County Records;

- (iv) easements for accessing, maintaining and protecting all natural resource preservation areas, as designated by Declarant, located within the Property or portions of Additional Property subsequently submitted to this Declaration;
 - (v) easements for accessing and maintaining all lagoons/ponds and maintenance easements adjacent to the lagoons, which are part of the stormwater system for the Development and an easement for the purpose of creating and maintaining satisfactory drainage across Homesites or Lot in the development of up to ten (10) feet in width along each side line and up to ten (10) feet in width along the rear line of each Homesite or Lot; however, said easement shall not include any portion of a Homesite upon which the foundation of any dwelling is located; and
 - (vi) an easement for landscaping and maintenance purposes over and under that portion of each Homesite or Lot comprising the front yard for the purpose of maintaining and landscaping such portions of each Homesite or Lot. This right and easement to landscape and maintain the front yard of each Homesite or Lot shall not obligate the Declarant to maintain or landscape any portion of any Homesite or Lot, nor shall it relieve Owner from its obligation to maintain such areas as a portion of his Homesite or Lot. Any maintenance or landscaping performed shall be undertaken with a minimum of interference to the quiet enjoyment of the Homesite by the Owner. Declarant's rights under this Section 7.1(c)(iv) shall terminate for Declarant whenever Declarant shall voluntarily terminate such rights or whenever Declarant shall cease to own at least five (5%) of all Homesite within the Property, whichever shall first occur.
- (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 initial phase of the Property, and across each portion of any Additional Property subsequently submitted to this Declaration by annexation as provided in Article X 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 Declarant hereby expressly reserves a perpetual easement for the benefit of Declarant and its successors and assigns for the use and enjoyment of the surface waters of those portions of any pond, Lagoon or Wetland submitted as part of the Property, as well as a perpetual easement for the maintenance of lagoons, ponds, or wetlands which are within the Development or which are made available for the use and enjoyment of the Owners within the Development in accordance with the terms of this Declaration and Rules and Regulations as may be adopted by the Board.

The easement to maintain any Lagoon created hereby shall not relieve any Owner of a portion of a Lagoon from maintaining said area as a portion of his Homesite. The Declarant, its successors and assigns, shall be under no duty to maintain any portion of any Lagoons or Wetlands; however, such an easement is reserved in case maintenance is necessary to facilitate the use and enjoyment of the surface waters. Any maintenance performed shall be undertaken with a minimum of interference to the quiet enjoyment of Property adjacent to any Lagoon or Wetland. The easement area for maintenance shall extend to twenty (20) feet above the shoreline of the Lagoon or Wetland which shall be determined at any time by the water level of the Lagoon or Wetland is shown on the plat of record of the Property and shall include those portions of the Lagoon or Wetland which extend over any Homesites adjoining the Lagoon or Wetland. The easement for use and enjoyment created hereby will not include any portion of a Homesite, if any, above the water level, it being the intention of this easement of use and enjoyment to be limited to the waters of any Lagoon or Wetland. The right to use and enjoyment of said water shall be subject to the restrictive covenants set forth in Article VI of this Declaration as well as those regulations which may be promulgated by the Board of the Association from time to time.

- (f) The Declarant hereby expressly reserves a perpetual easement for the benefit of the Declarant, its successors and assigns, over, across and through each Homesite or Lot that borders a Lagoon for the purpose of maintaining the landscaping from the shoreline of the Lagoon within the boundaries of the Homesite or Lot for an approximate width of thirty-eight (38) feet running along the entirety of the Homesite or Lot boundary line which lies adjacent to the Lagoon. Said easement being more clearly shown on the record plat of the Property as referenced herein.
- (g) The easements created in this Article VII are in addition to any easements or rights created elsewhere in this Declaration or in other easements or record. The provisions of this Article VII may not be amended without the written consent of the Declarant, its successors and assigns.
- (h) Notwithstanding anything herein to the contrary, neither the Declarant nor any Builder, Owner, their invitees, licenses, agents, employees, successors, assigns, nor any other Person governed hereunder, shall unreasonably impede access to that certain Grant of Easement dated February 5, 1997 and recorded in Book 921 at Page 1551 and as relocated by that certain Modification of Easement dated February 9, 2021 and recorded in Book 3970 at Page 257 in the Beaufort County Records. To the extent that any such party must reasonably impede access under that Easement, such as for the purpose of maintaining the Common Property or the roadways for the Easement, such interruptions in access shall be as brief and as limited in scope as reasonably possible.

Section 7.2 Easement Area.

The words "Easement Area" as used herein shall mean those areas on any Homesite with respect to which easements are provided for in a recorded deed or grant of easement, or shown or noted on any filed or recorded map or plat relating thereto, or as otherwise set forth in Section 7.1.

Section 7.3 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 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 7.1.

Section 7.4 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.

Section 7.5 Landscaping.

In all utility easement areas, access to transformers, pedestals, and other above ground utility equipment cannot be impeded by additional fencing or landscaping other than that approved by Declarant and the affected utility company.

Section 7.8 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 (including all Additional Property annexed hereunder) 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 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 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, if any (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 (excluding Declarant, Declarant designated Builders, and their subcontractors).

ARTICLE VIII: ENFORCEMENT

Section 8.1 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 owns any portion of the Property or maintains the right to annex Additional Property in accordance with Article X hereof, (ii) the Association, and (iii) 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 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, 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 an 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.

Section 8.2 Right of Abatement.

- (a) Except where different notice provisions are provided in Article VI, in the event of a violation or breach of any restriction 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. If the Owner shall fail to take reasonable steps to remedy such violation or breach within fourteen (14) days after the mailing of such written notice, then the Association shall have the Right of Abatement. 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 Lot 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 in Article VI hereof, means the right of the Association, through its agents and employees, to enter at all reasonable times upon any Homesite or Lot, 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 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 or as otherwise provided in this Declaration, and with the cost thereof, including the costs of collection and reasonable attorneys' fees, together with interest thereon at the lower of the highest rate permitted by law or a rate to be established by the Board not to exceed 18% to be a binding personal obligation of such Owner enforceable in law, as well as a lien on such Owner's Homesite or Lot enforceable pursuant to the provisions of Section 8.5 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 or Lot after such entry whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage 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 5.1 hereof, and (iii) 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 in good faith and for value.

Section 8.3 Fines and Penalties and Creation of Lien.

- (a) Except for nonpayment of any annual, specific, or special assessments, which are controlled by Section 5.6, in addition to all other remedies set forth in this Declaration, the Association, acting through its Board of Directors, may establish fines and penalties for any or all violations of these Covenants.

- (b) The Association, acting through its Board of Directors, 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.
- (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 8.2(a). This provision shall not supersede any other provision of this Declaration requiring different notice.
- (d) Due to the recognition that fines and penalties are often not established until after a violation has occurred, the Association, acting through its Board of Directors, shall have the authority to assess any fines or penalties established in accordance with these provisions against any and all violations of these Covenants, 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.
- (e) Any fines or penalties assessed pursuant to this Section 8.3 for violations of these Covenants, 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 Owner's Homesite enforceable pursuant to the provision of Section 8.5 hereof. Such lien shall be superior to any and all subsequent charges, liens or encumbrances which may in any manner arise or be imposed upon the Homesite whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, 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 5.1 hereof, and (iii) 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 in good faith and for value.

Section 8.4 Specific Performance.

Except for the provisions and limitations of Section 8.1, nothing contained in this Declaration shall be deemed to affect or to limit the rights of the Declarant, the Association or any Owner to bring suit for and collect damages. However, it is hereby declared that it may be impossible to measure accurately 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.

Section 8.5 Collection of Assessments and Enforcement of Lien.

If any assessment, interest, cost 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 any Homesite or Lot 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.

Section 8.6 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 these Covenants 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.

ARTICLE IX: DURATION AND AMENDMENT

Section 9.1 Duration and Perpetuities.

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 with respect to the Property subject to this Declaration and the further right to limit or amend the application of these Covenants. After the initial forty (40) year period of duration, all said covenants, restrictions and obligations shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Owners of Homesites or Lots has been recorded agreeing to terminate this Declaration, in whole or in part.

If any of the covenants, conditions, restrictions, easements or other provisions of these Covenants shall be unlawful, void or voidable for violation of the Rules Against Perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the survivor of those decedents of Her Majesty Queen Elizabeth II, the Queen of England, which are living as of the date this Declaration is executed.

Section 9.2 Amendment.

- (a) By Declarant. So long as Declarant is the Class "B" Member, these Covenants may be amended unilaterally at any time and from time to time by Declarant (i) if such amendment is necessary to bring any provision hereof 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 or Lots subject to these Covenants, (iii) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Homesites or Lots subject to these Covenants, (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 and Lots subject to these Covenants, (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration, (vi) if such amendment is for the purpose of deleting from this Declaration any portion of the Property owned by Declarant as provided in Article II of this Declaration, (vii) if such amendment is for the purpose of annexing Additional Property pursuant to Article X of this Declaration, or (viii) if such amendment is deemed necessary or desirable by Declarant; provided any such amendment shall not in Declarant's sole opinion materially adversely affect any existing Owner's rights under this Declaration or materially adversely affect the title to any Owner's Homesite or Lot.

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 OR THE ASSOCIATION OR THE BOARD AND WITHOUT ANY SIGNATURE REQUIRED ON ANY SUCH SUPPLEMENTAL DECLARATION TO ACCOMPLISH SUCH AMENDMENT BUT DECLARANT'S SIGNATURE.

- (b) By Owners and Declarant. Except as otherwise provided in this Declaration, these Covenants may be amended at any time and from time to time by the affirmative vote of at least two-thirds (2/3) of the Owners present in person or by proxy at a special or annual meeting of the Owners, where a quorum is present; provided, however, such amendment by the Owners shall not be effective unless also signed by the Declarant, if the Declarant is the Owner of any real property subject to these Covenants or any portion of the Additional Property; and provided further, however, no amendment affecting the Declarant's right to add Additional Property or to delete property shall be effective unless also signed by the Declarant.
- (c) Effect. No amendment to the provisions of these Covenants 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 or Lot affected thereby unless such holder shall

consent in writing thereto. Notwithstanding the foregoing, nor the 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, shall be effective unless consented thereto in writing by the Declarant. Any such amendment shall not become effective until the instrument evidencing such change has been filed for record in the Office of the Register of Deeds for Beaufort County, South Carolina. When the written consent of a Mortgagor is required as set forth above, such written consent thereto shall also be filed with such amendment. Every purchaser or grantee of any interest in any real property now or hereafter subject to these Covenants, by acceptance of a deed or other conveyance thereof, thereby agrees that these Covenants may be amended as provided in this Section 9.2.

ARTICLE X: ANNEXATION

Section 10.1 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 or the Owners, but subject to Section 10.2 of this Article, to submit all or portions of the 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 10.2 of this Article, which are the only conditions and limitations on such right.

Section 10.2 Conditions of Annexation.

Any annexation as permitted in Section 10.1 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 ten (10) years from the date of 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 or Lots then owned by Declarant, may consent to the extension of such option.
- (b) Portions of the 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) All Homesites or Lots created on portions of the Additional Property which are added to the Property will be restricted exclusively to residential purposes (subject to the right of Declarant or Builders to other uses as provided in this Declaration), in accordance with Article VI of this Declaration, unless otherwise used as Common Property. The exercise of

the option to submit a portion of the Additional Property to the Declaration shall not bar further exercise of this option as to other portions or the balance of the Additional Property.

- (d) If the Additional Property or any portion thereof is subjected to this Declaration, Declarant reserves the rights to designate the boundaries of the Homesites, Lots, and Common Property, if any, of the Additional Property in accordance with Article II of this Declaration.
- (e) The option reserved by Section 10.1 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 Office of the Register of Deeds for Beaufort County.
- (f) In addition to the procedure outlined hereinabove, the option reserved by Section 10.1 of this Article may be exercised with respect to any portions of the Additional Property, notwithstanding that such Additional Property may be owned by Persons, including any individual, individuals, corporations, partnerships or any other type of entity, other than Declarant. Declarant shall exercise this option by an amendment expressly submitting such property to this Declaration, which amendment shall be filed for record in the Office of the Register of Deeds for Beaufort County. 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.

Section 10.3 Effect of Annexation.

- (a) From and after the date of annexation of any portion of any Additional Property, each Homesite and Lot so added to the Property and the Owners thereof, shall have the same vote, shall share the same obligations and responsibilities, and shall have the same rights and privileges afforded every other Homesite or Lot previously comprising part of the Property. Upon

annexation of each portion of the 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 Owner, 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 the Additional Property which is the subject of annexation.

- (b) Each Owner, by acceptance of a deed to a Homesite or Lot in the Property, and the Association, shall be deemed to have approved annexation in the manner provided in this Article X.

Section 10.4 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 the Additional Property to the Declaration, or to develop any portion of the Additional Property. Any references to “proposed” or “future” development are for the Declarant’s reference only, and any portion of the Additional Property may be developed by Declarant as Declarant in its sole discretion sees fit.

Section 10.5 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, for the purpose of removing any portions of the Development then owned by the Declarant from the provisions of this Declaration, including to the extent originally included in error or as a result of any changes whatsoever in the plans for the Development desired to be effected by the Declarant.

ARTICLE XI: MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first Mortgages on Homesites and Lots in the Development. The provisions of this Article apply to both this Declaration and to the Bylaws notwithstanding any other provisions contained therein.

Section 11.1 Notices of Action.

An institutional holder, insurer, or guarantor of a first Mortgage, who provided written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the Homesite or Lot number, therefore becoming an “eligible holder”), will be entitled to timely written notice of:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Development or which affects any Homesite or Lot on which there is a first Mortgage held, insured or guaranteed by such eligible holder;

- (b) any delinquency in the payment of assessments or charges owned by an Owner of a Homesite or Lot subject to the Mortgage of such eligible holder if such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Homesite or Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;
- (c) any lapse, cancellation, or a material modification of any insurance policy maintained by the Association; or
- (d) any proposed action which would require the consent of a specified percentage of eligible Mortgagees.

Section 11.2 Right to Records.

Upon written request in accordance with Section 11.1, all eligible holders shall:

- (a) be entitled to attend and observe all meetings of Owners, but not meetings of the Board;
- (b) be furnished with copies of annual financial reports made to the Owners; and
- (c) be entitled to inspect the financial bonds and records of the Association during reasonable business hours.

Section 11.3 Insurance.

- (a) Policies. At all times during the term of this Declaration, the Association, its successors and assigns, shall be required to keep any and all recreational facilities and any other improvements located on the Common Property insured to the extent deemed necessary by the Board by a reputable insurance company authorized to transact business in the State of South Carolina with (i) fire, vandalism, malicious mischief and extended coverage insurance in an amount adequate to cover the cost or replacement of such improvement in the event of loss of any or all of such improvements, fixtures and contents thereof, and (ii) public liability insurance in such amounts as shall be determined by the Board of Directors as appropriate for the type of recreational activities which shall be allowed on the Common Property. Any such policies of insurance shall require that the certificate holders are and continue to be insured by giving thirty (30) days prior written notice of any cancellation of such policies.

- (b) Destruction or Damage. Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section 11.3, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.
- (c) Reconstruction. Any damage or destruction shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five percent (75%) of the total Association vote entitled to vote thereon, and, for so long as the Declarant owns at least one (1) Homesite or Lot, the Declarant, otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed one hundred and twenty (120) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.
- (d) Special Assessments. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Association's Members, levy a special assessment. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited for the benefit of the Association.
- (e) No Reconstruction. In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then in that event, the Property shall be restored to its natural state and maintained as an undeveloped portion of the Community in a neat and attractive condition.
- (f) Deductible Allocation. The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the persons who are responsible hereunder for maintenance of the damaged or destroyed property.

Section 11.4 No Priority.

No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Homesite or Lot in the cases of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 11.5 Professional Management.

Any agreement for professional management of the Association, or any other contract providing services of the Declarant, may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee with ninety (90) days written notice.

Section 11.6 Notice to Association.

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Homesite or Lot.

Section 11.7 FHA/VA Approval.

As long as there is a Class "B" Membership, the following actions shall require the prior approval of the Federal Housing Administration or the Veterans Administration, if either such agency is insuring or guaranteeing a Mortgage on any Homesite or Lot: annexation of any property other than property which is defined as Additional Property, dedication of Common Property, mortgaging of Common Property, or material amendment of this Declaration.

Section 11.8 Amendment by Board.

Should the Veterans' Administration, the Federal Housing Administration, the National Mortgage Association, or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which may have necessitated the provisions of this Article XI or make such requirements less stringent, the Board, without approval of any Owner, may cause an amendment this Article XI to be recorded to reflect such changes.

Section 11.9 Applicability of Article XI.

Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or South Carolina law for any of the acts set out in this Article.

Section 11.10 Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

ARTICLE XII: MISCELLANEOUS

Section 12.1 No Reverter.

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

Section 12.2 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.

Section 12.3 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.

Section 12.4 Notices.

All notices, requests, objections, waivers, rejections, agreements, approvals, disclosures or consent of any kind made pursuant to this Declaration, whether by the Declarant, the Association, the ARB, the Owner, or any other Person, shall be in writing. Unless and until a different address is provided in writing to the party seeking to provide notice, all such writings shall be delivered, as may be appropriate, to the following addresses:

- (a) Declarant: Forino Co., L.P.
3229 Argent Boulevard Unit E
Hardeeville, SC 29936
- (b) Owners: Each Owner's address as registered
with the Association in accordance
with this Declaration or the Bylaws.

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.

Section 12.5 Interpretation.

Throughout this Declaration, the masculine gender shall be deemed to include the feminine and vice versa, and the singular shall be deemed to include the plural and vice versa. Use of "either... or" shall be interpreted to include one option, but not both. Use of "or" without using "either" shall be interpreted to include either option, or both. The term "shall" is mandatory and "may" is permissive.

Section 12.6 No Liability.

Declarant has, using best efforts and all due diligence, prepared and recorded this Declaration so that the Association and each and every Owner shall have the right and the power to enforce the terms and provisions of this Declaration against every all Owners. However, in the event that this Declaration is, for any reason whatsoever, unenforceable by the Association or an 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 or Lot, acknowledges that Declarant shall have no such liability.

Section 12.7 Leases.

- (a) 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 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 Section 12.7 shall not apply to Declarant or to any affiliates of Declarant or to any party exempted from these provisions by Declarant in writing.
- (b) Notice and Regulation. The Board in its discretion may require any Owner (excluding Declarant, any affiliates of Declarant, and any party exempted from these provisions by Declarant in writing) 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.
- (c) Required Lease Provisions. The Board of Directors may set the minimum lease term for all Owners (excluding Declarant, any affiliates of Declarant, and any party exempted from these provisions by Declarant in writing); 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, any affiliates of Declarant, and any party exempted from these provisions by Declarant in writing) 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, any affiliates of Declarant, and any party exempted from these provisions by Declarant in writing) 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 this Section 12.7, 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:

- (i) Lessee acknowledges and agrees that all promises deemed made by the lessee to the Association under this Article XII, Sections 12.7 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; and
- (ii) 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.
- (d) Enforcement. For the purpose of enforcing the provisions of Section 12.7, 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.

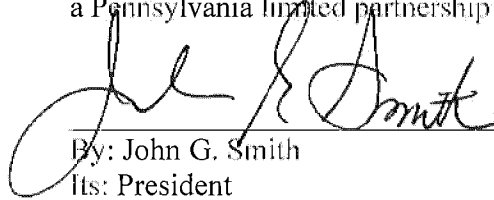
- (e) Rights of Lessee. Any lessee charged with a violation of the Declaration, Bylaws, or rules and regulations of the Association is entitled to the same rights to which the Owner is entitled as provided in this Declaration or the Bylaws.

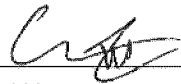
[Signature Page to Follow.]

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed and sealed this 21st day of April, 2022.

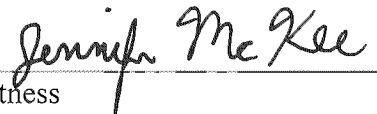
DECLARANT:

FORINO CO., L.P.
a Pennsylvania limited partnership


By: John G. Smith
Its: President



Witness




Witness

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that John G. Smith, the President of Forino Co., L.P., personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 21st day of April, 2022.



Notary Public of South Carolina
My Commission Expires: 5/30/2027

EXHIBIT "A"

ALL that certain piece, parcel or tract of land, situate, lying and being in Beaufort County, South Carolina, being a portion of "The McLeod Farm", said property lying within Lots 41, 42, 53, 54, 55, 56, 57, 58, 59, and 60 in Section 34, Township 2 North, Range 2 West according to the survey made by the U.S. Direct Tax Commissioners for the District of South Carolina, containing 39.95 acres, more or less, and being more particularly shown and described on a plat prepared by David E. Gasque, R.L.S., dated July 28, 2006 as revised on March 28, 2007 and recorded in Plat Book 119 at Page 86 in the office of the Register of Deeds for Beaufort County, South Carolina. For a more complete description as to metes, bounds, courses and distances, reference may be had to the aforementioned plat of record.

EXHIBIT "B"

BY-LAWS

OF

TEAL BLUFF COMMUNITY ASSOCIATION, INC.

ARTICLE I
IDENTITY

The following By-Laws shall govern the operation of the Teal Bluff Community Association, Inc.

Section 1.01. Name. The name of the corporation is Teal Bluff Community Association, Inc., a non-profit corporation (hereinafter referred to as the “Community Association”) organized and existing under the laws of the State of South Carolina.

Section 1.02. Offices of the Community Association. The offices of the Community Association shall be at the offices of Forino Co., L.P. (hereinafter referred to as the “Company”), at 3229 Argent Blvd. Unit E, Hardeeville, SC 29936, or at such other place as may be subsequently designated by the Board of Directors of the Community Association.

Section 1.03. The seal of the Community Association shall bear the name of the Community Association, the words “South Carolina,” the words “non-profit corporation” and the year of incorporation.

ARTICLE II
DEFINITIONS

Section 2.01. General. All terms used herein and not otherwise defined shall have the meaning ascribed to them in that certain Declaration of Covenants, Conditions and Restrictions for Teal Bluff dated April 21, 2022, and recorded in the Beaufort County Register of Deeds Office for Beaufort County, South Carolina (“Declaration”), certain provisions of which Declaration may be repeated in full or in part and may be renumbered as they appear.

ARTICLE III
MEMBERSHIP AND VOTING PROVISIONS

Section 3.01. Membership. The Company, and every person and entity, who is a record owner of a fee simple or undivided fee simple interest in any Homesite or Lot which is subject to the Declaration, shall be a Member of the Community Association; provided, however, that any such person or entity holding such title or interest merely as a security for performance of an obligation shall not be a Member of the Community Association. In the case of multiple ownership of any Homesite or Lot in Teal Bluff, there shall be a maximum of one (1) Member. In the event of such multiple ownership of any kind, including by a partnership or corporation, the name of the Owner designated as Member shall be submitted to the Company and/or Community Association each year, in accordance with the rules and regulations of the Community Association. Only the designated Member shall be entitled to access the facilities of the Community Association as a Member of the Community Association for the year of designation. Remaining Owners shall be entitled to access only in accordance with rules and regulations established by the Community Association, its successors and assigns, for guests.

Section 3.02. Voting Rights. The Community Association shall have two (2) types of regular voting memberships:

CLASS "A" - Class "A" Members shall include all those Members as described in Section 4.2 and 4.3(a) of Article IV of the Declaration, including the Company. A Class "A" Member shall have one (1) vote for each Lot or Non-Property Owner Membership owned by such Member.

CLASS "B" - Class "B" Members shall be the Company and any successors or assigns of Company's rights in the Declaration. The Company shall have one (1) vote, plus one (1) vote for each outstanding Class "A" vote held by any other person or entity. The Class "B" Membership and voting privileges shall cease and terminate for Company whenever the Company: (a) shall voluntarily give up its Class "B" Membership; or (b) Turnover Date, whichever shall first occur.

When any property entitling the Owner to Membership as a Class "A" Member of the Community Association is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship respecting the same property, the individual Owner submitted to the Community Association as the designated Member shall be the only Owner entitled to vote.

Section 3.03. Members to Have Power of Referendum in Certain Instances. Where specifically provided for herein or in the Declaration, the Members, or some specific portion of the total membership, shall have the power to approve or reject certain actions proposed to be taken by the Community Association by referendum, excluding the levy by the Community Association of any Special Assessment which may not be approved or rejected by referendum. To constitute a quorum, the number of votes received by the Community Association must equal or exceed the quorum that would be required to be present at a meeting authorizing the action. The solicitations for vote shall include: i) the percentage of approvals needed to meet the quorum requirements; ii) the percentage of approvals necessary to approve each matter; and iii) specify the time by which a ballot must be received by the Community Association to be counted. In the event the quorum requirement is met and fifty-one (51%), or more, of the votes actually returned to the Community Association within the specified time shall be in favor of such action, the referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a referendum without complying with the provisions thereof.

In the event of a dispute as to whether a referendum is required, the following action may be taken:

Within thirty (30) days after the adoption by the Directors of any action which is, in the opinion of the Members, subject to a referendum, a petition signed by not less than twenty-five percent (25%) of the total Membership of the Community

Association may be filed with the Secretary of the Community Association requesting that any such action be either repealed or submitted to a vote of the Members.

Section 3.04. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Community Association. The quorum required for any action that is subject to a vote of the Members at an open meeting of the Community Association (as distinguished from the referendum) shall be as follows:

The first time a meeting of the Members of the Community Association is called to vote on a particular action proposed to be taken by the Community Association, the presence at the meeting of Members or proxies entitled to cast thirty percent (30%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, the meeting shall be adjourned and a second meeting shall be called subject to the giving of proper notice under the provisions of Article IV, Section 4.04, and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five percent (25%) of the total vote of the membership of the Community Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Section 3.06, and any other requirements for such "duly called meeting."

Section 3.05. Proxies. Votes may be cast in person or by proxy. All Members may vote and transact business at any meeting of the Community Association by proxy authorized in writing, provided; however, that proxies shall not be permitted for any action which is subject to a referendum, in which case the votes of all the Members polled shall be made by specially provided ballots which shall be marked, signed and mailed to the Community Association.

Section 3.06. Majority Vote. At a meeting at which a quorum is present, the vote of a majority of the Members present at the meeting, who are entitled to vote, shall be binding upon all Owners and Members for all purposes except where in the Declaration or in these By-Laws, or by Law, a higher percentage is required.

ARTICLE IV **MEETING OF THE MEMBERSHIP**

Section 4.01. Place. All meetings, annual and special, of the Community Association membership shall be held at the office of the Community Association, or at such other place and at such time as shall be designated by the Board of Directors of the Community Association and stated in the notice of meeting, and shall be open to all Owners and Members.

Section 4.02. Record Date. The Board of Directors shall fix a record date for determining Members entitled to notice of and Members entitled to vote at each annual or special meeting. Such record date shall be at least ten (10) but not more than forty (40) days before the meeting.

Section 4.03. Membership List. After a record date for a notice of a meeting has been fixed by the Board of Directors, a complete list of Members of the Community Association shall be prepared by the Secretary. This Membership list shall list the Members by classification of Membership and shall include the addresses and number of votes each Member is entitled to vote at the meeting. Such list shall be maintained in the office of the Community Association beginning the day after notice is given of the meeting for which the list was prepared and continuing through the meeting.

Section 4.04. Notices. Except as otherwise provided in the Declaration or these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized or qualified to call the meeting, by mailing a copy such notice, with proper postage affixed, at least fourteen (14) days (but not more than thirty (30) days) before such meeting to each Member entitled to vote thereat, to the last known address of the person or entity who appears as Owner of record of each membership on the first day of the calendar month in which said notice is mailed. It shall be the obligation of every Member to immediately notify the Secretary of the Community Association in writing of any change of address. Any person who becomes the Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor-in-title. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Evidence of such notice having been given may consist of an affidavit of meeting evidencing that the requisite notice was posted at least fourteen (14) days prior to such meeting.

Section 4.05. Quorum. The presence at the meeting of Members entitled to cast, or the proxies entitled to cast, thirty percent (30%) of the total vote of each membership class shall constitute a quorum for any action except as otherwise provided in the Certificate of Incorporation, the Declaration, or these By-Laws and as more fully described in Section 3.04 hereinabove.

Section 4.06. Annual Meeting. The annual meeting shall be held at 9:00 A.M., Eastern Standard Time, on the 1st Monday of December, or such other day as the Board of Directors may determine, each year for the purpose of electing directors and transacting any other business authorized to be transacted by the Members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next secular day following. At the annual meeting, the Members shall elect new Members of the Board of Directors by plurality vote and in accordance with Article V of these By-Laws, and shall transact such other business as may properly be brought before the meeting.

Section 4.07. Special Meetings. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Community Association and shall be called by the President or Secretary of the Community Association at the request, in writing, or Members owning five percent (5%) or more of the interests in the

Property, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the notice thereof.

Section 4.08. Waiver and Consent. Whenever the vote of Members at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Community Association, the meeting and vote of Members may be waived if a majority of Members who would have been entitled to vote on the action if such meeting were held, shall consent in writing to such action being taken; however, notice of such action shall be given to all Members, unless all Members participated in the approval of such action.

Section 4.09. Adjourned Meetings. If any meeting of the Members cannot be organized or convened because a quorum does not exist, then the Members entitled to vote thereat or the person initially calling the meeting shall have the power to adjourn the meeting and to call a second meeting subject to the giving of proper notice and the required quorum at such second meeting shall be the presence of Members or proxies entitled to cast twenty-five percent (25%) of the total vote of the Membership of the Community Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called in the same manner as the second meeting subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. This provision shall not apply when the proposed action is the amendment of the Declaration and the quorum requirement established by Section 9.2, Article IX of said Declaration shall govern in that instance.

ARTICLE V **DIRECTORS**

Section 5.01. Composition of the Board of Directors. The Community Association shall be governed by a Board of Directors consisting of three (3), five (5) or seven (7). Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the Board of Directors as provided for in these By-Laws or by the Community Association.

Section 5.02. Qualifications and Selection of Board Members. As long as the Company owns one or more Homesites, Lots and/or Dwelling Units or Memberships within the Property, the Company shall be entitled to elect at least one member of the Board of Directors, who need not be a Member of the Community Association or Owner of record of any Lot and/or Dwelling Unit. This Section 5.02 is further subject to the terms contained in Section 4.10 of the Declaration and shall not be interpreted in a manner inconsistent with the Declaration. After Turnover, a majority of the Board of Directors' members must be Owners of record of any Homesite, Lot and/or Dwelling Unit. All officers of a corporate Owner, for purposes of this Section 5.02 only, shall be deemed to be Members of the Community Association so as to qualify to serve as a director herein.

Section 5.03. Term of Office. The initial members of the Board of Directors who are appointed by the Company shall be appointed for a one (1) year term. Thereafter, at the first election of directors by the membership, the Members shall elect three (3) directors for a term of one (1) year, three (3) directors for a term of two (2) years, and one (1) director for a term of three (3) years; and at each annual meeting thereafter the Members shall elect directors to fill the expiring

terms for a term of three (3) years. In the event the Board is expanded as permitted by these By-Laws, the terms of new members of the Board shall be staggered in a similar fashion as directed by the Board. The members of the Board shall hold office until their successors have been elected and hold their first meeting. Any and all of said Board members shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 5.05 of this Article.

Section 5.04. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Community Association at a meeting called for the purpose of removing the Director, provided the notice of the meeting stated that this was the purpose, or one of the purposes, of the meeting. A successor may then and there be elected to fill the vacancy thus created. Should the Community Association fail to elect a successor, the Board of Directors may fill the vacancy in the manner provided in Section 5.05 below.

Section 5.05. Vacancies on Directorate. If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining members of the Board of Directors, though less than a quorum, as defined in Section 5.13 below, shall choose a successor or successors, who shall hold office for the balance of the unexpired term in respect to which such vacancy may be held at any regular or special meeting of the Board of Directors.

Section 5.06. Disqualification and Resignation of Directors. Any Director may resign at any time by sending a written notice of such resignation to the office of the Community Association, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the Board of Directors elected at such second annual meeting of the membership, the transfer of title of his property by a director shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors. No director shall continue to serve on the Board of Directors should he be more than thirty (30) days delinquent in the payment as a Member of any assessment against his Property or Membership; and said delinquency shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors.

Section 5.07. Nomination. Nomination of the members for the initial Board of Directors shall be made by the Company. Thereafter, nomination for election to the Board of Directors by the Members shall be made by a nominating committee. Nominations may also be made by a petition of not less than twenty-five (25) Members in good standing submitting such nomination in writing to any officer or director at least forty-eight (48) hours prior to the date and time set for the meeting at which the directors will be elected. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Community Association who need not be members of the Board of Directors. The nominating committee shall be appointed by the Board of Directors at each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made only from among Members except as provided in Section 5.02 and

shall be made in such categories of directorship as required by the provisions of Section 5.03 of these By-Laws.

Section 5.08. Election of Directors. Subsequent to the appointment of the initial Board of Directors by the Company, election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and these By-Laws. The persons receiving the largest number of votes for each category of directorship shall be elected.

Section 5.09. Regular Meetings. The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate. Notice of such regular meetings shall nevertheless be given to each director personally or by first-class mail, telephone or telegraph at least five (5) days prior to the day named for such meeting. All meetings of the Board of Directors, including special meetings, shall be open to all Owners and Members.

Section 5.10. Special Meetings. Special meetings of the Board of Directors may be called by the President, and in his absence, by the Vice President, or by a majority of the members of the Board of Directors, by giving five (5) days notice, in writing, to all of the members of the Board of Directors of the time and place of said meeting. All notices of special meetings shall state the purpose of the meeting.

Section 5.11. Action Without a Meeting. Action required or permitted by law, the Articles or these By-Laws, may be taken without a meeting if the action is taken by all members of the Board and evidenced by one or more consents describing the action taken, signed by each director, and included in the minutes filed in the corporate records reflecting the action taken.

Section 5.12. Directors' Waiver of Notice. Before or at any meeting of the Board of Directors, any director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. The waiver must be in writing, signed by the director entitled to notice, and filed with the minutes or the corporate records. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof unless the director, upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with these By-Laws, objects to lack of notice and does not thereafter vote for or assent to the objected action. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 5.13. Quorum. At all meetings of the Board of Directors, a majority of the members of the Board of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the members of the Board of Directors present at such meetings at which a quorum is present, shall be the acts of the Board of Directors, unless the vote of a greater number of Directors is required by the Articles or By-Laws or by law. If, at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice.

The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such director for the purpose of determining a quorum.

Section 5.14. Attendance by Electronic Means. Directors may participate in any regular or special meeting by any means of communication by which all directors participating may hear each other simultaneously during the meeting. The director so participating shall be deemed to be present in person at the meeting.

Section 5.15. Compensation. No directors shall receive compensation for any service he may render to the Community Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5.16. Powers. The Board of Directors of the Community Association shall have the powers necessary for the administration of the affairs of the Community Association and may do all such acts and things as the Owners and Members are not directed to exercise or do by law or by the Declaration, this Community Association's Articles of Incorporation, or these By-Laws. These powers shall specifically include, but shall not be limited to, the powers granted to the Board by the Declaration and the following:

- (a) To exercise all powers specifically set forth in the Declaration, in this Community Association's Articles of Incorporation, in these By-Laws, and all powers incidental thereto.
- (b) To make assessments, collect said assessments, and use and expend the assessments to carry out the purposes and powers of the Community Association.
- (c) To employ, dismiss and control the personnel necessary for the maintenance and operation of the Property and of the Common Property, including the right and power to employ attorneys, accountants, contractors and other professionals as the need arises.
- (d) To make and amend rules and regulations respecting the operation and use of the Common Property.
- (e) To contract for the management of the Property and to delegate to such contractor all of the powers and duties of the Community Association, except those that are required by the Declaration to have approval of the Board of Directors or Owners. To contract for the management or operation of portions of the Common Property to the separate management or operation thereof, and to lease or concession such portions.
- (f) To make further improvements to the Common Property, both real and personal, and the right to purchase realty and items of furniture, furnishings, fixtures and equipment for the foregoing, and the right to acquire and enter into agreements, subject to provisions of the Declaration, this Community Association's Articles of Incorporation and these By-Laws.

(g) To designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management and affairs and business of the Community Association. Such committee shall consist of at least three (3) Members. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular minutes of their proceedings and report the same to the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees, subject only to approval by Members when such is specifically required.

(h) To borrow money to meet the financial needs of the Community Association and to mortgage the property of the Community Association and to pledge revenues of the Community Association as security for such loans made to the Community Association, the proceeds of which loan shall be used by the Community Association in performing its authorized functions.

Section 5.17. Duties. The duties of the Board of Directors shall specifically include, but shall not be limited to the duties imposed upon it by the Declaration and the following:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the membership.

(b) To supervise all officers, agents and employees of this Community Association, and to see that their duties are properly performed.

(c) As more fully provided in the Declaration, to:

(i) fix the amount of the annual assessment against each membership type as defined in the Declaration not later than the first calendar quarter in each year;

(ii) send written notice of each assessment to every Member subject thereto as soon as practicable after the fixing hereof; and

(iii) enforce the lien rights against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Member personally obligated to pay the same.

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

If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) To procure and maintain adequate liability and hazard insurance on property owned by the Community Association in the form and amount required by the Declaration.

(f) To cause all officers or employees of the Community Association having fiscal responsibilities to be bonded, with fidelity bonds in the form and amount required by the Community Association, and to require the Community Association to pay the premium on such bonds.

(g) To cause the Common Property to be adequately maintained.

(h) To review and amend, if appropriate, the proposed annual budget as prepared by the Treasurer.

Section 5.18. Liability of the Board of Directors; Indemnification. Except as required under the laws of the State of South Carolina, the Board of Directors shall be indemnified pursuant to Section 33-31-850, et seq. of the South Carolina Nonprofit Corporation Act of 1994, if the director conducted himself in good faith and reasonably believed, in the case of conduct in his official capacity with the corporation, that his conduct was in the best interests of the Community Association. In all other cases, a director will be indemnified if his conduct was at least not opposed to the best interests of the Community Association. In the case of a criminal proceeding, the director will be indemnified if he had no reasonable cause to believe his conduct was unlawful. A director shall not be liable to the Members or the Community Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. To the extent permitted under the laws of the State of South Carolina, the Community Association shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Community Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration, of these By-Laws, or of law. It is intended that that members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Community Association. It is understood and permissible and shall not be deemed to be self dealing for the Company to contract with corporations owned or controlled, or affiliated with, the Company. It is also intended that the liability of any Member arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportions of the total liability thereunder as his interest in the Common Property bears to the interests of all Members and Owners in the Common Property. Every agreement made by the Board of Directors, or by any managing agent, or by any management firm, as the case may be, are acting only as agent for the Members and shall have no personal liability thereunder (Except as Owners or Members), and that each Members' and Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Property bears to the interests of all Members and Owners in the Common Property.

ARTICLE VI **OFFICERS**

Section 6.01. Elective Officers. The principal officers of the Community Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of whom shall be members of the Board of Directors. One person may hold more than one of the aforementioned offices.

Section 6.02. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 6.03. Appointive Officers. The Board of Directors may appoint Assistant Secretaries and Assistant Treasurers and such other officers as the affairs of the Community Association may require, who need not be members of the Board of Directors, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may from time-to-time determine.

Section 6.04. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance and/or acknowledgement of acceptance of such resignation shall not be necessary to make it effective.

Section 6.05. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6.06. The President. The President shall be the chief executive officer of the Community Association and shall preside at all meetings of the Members and of the Board of Directors. He shall have executive powers and general supervision over the affairs of the Community Association and other officers and shall see that orders and resolutions of the Board are carried out. The President shall sign all leases, mortgages, deeds and other written contracts and instruments and shall co-sign all checks and promissory notes. The President shall enforce these By-Laws and perform all duties incident to his office, which may be delegated to him from time to time by the Board of Directors.

Section 6.07. The Vice President. The Vice President shall take the place of and perform all of the duties of the President in his absence or when the President is unable to act. He shall have such other duties as may be required of him from time to time by the Board of Directors of the Community Association.

Section 6.08. The Secretary. The Secretary shall issue notices of all Board of Directors meetings and all meetings of the Members. The Secretary shall have charge of all of the Community Association's books, records and papers except those kept by the Treasurer and shall

authenticate the records of the Community Association when necessary. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 6.09. The Treasurer. The Treasurer, or the Assistant Treasurer in the Treasurer's absence, shall:

- (a) have custody of the Community Association's funds and securities, except the funds payable to any management firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Community Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Community Association, in such depositories as may be designated from time to time by the Board of Directors;
- (b) disburse the funds of the Community Association as may be ordered by the Board of Directors in accordance with these By-Laws, making proper vouchers for such disbursements, and render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as the Treasurer and of the financial condition of the Community Association;
- (c) collect the assessments and maintenance fees and promptly report the status of collections and of all delinquencies to the Board of Directors;
- (d) give status reports to potential transferees on which reports the transferees may rely;
- (e) in conjunction with the Community Association's accountant and such other persons as the Board of Directors may designate, shall prepare and annual budget for consideration, modification, if appropriate, and ultimate approval by the Board of Directors.

The duties of the Treasurer may be fulfilled by a management firm or professional employed by the Community Association, in which event such management firm shall have custody of the books of the Community Association as it determines is necessary for the performance of such treasurer duties and the foregoing may include any books required to be kept by the Secretary of the Community Association.

ARTICLE VII

MAINTENANCE AND ASSESSMENTS

Section 7.01. Payment of Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Community Association annual and special assessments which are secured by a continuing lien upon the property or Membership against which the assessment is made. Any assessments which are not paid on the date when due shall be subject to a late charge of eighteen percent (18%) per year (or the maximum interest rate allowable by law) on the delinquent amount until the assessment and any accrued late charges and collection charges

are paid in full. The Community Association may bring an action at law against the Member personally obligated to pay the same or foreclose the lien against the property, and interests, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Member may waive or otherwise escape liability for the assessments provided herein by nonuse of the Common Property or abandonment of his Lot.

Section 7.02. Depositories. The funds collected as Assessments shall be deposited in such banks and depositories as may be determined by the Company or Board of Directors of the Community Association from time to time upon resolutions approved by the Company or Board of Directors. Such funds shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Company or Community Association as may be designated. Obligations of the Community Association shall be signed by at least two officers of the Community Association as may be designated by the Board of Directors; provided, however, that the provisions of any agreement between the Community Association and any management firm or professional relative to the subject matter in this Section shall supersede the provisions hereof.

Section 7.03. Fidelity Bonds. At the option of the Board of Directors, the Treasurer and all officers who are authorized to sign checks and all officers and employees of the Community Association and any contractor handling or responsible for Community Association funds, including any management firm, be bonded in such amount as may be determined by the Board of Directors. The premiums on such Bonds shall be paid by the Community Association. Such bonds shall be in an amount sufficient to equal the monies an individual handles or has control of via a signatory or a bank account or other depository account. Notwithstanding the foregoing, however, the management firm or professional, as to funds in its possession and/or control, shall determine, in its sole discretion, the amount of and who is to be bonded, if any, among its employees.

Section 7.04. Fiscal Year. The fiscal year for the Community Association shall begin on the 1st day of January of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 7.05. Application of Payments and Commingling of Funds. All sums collected by the Company or Community Association from assessments and maintenance fees may be commingled in a single fund or divided into more than one fund, as determined by the Company or Board of Directors of the Community Association. All assessment payments and maintenance fees by a Member or Owner shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, expenses and advances as provided herein and in the Declaration and general or special assessments, in such manner and amounts as the Board of Directors determines in its sole discretion.

Section 7.06. Acceleration of Assessment Installments Upon Default. If a Member or Owner shall be in default in the payment of an installment upon any assessment, the Board of Directors may accelerate the remaining monthly or quarterly installments for the fiscal year upon notice thereof to the Member or Owner; and, thereupon, the unpaid balance of the assessment shall

become due upon the date stated in the notice, but not less than fifteen (15) days after delivery of or the mailing of such notice to the Member or Owner.

Section 7.07. Audits. An audit of the accounts of the Community Association will be made upon request of a majority of the Members in and at such times as the Board of Directors deems necessary.

Section 7.08. Application of Surplus. Any payments or receipts to the Community Association, whether from Members, Owners or otherwise, paid during the fiscal year in excess of the common expenses of the Community Association shall be kept by the Community Association and applied against the Community Association's expenses for the following year.

Section 7.09. Transfer of Ownership. The transfer of ownership of a Lot, Dwelling Unit, Development Parcel or other properties shall carry with it the proportionate equity of that Members' ownership in the Community Association escrow account set aside to provide a contingency fund for the maintenance and repair of the Common Property or other common expenses.

ARTICLE VIII

COMPLIANCE AND DEFAULT

Section 8.01. Violations. In the event of a violation (other than the non-payment of an assessment) by an Owner or Member of any of the provisions of the Declaration or these By-Laws, the Community Association, by direction of its Board of Directors, may notify the Member or Owner by written notice of said breach, transmitted by mail, and if such violation shall continue for a period of seven (7) days from date of notice, the Community Association, through its Board of Directors, shall have the right to treat such violation as an intentional, inexcusable and material breach of the Declaration and these By-Laws, and the Community Association may then, at its option, have the following elections:

- (a) An action at law to recover for its damage, on behalf of the Community Association or on behalf of the other Owners and Members.
- (b) An action in equity to enforce performance on the part of the Owner or Member; or
- (c) An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.

Any violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter by the Community Association, and the cost thereof shall be charged to the Owner or Member as a specific item, which shall be a lien against the said Property and/or Membership with the same force and effect as if the charge were a part of the common expenses.

Section 8.02. Costs and Attorneys' Fees. In any proceeding arising because of an alleged default by an Owner or Member, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the court.

Section 8.03. No Waiver of Rights. The failure of the Community Association or of an Owner or Member to enforce any right, provision, covenant or condition which may be granted by the Declaration, Articles of Incorporation or these By-Laws shall not constitute a waiver of the right of the Community Association, the Member or the Owner to enforce such right, provision, covenant or condition in the future.

Section 8.04. Election of Remedies. All rights, remedies and privileges granted to the Community Association or any Owner or Member, pursuant to any terms, provisions, covenants or conditions of the Declaration, Articles of Incorporation or these By-Laws shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by the Declaration, Articles of Incorporation or these By-Laws or at law or in equity.

Section 8.05. Statement of Common Charges. The Board of Directors shall, for a reasonable fee, promptly provide any purchaser of any property or Membership, Owner, Member or Institutional Lender so requesting the same in writing, with a written statement of all unpaid common charges due from any appropriate Owner or Member and the purchaser's liability therefore shall be limited to the amount as set forth in the statement. Any Institutional Lender may pay any unpaid common expenses payable with respect to Property in which it owns an interest and upon such payment such Institutional Lender shall be entitled to have a lien on such Property for the amounts paid of the same rank as the lien of its encumbrance.

Section 8.06. Transfer of Property. All Owners shall notify the Community Association and any Institutional Lender who requests notice in writing, of any transfer, by sale or otherwise, of property within ten (10) days of the date of transfer. Said notice shall include such information and be in the form that the Community Association shall prescribe from time to time. The Community Association may send all necessary notices to the person shown as Owner or Member in its records, and said notice shall be binding as to any other Owner or Member where the Community Association has not been notified as provided therein.

ARTICLE IX

FUNCTIONS OF ASSOCIATION

Section 9.01. Ownership and Maintenance of Common Property and Open Space. The Community Association shall be authorized, though not required, to own and maintain Open Space and Common Property and equipment, furnishings, and improvements devoted to the following uses:

- (a) for roads or roadways, and parkways along said roads or roadways throughout the Property;

- (b) for walking paths or trails and bicycle paths throughout the Property;
- (c) for a private security force and fire protection including a security station, maintenance building and/or guardhouse, security equipment, and fire fighting equipment; and building used in maintenance functions;
- (d) for emergency health care including an ambulance and the equipment necessary to provide such emergency care;
- (e) for providing any of the services which the Community Association is authorized to offer under the Declaration;
- (f) for purposes set out in deeds or long-term leases by which Open Space or Common Property are conveyed or leased to the Community Association;
- (g) for lagoons, playing fields, historic parks, wildlife areas, fishing facilities, Open Space and other recreational facilities of any nature;
- (h) community meeting facilities serving the Property;
- (i) for insect and pest control within the Property; and
- (j) for drainage facilities serving the Property.

Section 9.02. Ownership and Maintenance of Common Property. The Community Association may be authorized to own and maintain the Common Property within Teal Bluff.

Section 9.03. Review of Applications for Non-Property Owner Memberships. After the Turnover Date, the Community Association shall be authorized to review applications for Non-Property Owner Membership in the Community Association. All applications for membership shall be subject to approval and acceptance by the Board of Directors or a membership committee appointed by the Board. Any person may apply for membership in the Community Association by completing and executing a membership application. The Board may grant or withhold membership approval in its sole discretion. The Board shall consider applications for membership without regard to race, religion, creed, color, sex, national origin or physical disability. After review of the prospective member's application, the Community Association will notify the applicant of the applicant's approval or non-approval for membership and the availability or non-availability of a Non-Property Owner Membership.

Section 9.04. Authorized Services. The Community Association shall be authorized but not required to provide the following services:

- (a) clean-up and maintenance of all roads, lagoons, Open Space and other Common Property within the Property, and also all public properties which are located in a reasonable proximity to the Property such that their deterioration would affect appearance of the Property as a whole;

- (b) landscaping of roads and parkways, walking paths and other Common Property;
- (c) lighting of the Property;
- (d) security functions, including but not limited to the employment of security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Property, and assistance in the apprehension and prosecution of persons who violate the laws of South Carolina within the Property;
- (e) fire protection and prevention;
- (f) garbage and trash collection and disposal;
- (g) insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Community Association to supplement the service provided by the State and local governments;
- (h) the services necessary or desirable in the judgment of the Board of Directors of the Community Association to carry out the Community Association's obligations and business under the terms of the Declaration.
- (i) the stocking of ponds, lakes and lagoons located within the Property;
- (j) to take any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Community Association in any covenants or restrictions applicable to the Property;
- (k) to set up and operate the ARB as provided for in the Declaration;
- (l) to conduct recreation, sport, craft, and cultural programs of interest to Members and Owners, their children and guests;
- (m) to provide safety equipment for storm emergencies;
- (n) to construct improvements on Open Space for any of the purposes or as may be required to provide the services as authorized in this Article;
- (o) to provide administrative services including, but not limited to: legal; accounting and financial; and communication services informing Members of activities, notice of meetings, referendums, etc., incident to the above listed services;

(p) to provide liability and hazard insurance covering improvements and activities on the Open Space and Common Property, independently or in collaboration with the Company; and

(q) to maintain, operate and govern the swim facilities, community pavillion and other community recreational amenities in the Property once they are made available to the Community Association, including the promulgation of Rules and Regulations for the administration thereof. Prior to the conveyance, the Company shall have the sole responsibility to promulgate the said Rules and Regulations, including the policy on guest play for all such facilities.

In the event the Company is unable or unwilling to perform any of the Services listed above in a manner satisfactory to the Board of Directors of the Community Association, the Community Association shall and is hereby authorized to perform such services.

Section 9.05. Obligation of the Community Association. The Community Association shall not be obligated to carry out or offer any of the functions and services specified or implied in the Declaration except to the extent funds are available to defray the cost thereof. Except as herein expressly mandated, the functions and services to be carried out or offered by the Community Association at any particular time shall be determined by the Board of Directors of the Community Association taking into consideration the funds available to the Community Association and the needs of the Members. Special assessments shall be submitted to the Members at a duly called meeting, and may not be submitted for referendum. As more fully described in the Declaration, such special assessment must be approved by three-fourths (3/4) of the vote at a duly called meeting of the Members. The functions and services which the Community Association is authorized to provide may be added or reduced at any time upon the affirmative vote of fifty-one percent (51%) or more of those voting in a referendum conducted by the Board of Directors under the procedures set forth herein.

Section 9.06. Mortgage and Pledge. The Board of Directors of the Community Association shall have the power and authority to borrow money for use by the Community Association, to mortgage the property of the Community Association and to pledge the revenues of the Community Association as security for such loans made to the Community Association provided that such loans shall be used by the Community Association only in performing its authorized functions. The Company may, but shall not be obligated to, make loans to the Community Association, subject to the approval by the Company of: (i) the use to which such loan proceeds will be put, (ii) the method by which such loans will be repaid, (iii) the maximum loan amount; and (iv) the interest rates. Notwithstanding anything in the Declaration or these By-Laws to the contrary, the Community Association shall not be allowed without the consent of the Company to reduce the limits of the minimum regular annual assessments at any time there is outstanding any amount due to the Company as repayment of any loans made by the Company to the Community Association.

ARTICLE X
AMENDMENTS TO THE BY-LAWS

The By-Laws may be altered, amended or added to at any duly called meeting of the Members, provided:

- (1) Notice of the meeting shall state that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment or repeal of By-laws and shall contain a statement of the proposed Amendment or a copy or summary of the proposal.
- (2) If the Amendment has received the approval of the majority Board of Directors, then it shall be approved upon the affirmative vote of the majority of Members.
- (3) Notwithstanding the foregoing, these By-Laws may only be amended with the written approval, when required, of the parties specified in the Declaration to which these By-Laws are attached. The system of administration may at any time be modified at a duly held meeting of the Community Association by the affirmative vote of not less than seventy-five percent (75%) of the Members entitled to vote.
- (4) Notwithstanding anything herein to the contrary, the Company, so long as it is a Class "B" Member under the Declaration, reserves the right at any time to amend the portion of the By-Laws if such amendment is in such manner as a lending institution or public body may require or in such manner as the Company may determine to be necessary to carry out the purposes of the development, or if such amendment is deemed necessary or desirable by the Company, provided that such amendment shall not in Company's sole opinion materially impair the voting rights of Members.

ARTICLE XI **LIABILITY SURVIVES TERMINATION OF MEMBERSHIP**

The termination of membership in the Community Association shall not relieve or release any such former Member from any liability or obligation incurred under or in any way connected with the Community Association during the period of such membership. Neither shall termination of Membership impair any rights or remedies which the Community Association may have against such former Member arising out of or in any way connected with ownership of Property or Membership in the Community Association and the covenants and obligations incident thereto.

ARTICLE XII **PARLIAMENTARY RULES**

Roberts Rules of Order (latest edition) shall govern the conduct of the Community Association's meetings when not in conflict with the Declaration or these By-Laws.

ARTICLE XIII
LIENS

Section 13.01. Protection of Property. All liens against the Common Property or any portion thereof, other than for mortgages, taxes or special assessments shall be satisfied or otherwise removed within thirty (30) days of the date the lien attached. All taxes and special assessments upon the Common Property shall be paid before becoming delinquent, as provided in the Declaration, Articles of Incorporation and these By-Laws, or by law, whichever is sooner.

Section 13.02. Notice of Lien. An Owner shall give notice to the Community Association of every lien upon his property, other than for mortgages, taxes and special assessments within five (5) days after the attaching of the lien.

Section 13.03. Notice of Suit. Owners shall give notice to the Community Association of every suit or other proceeding which will or may affect title to his property or any part of the Common Property, such notice to be given with five (5) days after the Owner receives notice of such suit or proceeding.

Section 13.04. Failure to Cooperate. Failure to comply with this Article concerning liens will not affect the validity of any judicial sale.

ARTICLE XIV
RULES AND REGULATIONS

Section 14.01. Establishment of Rules and Regulations. Subject to the provisions hereof and the provisions of the Declaration, the Community Association may establish reasonable rules and regulations concerning the use of Lots, easement areas, Open Space and the Common Property and facilities located thereon. The Community Association shall furnish copies of such rules and regulations and amendments thereto to all Owners and Members prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, Members, their families, tenants, guests, invitees, servants and agents, until and unless any such rules or regulations are specifically overruled, cancelled or modified by the Board of Directors of the Community Association or in a regular or special meeting of the Community Association by the vote of the Members, in person or by proxy, holding a majority of the total votes in the Community Association; provided that in the event of such vote prior to Turnover such action must also be approved by the Company.

Section 14.02. Authority and Enforcement. Subject to the provisions of the Declaration, upon the violation of the Declaration, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments, the Board of Directors of the Community Association shall have the power to:

- (a) impose reasonable monetary fines on the Owner or Member guilty of such violation which shall also constitute an equitable charge and a continuing lien upon the properties of such Property;

- (b) suspend a Member's right to vote in the Community Association; and
- (c) suspend an Owner's or Member's right of ingress and egress and the Board of Directors of the Community Association shall have the power to impose all or any combination of these sanctions.

An Owner or Member shall be subject to the foregoing sanctions in the event of such a violation by such Owner or Member, his family, guests, tenants or invitees, or by his co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed sixty (60) days as to a Member who is also an Owner.

Section 14.03. Procedure. Except with respect to the failure to pay assessments, the Board of Directors of the Community Association shall not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or Member for violations of the Declaration, the By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

- (a) Written demand to cease and desist from an alleged violation shall be served upon the person responsible for such violation specifying:
 - (i) the alleged violation;
 - (ii) the action required to abate the violation; and
 - (iii) a time period of not less than five (5) days during which the violation may be abated without further sanction, if such violation is a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.
- (b) If the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs within twelve (12) months of such demand, the Board of Directors of the Community Association may serve such person with written notice of a hearing to be held by the Board of Directors in executive session. The notice shall contain:
 - (i) the nature of the alleged violation;
 - (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;
 - (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his behalf; and

- (iv) the proposed sanction to be imposed.
- (c) The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if the officer, director or other individual who delivers such notice enters a copy of the notice together with a statement of the date and manner of delivery. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

ARTICLE XV

MISCELLANEOUS MATTERS

Section 15.01. Gender; Number. The use of the masculine gender in these By-Laws includes the feminine gender, and when the context requires the use of a singular, includes the plural.

Section 15.02. Definitions. The definitions contained in the Declaration also apply to these By-Laws.

Section 15.03. Execution of Documents. The President or Vice President and Secretary or Assistant Secretary are all responsible for preparing, executing, filing and recording amendments to the Declaration and By-Laws and shall be authorized to execute any other document which the Community Association from time to time may be required to execute.

Section 15.04. Notices. All notices required by these By-Laws shall be hand-delivered or sent by first-class or certified mail to the Community Association at the address of the President; to Owners at the address of the resident or at such address as may have been designated by such resident Owner from time to time in writing to the Community Association. All notices forwarded to the Community Association shall be deemed to have been given when mailed or delivered except notice of changes of address, which shall be deemed to have been given when received.

Section 15.05. Captions. The captions contained in these By-Laws are inserted as a matter of convenience and for reference and in no way define, limit or describe the scope of these By-Laws or the intent of any provisions of the By-Laws.

Section 15.06. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect, in any manner, the validity and enforceability or effect of the balance of these By-Laws.

Section 15.07. Conflict. These By-Laws are set forth to comply with the requirements of the South Carolina nonprofit Corporation Act of 1994. In the event of any conflict between these

By-Laws and the provisions of such statute or the Declaration, the provisions of such statute or the Declaration, as the case may be, shall control.

Section 15.08. Waiver. No restriction, condition, obligation or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violation or breaches thereof which may occur.