GENERAL DECLARATION OF COVENANTS AND RESTRICTIONS

OF

THE CAROLINA COUNTRY CLUB
REAL ESTATE OWNERS ASSOCIATION

A PRIVATE COMMUNITY

The original Covenants of Carolina Country Club Real Estate Owners Association and subsequent amendments are recorded in the RMC Office of Spartanburg County. Although every effort was made to accurately reproduce those documents in this book, the official documents are recorded in the RMC Office at the Spartanburg County Courthouse and should be referenced, since the CCCREOA makes no representation that this book is an accurate duplication of those documents.

GENERAL DECLARATION OF COVENANTS AND RESTRICTIONS

OF

THE CAROLINA COUNTRY CLUB
REAL ESTATE OWNERS ASSOCIATION

INCORPORATING THE FIRST AMENDMENT and THE SECOND AMENDMENT
DATED JANUARY 15, 1991 and NOVEMBER 7, 1994

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GENERAL DECLARATION OF COVENANTS AND RESTRICTIONS

OF

THE CAROLINA COUNTRY CLUB
REAL ESTATE OWNERS ASSOCIATION

INCORPORATING THE FIRST AMENDMENT and THE SECOND AMENDMENT DATED JANUARY 15, 1991 and NOVEMBER 7, 1994

THIS DECLARATION is made this 30th day of April, 1984 by The Carolina Country Club Real Estate Owners Association, hereinafter called "Association," Walnut, Inc., hereinafter called "Company," and The Carolina Country Club, hereinafter called the "Club."

WITNESSETH

WHEREAS, Twin Oaks Associates, a South Carolina Limited Partnership, owns substantial acreage in Spartanburg County, South Carolina, of which approximately 275 acres will be donated to The Carolina Country Club, a non-profit South Carolina corporation, for the purpose of creating a country club, golf course and related facilities for private membership; and

WHEREAS, Twin Oaks Associates has sold to the Company certain real estate surrounding The Carolina Country Club described on Exhibit "A" attached hereto and incorporated herein by reference, and upon which land the Company desires to create a private residential development known as The Carolina Country Club Real Estate Development; and

WHEREAS, Company desires to integrate this development with other developments that might occur on contiguous land in order to benefit from economies of scale while maintaining high design and development standards; and

WHEREAS, Company desires to provide for the preservation of values, aesthetic quality, amenities, maintenance of common facilities, services and property by subjecting the real estate described in Exhibit "A", together with such real estate as may be hereafter added, to the within protective covenants, restrictions, easements, conditions, affirmative obligations, equitable servitude, liens, charges and assessments, all as hereinafter set forth, each and all of which are hereby declared to be for the benefit of said property, each Owner, the Association, the Company and The Carolina Country Club; and

WHEREAS, Company deems it desirable for the efficient preservation of the values and amenities to create an agency, the "Association", to which can be delegated and assigned the authority of maintaining and administering the common properties, services and amenities and administering and enforcing the within Covenants;

NOW, THEREFORE, the Company declares that the real property described in Exhibit "A" and any authorized additions thereto as may hereafter be made pursuant to this Declaration is and shall be held, owned, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the within Covenants as herein defined.

ARTICLE I

DEFINITIONS

Unless the context shall clearly indicate otherwise, the following words and terms when used herein or in any Supplemental Declaration shall have the following meanings:

A. **"Assessments"**: amounts due the Association from its Members as provided herein.

B. **"Association"**: The Carolina Country Club Real Estate Owners Association.

C. **"Board" or "Board of Directors":** the Board of Directors of The Carolina Country Club Real Estate Owners Association.

D. **"Committee":** the Architectural Review Committee.

E. **"Company"**: Walnut, Inc., its successors and assigns.

F. **"Common Properties" or "Common Property"**: those tract of land, and any improvements thereon, which are conveyed or leased to the Association and expressly designated in said deed or lease as common properties, but the term shall also include any personal property acquired by the Association for its authorized uses and purposes; all such "Common Properties" are to be devoted to the common use and enjoyment of the Owners, their families, guests and visiting members of the general public to the extent permitted by the Association; any land leased to the Association for use as common property shall lose its character as common property upon the expiration of such lease.

G. **"Consumer Price Index"**: "The Consumer Price Index - Seasonally Adjusted U.S. City Average For All Items For All Urban Consumers (1967=100): published monthly in the "Monthly Labor Review" of the Bureau of Labor Statistics of the United States Department of Labor or, if such index is discontinued, any similar U.S. Government index or other reliable index relating to the cost of living.

H. **"Covenants"**: all covenants, conditions, restrictions, easements, rights of way, reservations, affirmative obligations, equitable servitude and agreements set forth in this instrument.

I. **"Declaration"**: any and all of the terms and provisions of this instrument.

J. **"Family Dwelling Unit"**: any improved property intended for use as a single family residential dwelling, including, but not limited to, any single family detached dwelling, patio home, zero lot line home, cluster home, townhouse, condominium unit, apartment or any other form or type of dwelling having common walls or common grounds; a "Family Dwelling Unit" is deemed to exist upon substantial completion of the improvements.

K. **"Golf Course"**: all or any part of the golf course or golf courses, including, but not limited to, fairways, greens, lakes, creeks, watercourses, tee boxes, driving ranges or any other facility related to, owned or to be owned by The Carolina Country Club.

L. **"Guest" or "Guests"**: refers generally to any person authorized to be upon the property by the Company, Club or Owner and includes family and household members of an Owner, the Owner's tenants, guests, invitees, customers and agents.

M. **"Intended for Use"**: the use to which any particular parcel of land or unit of property is restricted by the covenants set forth herein and/or incorporated by reference in deeds or other instruments of transfer given by the Company.

N. **"Limited Common Properties"**: those parcels shown upon any final recorded plat which are designated as "Limited Common Properties" and which shall be accessible only to Owners of lots contiguous thereto.

O. **"Lot" or "Residential Lot"**: any unimproved parcel of land upon which may be built one (1) but no more than four (4) Family Dwelling Units per acre and any such parcel shall be identified by a number upon a final recorded property plat, provided, however, that Company hereby restricts all such Lots identified in Exhibit "A" attached hereto to construction of only one single family detached residential dwelling per Lot which may also include a garage or other such accessory structure; the terms "Lot" and "Residential Lot" exclude Common Properties, Limited Common Property, Multi-Family Tracts and any undeveloped property.

P. **"Mail Ballot" or "Mail Referendum"**: the process by which Members of the Association may vote on an issue by mail ballot as contained in Article IV.

Q. **"Maximum Monthly Assessment"**: the monthly general assessment amount for each Lot, Family Dwelling Unit and Multi-Family Tract as provided by Article V, Section D, and which is subject to annual increases as provided by Article V, Section E.

R. **"Member"**: any Owner as defined herein and denotes such Owner's relationship to the Association.

S. **"Multi-Family Tract" or "Tract"**: any unimproved parcel of land upon which may be built one (1) or more Family Dwelling Units per acre and such "Tract" shall be identified by a letter prefix ("A-1", "A-2", "B-1", etc.) upon a final recorded plat of the property; these terms exclude Common Properties, Limited Common Property, Residential Lots and any undeveloped property.

T. **"Owner"**: the owner or owners shown by the records in the RMC Office of Spartanburg County, South Carolina, or by the records of the Probate Court of Spartanburg County, South Carolina, whether it be one or more persons, firms, association, corporations, partnerships, trusts or other entities of fee simple title to any Lot, Family Dwelling Unit or Multi-Family Tract; the term shall not include a mortgagee or holder of a security deed unless and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure, other judicial proceeding, or deed in lieu of foreclosure and has held record title for a period of one (1) year; the term "Owner" excludes any lessee, tenant or guest of an Owner, but the term includes a life tenant of a person in possession of the property for an indeterminate period of time under judicial order and any purchaser under the form of sale generally known as contract for deed, installment land contract or bond for title, provided that such form of sale extends for at least twelve (12) months from the date of the contract or instrument, that the purchaser is in actual possession and use of the property and that the said contract or instrument is recorded in the RMC Office of Spartanburg County, South Carolina.

U. **"Properties" or "Property"**: the real property described in Exhibit "A" attached hereto or any other real property which may be made subject to the terms hereof in a Supplemental Declaration.

V. **"Recorded" of "Of Record"**: shall mean recorded in the Office of the Register of Mesne Conveyance of Spartanburg County, South Carolina, or, if the context requires, recorded in the Office of the Clerk of Court of Spartanburg County or Probate Court of Spartanburg County.

W. **"RMC Office"**: The Office of the Register of Mesne Conveyance of Spartanburg County, South Carolina.

ARTICLE II

GENERAL LIMITATIONS

A. Architectural Review Committee.

1. **Purpose and Appointment.** In order to enhance the aesthetic quality of the Property, protect the natural beauty of the environment, to secure and enhance confidence and security to Owners and nurture tasteful and well appointed improvements, the Company shall establish an Architectural Review Committee. The persons who shall serve on the Committee shall be appointed by the Company for such terms and under such conditions as shall be determined exclusively by the Company. The persons serving on the Committee are not required to own property in the development, nor are they required in any way to be affiliated with it. The primary function of the Committee shall be to review, approve or disapprove final construction plans and proposals for improvements upon the property. The Committee shall consult and advise the Owners, their architects, contractors or builders concerning the merits of the construction plans and recommend, if required, any changes or modifications which may be necessary for the plans to meet approval.

2. **Authority.** Subject to the ultimate control of the Company, the Committee is vested with legal authority from the Company to enforce the terms of this Declaration and to prevent any improvements which would detract from the aesthetic quality of the development or tend to diminish property values, or the Committee otherwise deems such improvements contrary to the best interests of the development, even if based solely on aesthetic reasons. The Committee shall have broad, flexible discretion in carrying out its duties. The Committee shall have authority:

   (a) to control, approve and disapprove all changes to the property, including, but not limited to, grading, clearing of the lot, tree and vegetation removal, siting of the improvements and landscaping;

   (b) to adopt and implement building and design standards; and

   (c) to apply and enforce the terms of this Article and any other provision hereof relating to construction of improvements upon the property.

3. **Compensation and Consultation**. The Company shall be responsible for compensating the Committee members and any consultants associated by the Committee for the purpose of carrying out its duties.

4. **Written Approval Required.** Except as otherwise stated herein, no Family Dwelling Unit, garage, carport, playhouse, fence, wall, swimming pool, antenna, fuel tank, tennis court, garbage receptacle, nor any other structure or improvement, shall be commenced, erected or maintained upon the property, nor shall any exterior addition to any existing structure or change or alteration thereto be done, until complete final plans and specifications thereof showing the nature, kind, shape, height, materials, basic exterior finishes and colors, site location, floor plans and all elevations on all sides of the structure, containing the names of the builder or contractor and the Owner, have been submitted to and approved in writing by the Committee.

5. **Submission of Plans.** Two (2) copies of the final plans and specifications and any related data concerning improvements shall be furnished to the Committee. When the plans are delivered to the Committee, the Owner shall pay a fee to the Company, initially not to exceed $250.00, for the cost of evaluating the plans. The Company may delegate to the Committee discretion in setting the amount of the processing fee, including, if deemed advisable, entirely waiving the fee. Each year hereafter on the anniversary date of the recording of this instrument, the above fee may be increased to an amount equal to the product obtained by multiplying $250.00 by a fraction, the numerator of which is the Consumer Price Index for the month of such anniversary date, and the denominator of which is the Consumer Price Index for the month during which this instrument was originally recorded.

Within forty-five (45) days following the receipt by the Committee of the plans and specifications, both copies of the plans and specifications shall be marked either "APPROVED" or "DISAPPROVED", dated and signed by the Chairman or Vice-Chairman of the Committee. If the Committee has neither approved nor disapproved the plans within the forty-five (45) days, the plans shall be deemed approved, but all such proposed improvements shall still be completed in accordance with the other terms hereof and with the then current guidelines for buildings, design and landscaping followed by the Committee.

Approval or disapproval of plans and specifications may be based upon any reasonable ground which is consistent with the within stated objectives, including, but not limited to, aesthetic considerations, harmony, scale, bulk, coverage, function, density of use, the effect of the improvements upon adjoining property, the location, the view of the improvements from public or private roads, the placement of buffer zones, fences, shrubbery, trees, vegetation, berms and parking spaces; shading; desirable solar access; impact on birds and wildlife; safety; the protection or view of watercourses or lakes; or environmental impact of the improvements.

Approvals shall not be effective for construction commenced more than eighteen (18) months after the date of such approval. Disapproved plans shall be accompanied by a reasonable statement of terms found unacceptable. In its sole discretion, the Committee may mark the plans "APPROVED" but note in writing upon such plans that the approval is given subject to the incorporation of specified modifications or changes in the improvements, which modifications and changes must be followed and completed by the Owner. One copy of such approved or disapproved plans shall be returned to the Owner, and the remaining copy shall be permanently held in the records of the Company.

6. **Building Standards.** All construction and improvements must meet or exceed the minimum residential building standards set forth in various Codes and publications of the Southern Building Code Congress International, Birmingham, Alabama, or of any successor organization, including all those applicable to buildings, electricity, plumbing, mechanical, and fire prevention and safety. In the absence of any such Codes or publications or with respect to any proposed improvements upon the property for which, in the discretion of the Company, standards or guidelines should be adopted, the Company shall have authority to adopt and enforce such standards and guidelines as are necessary and reasonable to assure the continued development of the property.

7. **Building, Design and Landscape Guidelines.** The Company reserves the right to issue building, design and landscape guidelines for the purpose of assisting Owners proposing to build improvements upon the property. Such guidelines would be followed by the Committee in its effort to carry out its duties. Such guidelines may, at the sole discretion of the Company, be amended from time to time.

8. **Approval Not a Guarantee or Representation of Proper Design or Good Workmanship.** No approval of plans locations or specifications, not any prescribed building, design or landscape standards published or to be published by the Committee or Company shall ever be construed as representing or implying that such plans, specifications, standards or guidelines will, if followed, result in a properly designed structure or that they comply with legal requirements beyond the scope of this Declaration. Such approval and standards shall in no case be construed as representing or guaranteeing that any improvements will be built in a good, skillful or workmanlike manner. All approvals given by the Committee and any guidelines or standards issued or to be issued by the Committee or the Company are and shall be given with a disclaimer stated as follows:

WALNUT, INC., THE ARCHITECTURAL REVIEW COMMITTEE, AND THE CAROLINA COUNTRY CLUB REAL ESTATE OWNERS ASSOCIATION, THEIR RESPECTIVE SUCCESSORS

AND ASSIGNS, THEIR AGENTS, CONSULTANTS AND EMPLOYEES, HEREBY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, OF GOOD WORKMANSHIP, DESIGN, HABITABILITY, QUALITY, FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OR ANY REPRESENTATION CONCERNING SAME, AND NO WARRANTIES OF ANY KIND SHALL ARISE AS A RESULT OF ANY PLANS, SPECIFICATIONS, STANDARDS OR APPROVALS MADE OR APPROVED BY THE ARCHITECTURAL REVIEW COMMITTEE, WALNUT, INC., OR THE CAROLINA COUNTRY CLUB REAL ESTATE OWNERS ASSOCIATION, THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AGENTS, CONSULTANTS AND EMPLOYEES. FURTHER, THE ARCHITECTURAL REVIEW COMMITTEE, THE COMPANY, AND THE CAROLINA COUNTRY CLUB REAL ESTATE OWNERS ASSOCIATION, THEIR AGENTS, CONSULTANTS AND EMPLOYEES SHALL NOT BE LIABLE TO AN OWNER OR TO ANY OTHER PERSON ON ACCOUNT OF ANY CLAIM, LIABILITY, DAMAGE OR EXPENSE SUFFERED OR INCURRED BY OR THREATENED AGAINST AN OWNER OR SUCH OTHER PERSON ARISING OUT OF OR IN ANY WAY RELATED TO THE SUBJECT MATTER OF ANY REVIEW, ACCEPTANCES, INSPECTIONS, PERMISSIONS, CONSENTS OR REQUIRED APPROVALS WHICH MUST BE OBTAINED FROM THE ARCHITECTURAL REVIEW COMMITTEE, THE COMPANY OR THE ASSOCIATION, WHETHER GRANTED OR DENIED.

9. **Siting of Improvements.** Prior to commencing construction of a structure or improvement to an existing structure, the structure or improvement must be sited on the lot with stakes at least two (2) feel tall marking all corners with strings connecting all stakes outlining the shape of the structure. Upon notice to the Committee or Company that the stakes and strings are in place, the Committee or Company shall promptly, and in no case more than four (4) business days, approve or disapprove the proposed site.

10. **Tree Removal.** No trees measuring six (6) inches or more in diameter at a point one (1) foot above ground level nor any flowering tree may be cut or removed, nor any major clearing of small trees be performed, upon any lot or tract without the approval of the Committee, unless located within twenty (20) feet of a proposed or existing Family Dwelling Unit or within ten (10) feet of a proposed or existing driveway, walkway, tennis court, swimming pool or similar improvement. Excepted herefrom shall be damaged trees as determined by the Committee or the Association and trees which must be removed because of an emergency.

11. **Approval of Contractor.** Before any builder or contractor constructs new homes or additions to homes on any Lots or Tracts within the properties, he must be approved by the Architectural Review Committee.

12. **Damage to Curb, Gutter and Pavement.** If during construction or otherwise, the curb, gutter or pavement adjacent to a construction site is broken, removed or otherwise damaged, the Owner of the lot or tract upon which such construction is being done shall bear the costs of replacing or repairing such damage which will be performed by the Company or the Association.

13. **Assignability of Rights.** The Company shall have authority to assign all or any part of the duties, rights and authorities herein conferred upon the Committee to any successor in interest, third party or the Association, temporarily or permanently.

14. **Periodic and Final Inspection**. The Committee shall have the right to inspect and monitor the construction of the exterior of all buildings, plus grading and landscaping, at any time during the construction process, at whatever intervals the Committee may deem appropriate. The Owner shall advise the Committee when his residence or other improvement is ready for final inspection by the Committee. The Committee will conduct a final inspection as soon as possible but not later than two weeks after receiving such notification. If the Committee fails to approve the improvement upon its final inspection, the Committee will provide to the Owner a list of deficiencies. The Owner will correct those deficiencies promptly and will renotify the Committee of the readiness of the improvement for final inspection. If necessary, this process will continue until the Committee has given its final approval to the completed improvement.

B. **Enforcement, Notice and Right to Cure Defects.** If the Company or the Association determines that a violation of this Article exists, it may give written notice to the Owner of the property upon which such violation exists demanding that the violation be removed or corrected. If the violation has not been corrected within the time period (not less than seven (7) days from the date of giving or mailing of notice, except in emergencies) set forth in the notice, the Company or the Association, their agents or employees may enter the subject property to cure the violation, including the removal of any structure constituting a violation, and the Owner shall be liable for all expenses incurred in curing the violation, including all court costs and a reasonable attorney's fee. Entry upon the property for the curing of a violation in accordance with the terms hereof shall not constitute a trespass. The rights of enforcement herein set forth are supplemental to all other general enforcement rights.

C. **Prohibited Conditions and Activities**. No noxious or offensive activity shall be carried on upon any property, nor shall any unclean, unsanitary, unsightly or unkempt conditions of buildings or ground be allowed to exist. Further, nothing shall be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, Owner's family, tenant or guest.

D. **Animals.** A Family Dwelling Unit may maintain up to two (2) mature animals, and such animals must be either cats or dogs; provided that families with more than two children living in the home may have more than two pets so long as the number of pets does not exceed the number of children living in the Unit. Such animals may not be kept or maintained in such a manner as to unreasonably annoy, disturb or interfere with others or their property, and the Association shall have the right to provide more specific rules governing animals consistent herewith. Except as permitted herein, absolutely no other kind of animal shall be kept on any property, provided, however, that the Association or the Company may provide special areas for the stabling, grazing and riding of horses.

E. **Firearms and Hunting.** Hunting of all animals, fowl and game, and the discharge of firearms of any kind within the properties for any purpose are prohibited, except that recreational target shooting supervised and controlled by the Association may be permitted.

F. **Tools and Equipment.** All tools, lawnmowers, yard equipment and all equipment of any similar nature must be contained when not in use within a fenced or enclosed area and hidden from public view and the view from adjoining property.

G. **Distraction of Golfers**. No one shall engage in any activity which would distract the players or the quality of play upon the golf course. Such prohibited activity shall include, but not be limited to, maintenance of dogs or cats under conditions which would interfere with the golf course play due to loud barking, running, picking up of balls, walking on fairways or greens or like interference with play.

H. **Garbage Receptacles**. All garbage receptacles must be kept within a fenced or enclosed area and hidden from public view and the view from adjoining property. The location of such garbage receptacles must be included in all site and building plans submitted to the Committee for approval.

I. **Subdivision of Lots.** Unless approved in writing by the Company or by a two-thirds vote of the Board, no Lot or Multi-Family Tract shall be subdivided, nor shall the boundary lines of any such Lot or Tract be changed. Two (2) or more lots may be combined for the purpose of creating a larger lot, but no portion of any such combined lots may be subdivided or sold without written approval of the Company or the Committee, provided, however, that this provision shall not be interpreted to prohibit the transfer of any whole lot unless improvements have

been constructed on such lot or adjoining lot under plans which considered such lots combined to form a larger lot. Any permitted subdivision or combination of lots shall not diminish the extent and quality of easements or rights affecting such lots. The Company reserves the right to replat any Lot or Tract still owned by the Company and shown upon recorded plats of the property in order to modify the boundary lines and to take such other steps reasonably necessary or desirable to make such replatted Lot or Tract suitable and fit as a building site to include, but not be limited to, the relocation of easements, walkways, rights of way, roads, bridges, parks, recreational facilities and other amenities to conform to the new boundaries of said replatted Lots or Tracts, provided, however, that no Lot originally shown on a final recorded plat of the property is reduced to a size more than ten percent (10%) smaller than the smallest Lot shown on such plat. If two or more Lots are combined for the purpose of creating a larger Lot, the Owner of the combined Lots will continue to be required to pay assessments for each Lot as though they had not been combined until and unless a plat is recorded in the RMC Office for Spartanburg County which causes the combination of the Lots to be effective. Thereafter, the combined Lot cannot be subdivided without the specific approval of the Committee. If the combined Lot shall be resubdivided, then the Owner of the two Lots must pay all assessments which would have been due for the additional Lot from the time it was combined into a single Lot until the date of the resubdivision. If any Lot shall be conveyed to a non-profit corporation or trust under conditions which prohibit the development or construction of any buildings on that Lot, or if the Lot owner shall give any such entity a conservation easement or similar easement which prevents development or construction of a building thereon, then that Lot shall be exempt from all assessments imposed under Article V hereof and shall continue to be exempt until and unless such restrictions shall cease to be effective. This exemption shall also apply to any Lot which may be created from the resubdivision of any existing Lot pursuant to procedures for resubdivision set forth herein.

J. **Interval Ownership.** No ownership of any Family Dwelling Unit shall be subdivided to permit "Time Sharing" or any other similar ownership "device" to effect interval ownership. For purposes of this Section, the term "device" shall include, but not be limited to, ownership arrangements, including uses of corporations, trusts, partnerships or tenancies in common, in which four (4) of more persons not members of the same household have acquired by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same Family Dwelling Unit and such persons have a formal or informal right-to-use agreement.

K. **Sewage Disposal**. Except as hereinafter permitted, no septic tank or sewage disposal system other than that owned and maintained by the Company shall be constructed or used. In its sole discretion, the Company may continue to own and maintain the sewage disposal system for the property, or it may transfer all or any part thereof to a third party. If as a result of topography, economic factors or otherwise, in the sole discretion of the Company, sewer is unavailable to a Lot

or Tract, the Owner of such Lot or Tract may, with the written approval of the Company, install a sewage disposal system serving such Lot or Tract.

L. **Trash and Garbage.** No trash, garbage, construction debris, or other unsightly or offensive material shall be placed or allowed to remain upon any property, except as may be temporary and incidental to the construction of bona fide improvements upon such property. During construction, debris must be placed in dumpsters placed on the construction site or in a confined or enclosed space to prevent distribution by the elements. This Section shall not prohibit the Company from using fallen trees and debris as fill material.

M. **Completion Date.** The exterior of all Family Dwelling Units and other structures, site work and substantial compliance with landscaping plans must be completed within eighteen (18) months of the start of construction unless such completion is impossible or would result in great hardship to the Owner or builder due to strike, fires, national emergency or natural calamity. No structures may be temporarily or permanently occupied until the exterior thereof has been completed.

N. **Vehicles**. Owners shall furnish adequate parking for their vehicles and those of their family, tenants or guests within the confines of their property, and no private vehicle of any kind shall be parked permanently on any road, provided, however, that incidental parking on the roads associated with attendance at social functions shall be permitted. Only vehicles bearing current license plates shall be parked or stored within public view from the street or from adjoining property. No trucks over one-half (1/2) ton in size, trailers, tractors, commercial vehicles, motorcycles, automobiles bearing advertisements, signs or placards, campers, camping trailers, recreational vehicles of all kinds, boats, boat trailers or any similar such items are to be stored, parked or maintained on the property unless screened from view from the road and from adjoining property. The screening of any such items shall be subject to approval of the Committee as set forth in Article II, Section A, paragraph 4. The Association, as part of its Traffic Control Function, may regulate vehicles and parking consistent with the terms of this Section.

O. **Motorcycles, Mini-Bikes and Go-Carts.** No motorcycles, mini-bikes, motorized mini-bikes, motorized bikes, go-carts or any such similar devices may be operated upon any Lot, Multi-Family Tract or other property in the development or upon the roads except as provided in this Section. Driving of a motorcycle, mini-bike, motorized bike or any such similar device with an engine greater than one (1) horsepower is permitted upon the roads but only to the extent of driving to and from the entrance to the development and the home of the driver by the most direct road route. Operation of go-carts is strictly prohibited in all areas. All motorcycles, mini-bikes, motorized bikes or similar devices operated within the property must meet noise standards or other standards promulgated by the Association, but in the absence of any such specific standards, unreasonably loud motorcycles, mini-bikes and motorized

bikes are hereby prohibited. No gas-powered vehicles of any type, including gas-powered bicycles, mini-bikes, motorcycles, motor scooters, and go carts, shall be allowed at any time on the paths and trails within the Property which are or will be constructed for the purpose of walking, jogging, and bicycle riding.

P. **Setback Lines.** Any final recorded plat of the property will not show predetermined building setback lines. The required distances between property lines and improvements upon a Lot or Tract shall be decided by the Committee as part of the exercise of its authority to approve the location of improvements under Article II, Section A.

Q. **Utilities and Services.** All utilities and services shall be placed underground from the property line or easement to the Family Dwelling Unit, structure or other improvement. No utility or other service may be used, connected or operated except through easements and rights reserved unto the Company.

R. **Antenna**. No television antenna, radio receiver or transmitter, satellite dish or antenna or similar device for receipt or transmission of infrared, microwave, television or radio signals of any kind may be erected upon the exterior portion of any structure, Lot or Tract if cable or other transmission conduit running from an operating master antenna system for such reception is available. The cost of such cable service shall be borne directly by each subscribing customer or by the Association if the Association approves handling the expense thereof as a service or function to its Members. If cable television services or a master antenna system is unavailable and good television reception is not otherwise available, an Owner may make written application to the Committee, Company or Association for permission to install a television antenna or other device subject to the reasonable aesthetic requirements that may be imposed, including but not limited to, the screening of such device from public and private view.

S. **Lot Grade**. The natural grade of Lot or Tract is not to be raised or altered in any way to adversely affect an adjacent property owner or owners. Each Owner is responsible to other Owners, the Company, the Association and the Club for taking reasonable precautions to prevent the accumulation of sediment, erosion or any other adverse effect resulting from construction. All site work and grading shall be subject to the approval of the Committee.

T. **Temporary Structures.** The only type of temporary structure which shall be allowed on any portion of the property is that used by contractors or builders during construction of improvements or shelters maintained by the Company or the Association. Under no circumstances may any kind of recreational vehicle, camper, or temporary shelter be used as a temporary or permanent residence. Temporary construction shelters must be removed from the property within eighteen (18) months after the start of construction unless approval to retain them is given by the Committee, Association or Company.

U. **Lakes, Docks, Fishing, Watercraft and Water Rights.** The restrictions, regulations, and procedures set forth in Section VI.D. shall apply to any lakes, water courses or waterways which are owned by The Carolina Country Club and which are subject to any easement granted by said Club to Owners of Lots abutting such lakes or other waterways, as well as any and all lakes, water courses, and waterways which are a part of the Property itself or which may be constructed within the Property at any time in the future.

V. **Fuel Tanks**. No fuel tanks or similar storage receptacles may be exposed to view from the roads or from adjoining property. Fuel tank location and the location of any similar storage receptacle must be included in all site and building plans submitted to the Committee for approval.

W. **Wells.** The drilling of wells is hereby prohibited, provided, however, that the Committee may, in its sole discretion, approve the installation of a well for on site irrigation or for water driven heating and/or cooling systems, but the Owner shall be required to provide plans and specifications for such a system, including the means of discharging the water in a satisfactory manner.

X. **Clothes Lines**. No clothes line shall be visible from any road or from adjoining property.

Y. **Removal of Trees.** Reference is hereby made to Article II, Section A, Paragraph 10, for the provisions regarding tree removal.

Z. **Fences**. No fence of any kind shall be installed or maintained on any Lot or Tract without the written approval of the Committee as prescribed in Article II, Section A, Paragraph 4.

AA. **Mineral Rights**. No Owner having oil, gas or mineral rights in or under his property shall ever have the right to conduct drilling, exploring or other operations on or below the surface of such property without written permission from the Company or the Association.

BB. **Commercial and Business Use Prohibited.** No commercial operations, business operations, manufacture or production shall be permitted upon any part of the property. The selling, showing or marketing from a Family Dwelling Unit of any kind of goods, products or apparel is expressly prohibited; provided the occasional sale of a small number of articles of furniture, appliances, and similar items shall be permitted so long as they do not include the utilization of auctioneers or other professionals, are not advertised in the media or through signs placed anywhere on the Lot or the Family Dwelling Unit and do not attract large volumes of traffic. The provisions of this item shall not be construed to prohibit the making of handcrafted items for occasional off premises sale. Notwithstanding the provisions herein, the Association may promulgate more specific guidelines permitting, limiting, and/or governing these activities upon the

property. Upon written request, the Board of the Association may grant exceptions to these restrictions on a case-by-case basis.

CC. **Vegetable Gardens**. No portion of a Lot or Tract shall be used as a garden or otherwise for the growing of vegetables, fruit or grains of the ordinary garden or field variety, but this provision shall not prohibit the cultivation of randomly spaced fruit and nut bearing trees.

DD. **Covenant of Good Appearance and Repair**. Each Owner shall maintain the yard area and the exterior of all improvements in good appearance and repair in order to assure that no condition exists which would diminish the beauty of the property or create a safety hazard for the residents of the property. The items covered by this Covenant shall include, but not be limited to, paint, roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. The obligations of this Covenant include the trimming or elimination of any trees, shrubbery, or other plants which obstruct the vision of motorists utilizing the streets in the property in such a way as to create a traffic hazard. The Board of the Association shall have the authority determine when a condition exists which requires action by the Owner under this paragraph. If the Owner fails to comply with instructions issued by the Board, or otherwise breaches the obligations of this Covenant, then the Association or the Company may take action as permitted by Article III, Section M, Paragraph 1. For breach of this Covenant the Association or the Company may take action as permitted by Article III, Section M, Paragraph 1. For purposes of this Section, the "yard area" to be maintained by each Owner shall include that section of his yard which extends all the way to the street curb (even if the Lot Owner has constructed a fence along his property line) and to any cart path which is adjacent to the Lot, even though a portion of such section may lie beyond the boundary line of his Lot and within the right-of-way of the street or within the property of The Carolina Country Club. This maintenance responsibility will also include any portion of a Lot which is within an easement for sewerage or other purposes.

EE. **Ornamental Structures.** No ornamental or decorative structure or device, banner, lights, flag, fountains, birdbaths, ornamental or decorative birds or other animals or any similar item shall be kept or maintained on any Lot or Tract, except as follows:

(1) any such items permitted, authorized or approved by the Committee or Association in their sole discretion;

(2) display of the flag of the United States of America or State of South Carolina of a reasonable height and size; and

(3) display of lights, flags and ornaments during holiday seasons.

FF. **Fireworks**. Shooting of fireworks of any kind, as well as the storage thereof, is absolutely prohibited unless carried out in conjunction with a supervised activity of the Association.

GG. **Swingsets**. Swingsets, sandboxes, gym sets and any such similar devices or structures primarily for children's use and enjoyment must be located on the rear portion of a Lot or Tract but not upon the Golf Course Easement defined in Section PP of this Article.

HH. **Driveways**. Each Owner shall keep his driveway in good repair. Driveways shall be either hardsurfaced or loosely graveled with a permanent border or otherwise constructed, subject in any case to the approval of the Committee.

II. **Mailboxes**. Mailboxes or mail receptacles and their supporting structure to be located on or near the roadway must be of a type and size approved for use by the Committee or Company. After installation, each Owner has the responsibility of keeping it in good repair and appearance.

JJ. **Signs**. No commercial signs or signs of any kind including, but not limited to, "For Rent", "For Sale", and other similar signs shall be erected, placed, or maintained temporarily or permanently on any property by anyone, except:

(1) signs previously approved by the Company or the Association;

(2) signs used with the written permission of the Company or the Association; and

(3) signs required by legal proceedings. The Company and the Association reserve the right to restrict size, color and content of such signs.

KK. **Waiver of Limitations**. Any General Limitations contained in this Article and any subsequent amendments hereto, may be waived on any particular Lot or Tract by the assent of all adjoining Owners, which shall include all Owners of those Lots or Tracts with common boundaries to the Lot or Tract in question and the Owners of those Lots or Tracts situated directly across a road from the Lot or Tract in question, and with the written approval of the Company or the Association.

LL. **Maintenance of Unimproved Property**. Every Owner of an unimproved Lot or Multi-family Tract shall keep such property free of debris and unsightly underbrush, weeds or other unsightly vegetation. In the event that the Association or Company deems that the Lot or Tract is being maintained in violation of this Section and that such violation should be corrected, the Association or Company shall give reasonable notice to the Owner to correct the appearance of such Lot or Tract. If after a reasonable time, such Owner has

failed to correct same, the Association or Company may enter upon the property to correct its condition and assess the Owner for the costs thereof, which assessment shall be a lien against such Lot or Tract according to the same terms provided hereafter generally for Assessments.

MM. **Types and Numbers of Family Dwelling Units Permitted.** The Company hereby restricts the Lots identified in Exhibit "A," attached hereto, to construction of only one single family detached residential dwelling per Lot which may also include a garage or other such accessory structure. A guest suite or like facility without a kitchen may be included as part of the main dwelling or accessory structure, but such suite may not be rented or leased except as a part of the entire residence; and provided that no such guest suite will be permitted if, in the opinion of the Architectural Committee, it has the effect of over-crowding the Lot. With respect to property added by Supplemental Declaration, the Company may permit upon a Lot the construction of one (1) but no more than four (4) Family Dwelling Units per acre. Any parcels identified upon final recorded plats as Multi-Family Tracts are reserved and designated for the construction of one (1) or more Family Dwelling Units per acre. The construction of all Family Dwelling Units shall be under the control and review of the Architectural Review Committee.

NN. **Easements Reserved for Utilities and Drainage.** The Company reserves exclusively a perpetual, alienable and releasable easement and right on, over and under the ground to erect, maintain and use electric telephone poles, wires, cables, conduits, pipes, lines, transformers, meters, boxes, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, cable television, security equipment, telephone equipment, gas, sewer, water or other private or public convenience or utilities on, in or over those portions of each Lot, Tract or other parcel of land as may be reasonably required for installation and maintenance of the aforementioned utilities, provided, however, that such utility easements shall not be applicable to any portion of a Lot or Tract upon which a building has been constructed pursuant to a site plan and location approved by the Committee under Article II, Section A. The easement and right herein reserved expressly includes the right to cut any trees, bushes or shrubbery, make any grading in the soil and to take any other similar action reasonably necessary to provide economical and safe utility installation and maintenance. The Company reserves the right to transfer all or any part of such utility easements and rights as herein reserved to any other entity, whether public or private, which shall provide such service. The Company may charge reasonable fees for providing any utility service herein referred to. The easement and rights herein reserved unto the Company are exclusive, and no Owner shall have the right or privilege to authorize or grant any easements or rights for utilities or services to his property without written permission of the Company.

Further, the Company reserves a drainage easement throughout the property, and it may enter upon any Lot, Tract or other property and construct at its own expense drainways for surface water, temporarily or permanently, wherever and whenever such action may appear to be necessary in order to maintain reasonable standards of health, safety or appearance.

The easements and rights herein reserved for utilities and drainage includes, but are not necessarily limited to, all areas more specifically identified and/or mentioned upon all final recorded plats of the property.

OO. **Company Easements.** The Company reserves an easement of ingress and egress over and upon all Lots and Tracts adjacent to lakes, creeks or other watercourses for the purpose of providing necessary or desirable maintenance to such lake, creek or watercourse or to the land between the water line and the property line of such Lot or Tract. This easement shall extend into each such Lot or Tract for a uniform distance of twenty-five (25) feet and may be further shown upon final recorded plats of the property. The easement and right herein reserved shall include the right to cut, remove and plant trees, bushes or shrubbery and other vegetation and the right to grade the land covered by the easement.

Further, the Company reserves all other easements and rights which may be otherwise shown upon final recorded plats of the property, whether for utilities, drainage or for facilitation of any service or function of The Carolina Country Club, including the operation of the golf course.

PP. **Golf Course Easement.** The Company reserves to itself and for the benefit of The Carolina Country Club a perpetual, non-exclusive right and easement over and across all property adjacent to or near the golf course and all other property of The Carolina Country Club. This reserved right and easement shall permit, but shall not obligate, Company, the Association of The Carolina Country Club to go upon such property to maintain or landscape the area encumbered by such easement. Such maintenance and landscaping may include planting of grass, watering, application of fertilizer, mowing and the removal of underbrush, stumps, trash or debris and trees of less than ten (10) inches in diameter at a level of one (1) foot above ground level. The easement hereby reserved shall extend for a uniform distance of thirty (30) feet inside each Lot, Multi-Family Tract or other property adjacent to or near the golf course.

QQ **Golfers' Easement.** All property adjacent to or near the golf course shall be subject to the right and easement on the part of registered golfers and their caddies to enter upon such property to remove a ball or to play a ball, subject to the official rules of the golf course. Such entering and playing shall not be a

trespass, provided, however, that after a Family Dwelling Unit is substantially completed, entry shall be limited to the recovery of balls only and not to play. The easement hereby reserved is limited in the following particulars:

(1) no golf carts or other vehicle shall be permitted upon the area covered by the easement;

(2) no golfer or caddie shall spend an unreasonable amount of time upon the easement area; and

(3) no golfer or caddie shall commit a nuisance nor engage in any annoying, disturbing or boisterous conduct.

Notwithstanding the foregoing, The Carolina Country Club may in its discretion impose more restrictive rules and regulations regarding the playing and recovery of balls on property adjacent to or near the golf course.

RR. **Insect, Reptile and Woods Fire Control.** In order to implement effective insect, reptile and woods fire control, the Company reserves for itself and the Association and its agents the right to enter upon any Lot or Tract on which a residence has not been constructed, such entry to be made by personnel with tractors or other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Company detracts from the overall beauty, setting and safety of the Community. The Company may not exercise this right until and unless the Owner of the Lot or Tract shall fail to take such necessary actions on its own behalf and at its own expense within thirty (30) days after receipt of written notice from the Company requesting that such actions be taken. The cost of this vegetation control shall be paid by the Owner of the Lot. Such entrance for the purpose of mowing, cutting, clearing and pruning shall not be deemed a trespass. The Company and its agents may likewise enter upon such land to remove any trash which has collected on such Lot without such entrance and removal being deemed a trespass. The provisions in this paragraph shall not be construed as an obligation on the part of the Company to mow, clear, cut or prune any Lot nor provide garbage or trash removal services.

SS. **Erosion Prevention**. The Company and the Association may, in their sole discretion, protect the property from erosion by planting trees, plants and shrubs or by providing drainage ways, dams or any other means deemed expedient and reasonable to deter erosion.

TT. **Effluent.** The Company and the Club shall have an alienable, transferrable and perpetual right and easement:

(1) to pump water from ponds, lakes and other bodies of water located within the property for irrigation purposes;

(2) to drill, install, locate, maintain and use wells, pumping stations, water towers, siltation basins and tanks and related water and sewer treatment facilities and systems within the common areas, including within any portion of the recreational amenities; and

(3) to spray or locate any treated sewage effluent within the common areas, including any portion of the recreational amenities or upon any property with the written permission of the Owner.

UU. **Right to Approve Regime.** No Horizontal Property Regime or other plan for development upon a Lot or Tract which includes multiple Family Dwelling Units which may be sold individually shall be effective until all legal documents have been approved in writing by the Company. A reasonable charge for the cost of such legal review may be charged by the Company to the Owner proposing such development. In no case shall such approval constitute a warranty of fitness or otherwise create liability to the Company to any party with respect to the validity or enforceability of such documents as may be approved, and the Company shall issue any such approval with the Disclaimer set forth in Article II, Section A, Paragraph 8.

ARTICLE III

THE CAROLINA COUNTRY CLUB REAL ESTATE OWNERS ASSOCIATION

A. **Creation of The Carolina Country Club Real Estate Owners Association.** Prior to the recording of this Declaration, the Company shall cause to be incorporated under South Carolina law a non-profit corporation called The Carolina Country Club Real Estate Owners Association.

B. **Limitation of Liability**. THE ASSOCIATION, ITS DIRECTORS, OFFICERS AND MEMBERS SHALL NOT BE LIABLE TO OWNERS, THEIR LESSEES AND GUESTS OR TO ANY OTHER PERSON OR ENTITY FOR ANY DAMAGE OR INJURY WHICH RESULTS FROM ANY RULE OR REGULATION PROMULGATED PURSUANT TO THIS DECLARATION IN GOOD FAITH AND WITH REASONABLE CARE.

C. **New Functions**. The Association shall perform other Functions not in this Declaration if:

(1) the Board specifically finds that such Function will likely benefit the development by improving or maintaining its economic, environmental, commercial, aesthetic, cultural or historical value or enhance the use and enjoyment of the property; and

(2) the commitment to provide for such new Function is approved by the Board; and

(3) the commitment to provide for such new Function is approved by the Members at a duly called meeting or by a Mail Referendum as provided in Article IV, Section D.

D. **Ownership of Common Properties**. The Association shall be obligated to own, operate and maintain Common Properties, equipment, furnishings, improvements and any other property reasonable and necessary to carry out its functions pursuant to these Covenants or otherwise approved herein to be owned, operated or maintained by the Association.

E. **Acceptance of Property Donated by Company.** The Association shall be obligated to accept and assume responsibility for owning and maintaining any and all property and facilities conveyed to it by the Company.

F. **Purchase, Ownership and Maintenance of Purchased Common Properties**. The Association shall be authorized to purchase and own Common properties, and it may issue and pay promissory notes secured by mortgages on such property in amounts sufficient to amortize the debt over a term not exceeding thirty (30) years. The Association shall have the obligation to maintain, repair and care for such property.

G. **Power to Mortgage and Pledge.** The Board shall have the power and authority to mortgage the Association's property and to pledge designated percentages of the revenues as security for loans.

H. **Property Maintenance Function**. Subject to limitation, the Association shall provide for:

(1) the care, operation, management, maintenance, repair and replacement of all Common Properties and improvements thereon, including, but not limited to, parking areas, roads, walks, drives, malls, open areas, plants, trees, shrubs, wildlife, lighting, foundations, bikeways and waterways; and

(2) maintenance of other areas as may be necessary for access to the boundary of or full utilization of any land or any improvements within the Property.

If any Common Properties consist of only a portion of, or defined space within, a building or other improvement owned by the Company, and such space is not subject to a written lease between the Company and the Association, the Association shall provide for the care, operation, management, maintenance and repair of said defined space and shall pay to the Company a reasonable rent.

I. **Operation Function**. Unless otherwise prohibited by law, the Association may provide all services of a Special Purpose or Public Service District pursuant to Title 6, Chapter 11 of the Code of Laws of South Carolina 1976, as amended, which are not being otherwise provided and which may be reasonably necessary or desirable to keep or maintain the property safe, attractive and energy-efficient.

J. **Security Function.** The Association may provide and maintain security and fire protection and a fire and watch system which may include periodic fire prevention inspections and equipment certifications, cable, microwave, telephone or radio-based fire monitoring and television security electronics which do not unreasonably offend the privacy of the Company or the Owners. The Association may provide centralized radio-dispatched security services to the property.

K. **Vehicle, Traffic and Parking Control Function.** The Association may promulgate rules and regulations to protect the use and enjoyment of the roads owned by the Association, including, but not limited to, restrictions on the types,

sizes and weights of vehicles permitted to use roads, the maximum and minimum speeds of vehicles using said roads, regulations governing traffic and parking, and the maximum noise levels of vehicles using said roads. Such rules and regulations shall be consistent with the terms of this Declaration, but may be more restrictive than the laws of any state or local government having jurisdiction of the property. The Association may prohibit the entry into the property of excessively noisy vehicles and restrict two-wheel or three-wheel vehicles having motors or engines with greater than one (1) brake horsepower or the equivalent thereof.

L. **Drainage Control Function**. The Association may promulgate regulations for drainage control to minimize the ecological damage which may result from grading, paving, landscaping, vegetation removal, excavation, burning, application of chemicals and nutrients, construction or demolition activity.

M. **Enforcement of Covenants Function**.

1. **Notice and Right to Maintain.** If after reasonable notice an Owner fails to maintain the exterior of his Family Dwelling Unit or related structure as required by Article II, Section DD, the Company or the Association may provide such exterior maintenance and repairs and take such other action deemed appropriate to remedy such violation. In addition, the Company or the Association may, without notice, make emergency repairs and maintenance as may in its judgment be necessary to prevent danger to person or property. The cost of such maintenance and repairs shall be assessed against the Owner and shall be a lien on the subject property and a personal obligation of such Owner. The Company and the Association are given an irrevocable license and easement throughout the property to inspect and determine whether any repair or maintenance is necessary and to enter upon such property to make authorized repairs, and such entry shall not constitute a trespass.

2. **Limitation of Liability.** THE COMPANY, THE ASSOCIATION OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, EMPLOYEES OR MEMBERS SHALL NOT BE LIABLE FOR ANY PERSONAL INJURY OR PROPERTY DAMAGE OR OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES OCCASIONED BY ANY NON-NEGLIGENT ACT OR OMISSION IN THE INSPECTION, REPAIR OR MAINTENANCE OF ANY SITE, IMPROVEMENTS OR PORTION THEREOF.

3. **Complaints of Violations.** Complaints of violations of these Covenants may be lodged with the Association. Such complaints shall be placed in writing and signed by the person registering the complaint. If the Association determines there is a reasonable basis for the complaint, it

shall give notice of the complaint to the responsible party. If the violation is not corrected within a reasonable time, the Association may engage legal counsel to enforce these Covenants. In such event, the party against whom enforcement is sought shall also be obligated to reimburse the Association for all direct and indirect costs in maintaining compliance with these Covenants, including reasonable attorney's fees and court costs.

N. **Central Identification Function.** The Association may make available to Members, tenants and guests an identification card, vehicle decal, temporary identification cards, vehicle passes or decals. The Association may in its sole discretion charge a reasonable fee for any such card, pass or decal.

O. **Other Utilities Functions.** Subject to all rights reserved by the Company, the Association may regulate the installation of utilities, including, but not limited to, water, sewage, electricity, telephone, cable television, security transmission, data transmission, satellite communications and microwave transmission facilities on the property.

P. **Assessment Function**. The Association shall collect assessments, fees and charges as prescribed in Article V herein or as otherwise set forth in this Declaration.

Q. **Tax Payment Function**. The Association shall timely pay all property taxes, assessments or other fees required to be paid to any governmental or public authority in connection with any property owned by or property taxed to the Association.

R. **Right to Dispose of Common Property and Personalty.** Subject to any provision herein requiring the Company's consent for donated properties, the Association shall have authority to sell, lease, control, transfer, encumber, abandon or dispose of its Common Properties.

S. **Governmental Successor**. Although the Association shall never relinquish its ultimate authority to perform the Functions herein mentioned, the Association may transfer or convey all or any part of its Common Properties, including leasehold interests, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Association. No such transfer or conveyance shall be made unless approved by the Members at a duly called meeting or by Mail Referendum as set forth in Article IV, Section D. Unless specifically reserved in the instrument or deed of conveyance or transfer, such transfer will extinguish all licenses and easements of Owners in the property so transferred or conveyed.

T. **Implied Rights and Functions.** The Association may exercise any right or privilege given to it in this Declaration and, except as herein limited, given to it by law. The Association may exercise every other right, privilege, power and authority necessary, reasonable or desirable to fulfill its obligations, including the right to engage labor and acquire use of or purchase property, equipment or facilities; employ personnel to manage affairs of the Association; obtain and pay for legal, accounting and other professional services; and to perform any Function by, through or under contractual arrangements, licenses or other arrangements with any governmental or private entity, including, but not limited to, the Company or The Carolina Country Club.

U. **Indemnification Function**. The Association shall indemnify and hold harmless the Company, its successors and assigns, and its agents, officers, partners, employees and managers from all liability, loss, cost, damage and expense, including attorney's fees, arising or growing out of any and all operations and activities of the Association. The Association shall indemnify to the fullest extent permitted by law any present or former director or officer of the Association who is made a party to any suit, action or proceeding, whether criminal, civil, administrative or investigative, including an action by or in the right of the Association, by reason of the fact that he is or was a director or officer, from and against any and all judgments, penalties, fines, settlements, costs and expenses, including reasonable attorney's fees, incurred by or levied against any present or former director or officer in connection with any act or failure to act in his capacity as director or officer.

V. **Regulation Function**. The Association shall be authorized to adopt, amend and enforce rules and regulations implementing its Functions, duties and operations or activities upon Common Properties. Each Member, tenant and guest and their employees and agents shall abide by such rules and regulations and shall reimburse the Association for its cost of enforcement and damages, including reasonable legal fees and costs, upon failure to comply with such rules and regulations.

W. **Charges for Use of Facilities**. In its sole discretion, the Association may establish and charge Members, tenants and guests reasonable fees for use of Common Properties to help offset the costs and expenses attributable to such property.

X. **Charges for Service Functions.** The Association may establish and charge Members, tenants and guests reasonable fees for providing any service required or permitted by any Function on a regular or irregular basis to help offset the costs and expenses attributable to such service.

Y. **Annual Reporting Function.** The Association shall prepare annually within ninety (90) days after the close of the Association's fiscal year a general itemized statement showing its assets and liabilities at the close of such fiscal year and a general statement of the Association's revenues, costs and expenses for such fiscal year. A copy of such statement shall be made available to each Member.

Z. **Notice Function**. A copy of the Association's rules and regulations shall be made available for a reasonable fee to each Member upon request.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

A. **Membership.** Each Owner shall be a Member of the Association, and the Company shall be a member of the Association.

B. **Classes of Membership and Votes**. The Association shall have two (2) types of voting memberships.

1. **Class A**: These Members shall be all those Owners of Lots, Family Dwelling Units and Multi-Family Tracts. Each such Member shall have one (1) vote for each Lot, Family Dwelling Unit and Multi-Family Tract he owns, provided, however, that if a Family Dwelling Unit and related improvements have been built upon more than one (1) Lot, the Owner thereof shall have only one (1) vote.

2. **Class B**. This Member shall be the Company until it elects in writing to be classified as a Class A Member or until the date when the Company shall no longer own any Lots, Family Dwelling Units or Tracts, whichever occurs first. Until such election is made, the Class B member shall be entitled to the same number of votes cumulatively held by all Class A Members plus one (1) vote. At the time the Company elects to be classified as a Class A Member, it shall have votes based upon the number of Lots and/or Multi-Family Tracts it owns according to final recorded plats of developed property.

   If any property entitling the Owner to membership is owned of record in the name of two or more persons or entities whether fiduciaries, tenants in common, tenants in partnership, or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, such co-Owners shall agree among themselves to appoint one of them to vote. Upon reaching such an agreement, it shall be placed in writing and delivered to the Association, which may, until further notice, rely upon same for voting purposes. If the co-Owners fail to reach a unanimous agreement as to which one shall be entitled to vote, the vote attributable to the property owned by such co-Owners shall be disregarded for all voting purposes, but such co-Owners shall be otherwise bound by all terms of this Declaration and by the By-Laws of the Association.

C. **Board of Directors and Voting Rights.** The Association shall be governed by a Board of Directors consisting of three (3), five (5), seven (7), nine (9), or eleven (11) members. The Board shall initially consist of three (3) members with the number in subsequent years to be determined by the Board of Directors as provided in the By-Laws of the Association. When voting to elect directors, each Member shall be entitled to the number of votes provided in Section B of this Article multiplied by the number of Directors to be elected. Cumulative voting for members of the Board of Directors shall not be permitted unless permitted in the Charter of the Association and its By-Laws.

After the date when the Company shall elect to be classified as a Class A member or the date when the Company shall no longer own any Lots, Family Dwelling Units or Tracts, whichever first occurs, that number of Board membership which shall be one (1) less than a simple majority thereof shall be designated as Board-appointed Directorships. Prior to the event which precipitates this change, the membership shall designate which members of the then-existing Board are considered to be holding the Board-appointed Directorships, such designation to be made by majority vote at a regular meeting or a special meeting of the membership. After the effective date of this reorganization (i.e., the date indicated in the first sentence of this paragraph), all persons serving as Board-appointed Directors shall continue to serve indefinite terms until they shall resign, die, or become physically or mentally incapacitated. Vacancies in the Board-appointed Directorships shall be filled by the majority vote of the other persons serving in the Board-appointed Directorships at the time such vacancy occurs. All other Directors shall be selected and replaced by vote of the membership of the Association, as set forth in the first paragraph of this Section IV (C).

D. **Members' Right to Approve Certain Actions by Mail Referendum.** By resolution adopted by a two-thirds (2/3) vote of the Board, the Board may initiate a Mail Referendum in which Class A and Class B Members of the Association shall collectively have the power to approve or reject:

(1) any Special Assessment recommended by the Board;

(2) any merger of the Association with another property owners association serving an adjoining or nearby tract;

(3) amendments to any provision of this Declaration as provided in Article IX, Section B; and

(4) any other actions designated by the By-Laws for which a Mail Referendum may be held. Any Mail Referendum shall include one (1) statement prepared by the Board stating the reasons that two-thirds (2/3) of the Directors are for passage of the Referendum and, if applicable, one (1)

statement prepared by the Director or Directors dissenting from such proposed action. Such supporting or opposing statements may not exceed five (5) business letter size pages each. In order to be counted, a Mail Referendum ballot must be received by the Association within thirty (30) days from the date the letter containing such ballot was postmarked as mailed by the Board.

The results of a mail Referendum must be certified in writing by the President and Secretary of the Association, and written notice thereof, together with the number of votes for and against, shall be made available to each Member.

E. **Quorum.** Each time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association (other than a matter subject to a Mail Referendum), the presence at the meeting of Members or proxies entitled to cast fifty percent (50%) of the total vote of the membership shall constitute a quorum. If the required quorum is not represented at the first meeting, a second meeting may be called subject to the giving of proper notice, and there shall be no quorum requirement for such 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 and any other requirements for such "duly called meeting" which may be established herein or by the Charter or By-Laws.

F. **Ballots by Mail.** The Board of Directors may send with notices of regular or special meetings of the Association a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote for or against the motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section E of this Article, provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

G. **Proxies.** All Members may vote and transact business at any meeting of the Association by proxy authorized in writing; provided, however, that proxies shall not be required for any action which is subject to a Mail Referendum, in which case the votes of all Members polled shall be made by specially provided ballots mailed or delivered to the Association.

H. **Duty of Members to Inform Association of Current Address.** Each Member, including a new Member, shall have the affirmative duty to inform the Association in writing of his current mailing address and, if he transfers ownership, to provide in writing to the Association a brief description of the property transferred, the name and mailing address of the new owner and a forwarding address for himself. No Member may be excused from his obligations established in this Declaration nor challenge a Mail Referendum or Ballot by Mail

if the Association or Board mailed an assessment bill, statement, Mail Referendum ballot, notice or Ballot by Mail to the last mailing address provided by said Member in writing and recorded on the books of the Association.

I. **Notice or Referendum Ballot by Mail.** Any notice or Mail Referendum ballot sent to any Member under the provisions of this Declaration shall be sufficient if mailed with the proper postage affixed to the last known mailing address of such Member contained in the Association's records.

J. **Sufficiency of Notice, Mail Referendum or Ballot by Mail**. Only those Members then registered on the membership rolls of the Association shall be entitled to receive notices, Mail Referendum Ballots or Ballots by Mail.

K. **Notice to Co-Owners.** The mailing or giving of a notice, Mail Referendum Ballot or Ballot by Mail to the Co-Owner appointed under Section B of this Article shall constitute proper notice of same to all Co-Owners of such property.

ARTICLE V

COVENANTS FOR ASSESSMENTS

A. **Assessments.** The Company covenants, and each Owner of a Lot, Family Dwelling Unit, or Multi-Family Tract, whether or not expressed in the deed or other instrument of conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay the Association dues, fees, charges, general and special assessments and other assessments made herein (hereinafter collectively referred to as "Assessments") upon the terms set forth in this Declaration. Assessments shall be a charge and continuing lien on the real property and improvements thereon against which such assessments are made and shall also be the personal obligation of the Owner of such real property when the Assessments first became due and payable.

B. **Costs and Expenses of Collection.** Should the Association be required to employ an attorney to collect Assessments or otherwise seek legal action in an effort to collect Assessments, it shall also be entitled to collect all costs of collection, including reasonable attorney's fees, which amounts shall be added to and become a part of the assessments due hereunder.

C. **Use of Assessments**. The Assessments collected by the Association shall be used as follows:

(1) for the acquisition, improvement, maintenance and operation of the Common Properties;

(2) for the payment of services which the Association is authorized to provide, including, but not limited to, the payment of taxes and insurance thereon, construction of improvements, repairs, replacements, and additions to common properties, and the payment of the cost of labor, equipment, materials, management and supervision necessary to carry out its authorized functions;

(3) for the payment of principal, interest and any other charges connected with loans made to or assumed by the Association for the purpose of enabling the Association to perform its authorized functions and services; and

(4) for any other purpose, cost or expense reasonably related to the performance of any duty or responsibility of the Association hereunder.

D. **Maximum Monthly Assessments for General Assessments.** Except as otherwise provided herein, the maximum monthly assessments for general assessments (as may be increased under Section E of this Article) for each Lot, Family Dwelling Unit and Tract shall not be more than set forth in the following schedule:

CLASS	MAXIMUM MONTHLY ASSESSMENT	COMMENCING
Residential Lot, Family Dwelling Unit Multi-Family Tract	$65.00	October 1, 1984

If a Family Dwelling Unit and related improvements have been built upon more than one (1) Lot, the Owner thereof shall nonetheless have only one (1) monthly assessment for general assessments. Property shall not be classified as a Residential Lot or Multi-Family Tract for purposes of Assessments under this Article until the first day of the month after which both of the following have occurred:

(1) Placing of record the plat showing such Lot or Tract, and

(2) The Lot or Tract has been conveyed by the Company to a purchaser.

E. **Increase in Assessments.** All Assessments charged by the Association shall be rounded to the nearest dollar. On January 1, 1986, and on the same date of each year thereafter, the maximum monthly assessment for general assessments shall be increased each year by the Board by an amount equal to the greater of either

(1) six percent (6%) multiplied by the then applicable maximum monthly assessment, or

(2) the percentage increase in the Consumer Price Index between the first month and the last month of the last annual assessment period multiplied by the then applicable maximum monthly assessment.

After consideration of current costs and future needs of the Association, the Board may fix the actual monthly assessment for any year at an amount less than the applicable maximum monthly assessment, but such action shall not constitute a waiver by the Association of its right to revert to the full cumulative maximum monthly assessment in subsequent years. If the Board

fixes such monthly assessment at an amount less than the applicable maximum monthly assessment and the Board subsequently determines that such amount will not be sufficient to meet the needs of the Association, the Board shall have the authority to charge supplemental monthly assessments, but in no event shall the sum of the initial and supplemental monthly assessments in any one (1) month exceed the applicable cumulative maximum monthly assessment.

F. **Special Assessments.** In addition to monthly general assessments, the Association may levy Special Assessments for the purpose of defraying in part or in whole the cost of any construction or reconstruction, unexpected maintenance or repair, and replacement of the common properties and capital improvements thereon, if any, including the necessary fixtures and personal property thereto, or addition to the common properties, or to provide for the necessary facilities and equipment to offer the services authorized herein, and to repay any loan made to the Association to enable it to perform authorized duties and functions, provided that any such special Assessments shall have the consent of three-fourths (3/4) of the votes cast at a duly called meeting of the Association. Written notice of such meeting shall be sent to all Members at least thirty (30) days in advance and shall set forth the purposes of the meeting. The percentage of the total special Assessment which each Member is required to pay shall be the same percentage of the total monthly general Assessment for all property which each such Member is then required to pay under Section D of this Article. Such special Assessment may not exceed in any one (1) month the amount of the maximum monthly assessment for such month, except for emergency repairs or maintenance and other repairs required as a result of storm, fire, natural disaster or other casualty loss.

G. **Merger or Consolidation.** The limitations on the amount of assessments shall apply to any merger or consolidation in which the Association is authorized to participate hereunder or under the By-Laws of the Association.

H. **Payment.** The monthly assessment shall be due and payable on the first day of each month in advance; provided the Board shall have the authority to impose and collect such assessments on a quarterly basis, in which event they will be due on the first day of each calendar quarter. All Members shall commence pro-rated payment of the monthly or quarterly assessments from the first day following the date of closing or on the commencement date in Section D of this Article, whichever is later. Any monthly, quarterly, or special assessment not paid within thirty (30) days after the date of billing is past due and delinquent, provided, however, that the resolution authorizing a special assessment may specify a different payment date. The Association shall,

within three (3) days after written request, furnish to any Member a certificate in writing signed by an officer of the Association setting forth the status of assessment payments. Such certificate shall be conclusive evidence to all but such Member of the status of assessment payments.

I. **Delinquent Assessments.** If any assessment becomes past due and delinquent as set forth in Section H of this Article, then such amount, together with interest thereon at the rate of one and a half percent (1.5%) per month (ANNUAL PERCENTAGE RATE - 18%) from the past due date and any costs of collection thereof, shall be a charge and continuing lien on the property, and all improvements thereon, against which each such assessment is made in the hands of the then Member, his heirs, successors and assigns. Furthermore, such past due amount, plus interest and costs as above provided, shall continue to be the personal obligation of the Member at the time when the Assessment first became due and payable. Such Member's successors in title shall not be personally obligated to pay past due assessments unless expressly assumed by them, but such amounts shall continue to constitute a lien against the property until paid.

If any assessment is not paid within thirty (30) days after the past due date, the Association may bring an action against the Member personally obligated and/or an action to foreclose the lien against the property. In such event, there shall be added to the amounts due hereunder a reasonable attorney's fee and the costs and expenses related to such action. If judgment is obtained, the amount of such judgment shall accrue interest at the rate above provided.

J. **Rights of Suspension.** The Association may suspend the rights and easements of enjoyment in Common Properties of any Member, tenant or guest of any Member for any period during which the payment of any Assessment against property owned by such Member remains delinquent. The Association may likewise suspend providing a service or function to any Member, tenant or guest of Member for any period during which the payment of any Assessment against property owned by such Member remains delinquent. It may also suspend such rights, services or functions for any period not to exceed sixty (60) days for each breach or infraction of its published rules and regulations or of the terms of this Declaration. Any such suspension shall not constitute a waiver or discharge of the Member's obligation to pay the Assessment or to abide by such rules and regulations or the terms hereof. Furthermore, the Association shall in no case suspend the right to use the roads leading to public roads, subject to such rules, regulations and fees, if any, established by the Association for such use.

K. **Priority of Assessments.** The lien of the Assessments provided for herein shall be subordinate to the lien of any mortgage, security deed or deed of trust hereafter placed upon any property if, but only if, all assessments (including interest, collection fees and costs, if any) against such property having a due date prior to the recording date of such mortgage have been paid. The lien of Assessments hereby subordinated shall apply only to Assessments which have become due and payable subsequent to the recording date of such mortgage and prior to the earlier of:

(1) the date of satisfaction or cancellation of such mortgage;

(2) the date of the sale and transfer by recorded deed of such property pursuant to a decree of foreclosure, sale under power or as a result of any other judicial proceeding instituted by the mortgagee for the purpose of foreclosing the mortgage; or

(3) the recording date of a deed taken in lieu of foreclosure. Any such sale or transfer as part of a foreclosure proceeding shall not relieve such property from liability for any assessments accruing after the date of recorded transfer to a new owner, provided, however, that any property purchased by a foreclosing mortgagee at a foreclosure sale shall not be subject to the lien of assessments, nor shall such mortgagee be personally liable for same, until it has owned the property of record for one (1) year.

L. **Exemption from Assessments.** The following property, individuals, partnerships, corporations or other entity or organization subject to this Declaration shall be exempt from the payment of Assessments and the lien of Assessments created herein:

1. The grantee or transferee in conveyances or other instruments given for the purpose of granting and creating easements and rights of way for utilities, sewage disposal, telephone lines and equipment, security equipment, cable television, or any other similar use or purpose providing beneficial services to the property;

2. All common properties and any and all property, real and personal, of the Association and limited common properties as herein defined;

3. Property owned and/or operated by the Company, Twin Oaks Associates or any affiliate of the Company which is or may be used for any of the following purposes:

   a. Road rights of way and parking lots,

b. Utilities, community halls, meeting rooms, maintenance and equipment storage areas and offices of the Company,

4. Any and all property of The Carolina Country Club; and

5. All property owned by the Company whether developed or undeveloped and whether or not shown as Residential Lots and/or Multi-Family Tracts upon final recorded plats.

M. **Admission Fees.** The Board may establish a schedule of fees to be charged for admission to and use of the common properties and the facilities thereon.

N. **Special Assessments for Shared Expenses.** Some of the parking areas within the Property are designed to be utilized by the Owners of two (2) or more Lots. Each such Lot will either have a portion of the parking area within its boundaries or contiguous to one (1) of its boundaries. The Owners of the Lots utilizing these parking areas will share equally in the costs of maintaining and repaving those areas as and when necessary. These repairs and repavings will be conducted by those Lot Owners themselves and not by the Association. However, in the event any Lot Owner who has the right to use such a common parking area refuses to pay his share of any such costs, then, at the request of a majority of the remaining Owners who utilize that parking area, the Association may elect to pay such Owner's prorate share and to impose an assessment for the amount of said share against the Owner. Such assessment can include all costs incurred to collect the assessment. Once imposed, the assessment will be binding upon such Owner in the same manner as all of the other assessments described in this Article and the Association shall have all rights to collect such assessment as are set forth in this Article. In the event any such Owner shall be required to pay damages to any party by reason of personal injury or property damage suffered on the common parking area or as a result of any condition within the area or as a result of any condition within the common parking area, then, unless such liability was caused solely by the actions or the negligence of the Owner against whom such a claim or judgment has been imposed, all of the Owners who share the right to use that parking area shall indemnify and hold such Owner harmless for their respective prorate shares of such claim, judgment, or other form of liability.

ARTICLE VI

COMMON PROPERTIES

A. **Member's Easement.** Subject to the within provisions and the Association's rules and regulations, as well as any fees or charges established by the Association, each Member, his family, tenant and guest shall have a right and easement of access, use and enjoyment in all Common Properties (excluding Limited Common Property) and such right and easement shall be appurtenant to and shall pass with the title to every Lot, Family Dwelling Unit and Multi-Family Tract.

B. **Conveyances to Association**. The Company, Twin Oaks Associates and The Carolina Country Club shall have the right to convey to the Association by deed or long term lease any lands, watercourses, lakes, greenbelts, paths, roads, rights of way, easements, utilities, any other property or rights and any improvements thereon, including any or all recreational facilities which the Company designates to become Common Property. Any such conveyances or transfers shall be at the sole discretion of the grantor.

C. **Conditions on Member's Easement.** Each Member's easement of use, access and enjoyment of common properties shall be subject to the provisions of this Declaration and to the following:

1. The rights of the Company and of the association to borrow money for the purpose of improving or maintaining the Common Properties and providing authorized services and to mortgage such property;

2. The rights of the Association to assume and pay any liens or encumbrances against such property at the time of conveyance and to protect if from foreclosure;

3. The rules and regulations of the Association and the right of the Association, as provided in its By-Laws, to suspend the rights and easement of use, access and enjoyment to such property;

4. All existing and future easements or rights of way granted for utilities, telephone service, gas, security, cable television, or for any similar purpose, and any other matter or provision which shall be set forth in the deed to such common property or shown upon any recorded plat thereof; and

5. The right of the Association to give, sell, transfer or lease all or any part of the common properties to any public agency, authority, utility, or private concern, but such gift, sale, transfer or lease must be authorized by a majority of the votes cast at a duly called meeting of the Association. Written notice of such meeting, together with written notice of the proposal for such gift, sale, transfer or lease, must be given to each member at least thirty (30) days prior to such meeting. A true copy of such resolution, together with a certificate of the results of the vote, shall be made and acknowledged by the President and Secretary, and such certificate shall be annexed to any instrument of dedication or transfer affecting the common properties prior to the recording thereof. Such certificate shall be conclusive evidence of the authorization by the membership.

D. **Lakes.** Access to and utilization of certain lakes owned by Carolina Country Club, access to which has been granted to certain abutting Lot Owners pursuant to an easement dated June 26, 1990 (recorded in Deed Book 56V at Page 040), and all lakes located within the Property, including lakes constructed in the future (hereinafter together referred to as "Lakes") shall be available to certain Owners of Lots abutting those Lakes, but only under the following conditions:

1. The installation of any kind of dock, float, platform or any similar structure over, on or under the surface of any Lake which abuts any Lot, Tract, Common Properties, Limited Common Properties, or undeveloped properties is strictly prohibited.

2. The construction or installation of retaining walls and barriers along the banks of any Lake for the purpose of erosion control by an Owner may be undertaken only with the written approval of the Board of Directors of the Association, and then only after the plans for such construction and installation have been approved in writing by the Architectural Review Committee.

3. The right to operate boats, canoes and other watercraft permitted herein, and the use and access to all the Lakes for fishing and other purposes, shall be strictly regulated and governed by the rules set forth herein and in the Easement from Carolina Country Club (referred to above). The Lake Committee for each lake (defined in Subsection 10 below) will have the authority to adopt new rules, revise rules, and monitor compliance with rules, provided the committees may not relax or waive any rules or limitations set forth herein or in the Easement. No boats or other watercraft utilizing gas operated engines shall be permitted on any Lake. Small boats powered by electric motors of not

more than five (5) horsepower may be permitted provided they otherwise comply with restrictions set forth herein and other rules and regulations promulgated by the Board.

4. All Owners of Lots or Tracts abutting any Lakes shall be responsible for maintaining the grass and other landscaping features which are visible from such Lake so that the Lake shore has an attractive appearance. The rights of such Owners in this regard are subject to the rights reserved to the Company and/or the Association for lake shore maintenance and other purposes, such easement being 25 feet in width along the boundaries of all Lots which abut any Lakes, as shown on the recorded plats of the property, including any plats which may be recorded in the future.

5. No boat houses or out buildings designed to house boats or boat equipment shall be constructed on any such Lots or Tracts. When boats are not in use, they must be removed totally from the water, turned upside down, and placed in an orderly position on the lake shore if they are to remain on the lake shore. Oars, life jackets, and similar equipment must be stored underneath the boat if it is maintained or stored in the vicinity of the shoreline.

6. No swimming or water sports, such as skiing, sledding, or tubing will be allowed on any Lake.

7. Except as otherwise specifically permitted herein, no buildings or other structures of any kind will be constructed within the 25 foot easement zone established along the lakeside boundaries of Lots abutting any Lakes, as established in the recorded plats of the property. Additionally, no detached buildings or yard lights which would be visible from the Lake on such Lots shall be constructed or placed on the Lots until and unless they have been approved in writing by the Architectural Review Committee.

8. In the event any Owner of any Lot or Tract shall fail to observe the restrictions and requirements of this Section, including the rules and regulations promulgated by the Lake Committees which are incorporated by reference into this Section, then the Board shall have the right to go on to such Lot or Tract and perform such corrective measures as may be necessary, including, without limitation, maintenance, planting, grading, removal of boats or equipment, or such other steps as the Board shall deem necessary in order to assure the attractive appearance of the lakeshore and general compliance with these restrictions. The Board may take such actions only after the Owner has failed to do so within five (5) days after receiving a written

notice from the Board. In the event the Board takes such measures, all costs incurred in doing so shall be considered assessments against the Owner of the Lot or Tract and may be collected as a "Delinquent Assessment" under the provisions of Section I of Article V hereof if not paid when due by the owner. The Board shall also have the right to enforce these restrictions and the rules and regulations promulgated by the Board by levying monetary fines as provided in Article VII hereof.

9. All fishing and boating privileges made available to Owners of Lots abutting Lakes shall be limited to the owners themselves, members of their immediate families, and guests; provided guests may ride in boats and fish from boats in the Lakes only if accompanied by the Owner or a member of his immediate family.

10. All Owners of Lots abutting Lakes within the Property and all Owners abutting Carolina Country Club Lakes who elect to enjoy Lake privileges pursuant to the procedure described in Subsection 15 below are hereinafter referred to as "Lake Users." The Lake Users on a given Lake will become the members of a special subcommittee of the Association, the purpose of which will be to monitor that Lake for violations of rules, communicate those violations to the Board of the Association, conduct elections, and generally assist the Association in anything related to that Lake. The enforcement mechanism would be the lien powers given to CCCREOA in these Covenants. Company will also be a member of the subcommittees associated with Lakes within the Property. Each of these subcommittees would elect its own officers. They are hereinafter referred to as the "Lake Committees."

11. The Lake Users who own Lots which are contiguous to any Lake within the Property ("Subdivision Lakes") and the Lake Users who own Lots and Tracts which are contiguous to Lakes owned by the Carolina Country Club which are covered by the easement granted by said Club to owners of abutting Lots ("Club Lakes") shall be subject to monthly user fees for their respective prorate shares of costs incurred by the Association to stock and fertilize the Lakes and otherwise enhance the enjoyment of the Lakes, pursuant to the limitations, restrictions, rules, easements and procedures referred to or set forth in this Article. All user fees shall be due and payable on a monthly basis, except as otherwise directed by the Board. These assessments, together with the Lake Quality Assessments and Maintenance Assessments described in Subsections 12 and 13 below, are hereinafter together referred to as "Lakefront Assessments." Except as otherwise specifically provided herein, all Lakefront Assessments shall be allocated among the Owners of Lots abutting that Subdivision Lake on a prorate basis.

12. If the officers of any of the Lake Committees shall decide that the user fees would probably be inadequate in any year to fertilize the Lake and otherwise maintain the quality of the Lake, then those officers could call a special meeting of the Lake Committee to consider a special assessment. A meeting could also be initiated by a majority vote of the members of a lake Committee. If the special assessment (hereinafter referred to as a "Lake Quality Assessment") is approved by a simple majority of the votes cast at any such meeting, then that Lake Quality Assessment would become immediately effective and would be binding upon all Lake Users on that Lake. In the event a proposed Lake Quality Assessment, when combined with the user fees and any Maintenance Assessments (as defined below) assessed against the Lake Users on any Lake should total $1,000.00 or more during any given calendar year, then the vote on any Lake Quality Assessment or Maintenance Assessment which would cause the total to reach $1,000.00, as well as the vote on any such assessment after the total of all these fees and assessments shall have reached $1,000.00, will be approved only if eighty percent (80%) or more of the votes cast in a special meeting of the Lake Committee called for such purpose are voted in favor of such assessment.

13. If any Lake requires special maintenance at any time after the first Lot on that Lake has been sold, then, unless such maintenance charge can be paid from the user fees, a special meeting may be called by the officers of the Lake Committee or by Company. At that meeting, the need and the estimated cost for the special maintenance will be presented and discussed. Assessments imposed for the purpose of conducting special or emergency maintenance projects are hereinafter referred to as "Maintenance Assessments." Except as otherwise described below, Maintenance Assessments will be approved, and will become binding on all Lake Users on a given Lake, only if approved by an appropriate majority of the votes cast at such meetings, as follows:

(i) If the total of the user fees, Lake Quality Assessments, and Maintenance Assessments, including the Maintenance Assessment in question, will be less than $1,000.00 for the calendar year during which the meeting is conducted, a simple majority is required.

(ii) If the total user fees, Lake Quality Assessments and Maintenance Assessments for the calendar year would be $1,000.00 or more, then an eighty percent (80%) majority would be required.

In the event the officers of any Lake Committee, or the Board of the CCCREOA should determine that a condition exists on one of the Lakes which creates a safety hazard or a substantial risk of damage to property, then the Board shall cause the necessary repairs or maintenance to be conducted and shall impose a Maintenance Assessment against the Lake Users on the Lake or Lakes which were affected by such problem. These Maintenance Assessments shall be mandatory without a committee meeting or a vote of the Lake Users.

14. The Company, in connection with its construction of Subdivision Lakes, will provide the initial stocking of fish, all monies collected from the Lake Users on a given Subdivision Lake will be spent solely on that Lake. The initial user fees for all Subdivision Lakes will be $15.00 per month. Beginning January 1, 1992, the user fees will be increased annually by a percentage equal to the increase in Implicit Price Deflator Index from year to year, unless the Lake Users on any given Lake, voting as prescribed below, elect not to impose all or some portion of the increase in any year. Increases beyond the Index would require the approval of eighty (80) of the eligible voters under this procedure. Among the expenses to be covered by these user fees would be the increased insurance costs associated with the existence and utilization of the Lake.

15. If all of the abutting properties on any Subdivision Lake shall be Lots (as defined herein), then the assessments imposed against the Owners of Lots on that Subdivision Lake shall be equal. If any of the abutting properties shall be Tracts (as defined herein), then the amount payable by the Owner of a Tract may be a larger sum, depending upon the number of residential units constructed on that Tract.

16. The Owners of all Lots abutting the Lakes which are owned by Carolina Country Club would elect (not later than March 31, 1991) whether to become participants in the usage of that Lake. Those who vote "No" would be prohibited from using the Lake for as long as they owned their Lots but would be exempt from Lakefront Assessments. Subsequent Owners of such Lots would be allowed to gain Lake privileges by paying the full amount of all Lakefront Assessments for the previous ten (10) years and gaining a two-thirds (2/3) vote of the Lake Users on that Club Lake.

17. The setting of the rules and lakefront Assessments for Club Lakes, including the initial user fees and increases in user fees, will be determined by the procedure set forth above for the Subdivision Lakes, except that the vote which would be required in order to change the rules, increase the ceiling on assessments, etc., would involve only

those abutting Lot Owners who vote to participate in the Lake privileges. Company would also be a member of each Club Lake committee and would have one (1) more vote than the total of participating Lot Owners, pursuant to the procedures described in Subsection 19 below.

18. The rules for these Club Lakes, initially set by the membership of the Association, would be subject to the restrictions set forth in the recorded easement from the Carolina Country Club. These rules could never be more liberal than the restrictions set forth in that easement.

19. As long as Company or its successor continues to be a Class B member of the Association, in accordance with the Covenants and the By-Laws, then all votes of Lakes Users in meetings of Lake committees will be conducted as follows:

    (i) each Lake User will have one (1) vote;

    (ii) the Company (or its successor) will have one (1) more vote than the total of the votes of all Lake Users on each Lake. To illustrate suppose a new Lake was subdivided into twenty (20) Lots, there would be twenty (20) Lake Users, and each of them would have a vote. The Company would have twenty-one (21) votes, plus any votes which it has by reason of its ownership of Lots. When the Company relinquishes its Class B voting status under the Covenants, either by voluntary termination of that arrangement or automatic termination after all Lots are sold, then the twenty (20) Lake Users would make their decisions by appropriate majority vote.

20. The Association would enforce directly the rules governing the abutting Lots on each Lake. Each Lake User would be responsible for maintenance of his Lot all the way to the Lake, but the Association has a twenty-five (25) foot easement along the lakefront for certain purposes stated in the Covenants. The committee of Lake Users would not play a direct role in these functions.

21. In the event the monthly assessments for any of the Lakes shall be inadequate to pay the expenses they are designed to cover for any given year, then, subject to the ceiling described in the previous paragraph, a special assessment will be made against the appropriate Lake Users at the end of that year to make up the deficit.

22. If and when the Company or the Association shall complete construction of a new Subdivision Lake which includes a common

fishing area to be made available to all members of the Association, the imposition of Lakefront Assessments for that Subdivision Lake shall be apportioned in such a way as to assure that the Association pays at least 50% of the costs of fertilizing and maintaining the fishing quality. The imposition of Maintenance Assessments and Lake Quality Assessments against the Lake Users on these Lakes shall be subject to the procedures and limitations set forth in Subsection 18.

23. The provisions of this Article governing usage of the Lakes, assessments, etc., cannot be amended without the consent of eighty percent (80%) of all of the Lake Users who would be affected by any such amendment.

E. **Lakeside Common Property.** If and when the Company or the Association shall construct a new Lake within the Property and shall reserve or deed to the Association a tract of land abutting such Lake for the purpose of constructing or designating a family center, fishing area, and/or other amenities, the expenses of maintaining and administering all such amenities shall be expenses of the Association and shall be payable through monthly assessments and special assessments collectible under Article V hereof. These expenses will include the Association's prorate share of the costs of maintaining the Lake, of stocking the Lake with fish, restocking the Lake from time to time, and fertilizing the Lake in order to maintain or enhance the fish population in the Lake. The Board shall determine the appropriate apportionment of such expenses between the Association and the Owners of Lots and Tracts abutting such Lake. All Owners of Lots and Tracts shall have access to and the right to utilize these Common Properties, subject to rules and regulations to be promulgated by the Board.

F. **Limited Amenity Areas.** If and when the Company shall develop and construct any amenity area within the Property for the use of a designated limited number of Owners, and shall designate same as a Special Common Property and specifically designate the Lot Owners and Tract Owners who shall be entitled to enjoy the utilization of same (either on the subdivision plats which add those areas to the subdivision or in one or more Amendments or Supplemental Declarations of these Covenants and Restrictions), then the Owners of those Lots and Tracts shall constitute the membership of a special committee. That committee will have the same rights and responsibilities in relation to the Special Common Property as the Lake Committees have with respect to the Lakes which abut their Lots, pursuant to the provisions of Article VI.D. above; and the Company shall be a member of all such committees with the voting powers articulated in Subsection 21 of Article VI.D. All expenses incurred to maintain and operate these Special Common Properties, including the establishment and funding of reserve funds for

repairs and replacements to same, shall be paid by the Owners of those Lots and Tracts which are designated as the beneficiaries and users of the Special Common Properties. The Association shall have the power to assess and collect all such assessments in the same manner as is set forth in Article V hereof for all other forms of assessments. Each committee of Owners associated with a Special Common Property shall have the authority to promulgate rules and regulations for the Special Common Property, and all such rules and regulations shall be binding upon all Owners who are designated beneficiaries of that Special Common property as those set forth in full in this General Declaration. Each such committee shall also have the right to impose assessments for capital improvements within the Special Common Property, including the construction of additional amenities such as pools or tennis courts; provided no such special assessment shall become effective until and unless approved by the vote or the written consent of eighty percent (80%) of all Owners who are members of that committee. The Owners of Lots and Tracts who are designated beneficiaries of any Special Common Property shall be prohibited from constructing swimming pools within their own Lots or Tracts if the Special Common Property with which they are associated includes a swimming pool.

ARTICLE VII

EFFECT OF COVENANTS AND ENFORCEMENT

A. **Effect of Provisions of These Covenants.** Each Owner, tenant and guest, their successors, heirs and assigns, and all others who take an interest in land or realty within the property do promise, covenant and undertake to comply with each provision of these Covenants, which provisions:

1. Shall be considered and deemed to be incorporated in each deed or other instrument by which any right, title or interest in any real property within the Property is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument;

2. Shall, by virtue of acceptance of any right, title or interest in any real property within the property by an Owner, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner to, with and for the benefit of the Company, The Carolina Country Club and all other Owners, their respective heirs, successors and assigns;

3. Shall be deemed a real covenant by the Company for itself, its successors and assigns and also an equitable servitude, running in each case, both as to burdens and benefits with and upon the title to each parcel of real property within the property, and, as a real covenant and equitable servitude, shall be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by the Company within the property.

4. Shall be deemed a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title to each parcel of real property within the Property, which lien, with respect to any such property shall be deemed a lien in favor of the Association.

B. **Who May Enforce**. The benefits and burdens of these Covenants run with the land at law and in equity, and the Company, The Carolina Country Club and the Association, their respective successors and assigns, and any Owner, his heirs, successors, representatives, administrators, executors and assigns shall have the right to proceed against any party in violation of these Covenants and to compel a compliance to the terms hereof and to prevent the violation or breach in any event.

C. **Against Whom May the Covenants be Enforced**. The obligation and benefits prescribed by this Declaration shall run with the Property and

shall be enforceable against the Company, its successors and assigns, and against Owner, his heirs, successors and assigns, or any other person whose activities bear a relation to the property, including guests and tenants when the aforesaid persons or entities engage in activities (including omissions and failures to act) which constitute violations or attempts to violate, contravene or circumvent the terms of this Declaration.

D. **Enforcement Remedies.** In addition to other enforcement rights mentioned herein, in the event that any structure is erected, constructed, reconstructed, altered, repaired, converted or maintained, or any structure or land use is in violation of these Covenants, the Company, its successors and assigns, The Carolina Country Club, the Association or any Owner may institute appropriate legal proceedings or actions at law or in equity:

1. To prevent such unlawful erection, construction, reconstruction, alteration, repair, conversion, maintenance or use;

2. To restrain, correct or abate such violation, or breach of these Covenants;

3. To prevent the occupancy of any Family Dwelling Unit, structure or land;

4. To prevent any act, conduct business or use which is in breach of these Covenants; or

5. To compel any affirmative act which, pursuant to these Covenants, "shall" be performed.

The Board shall also have the right to levy a fine against any owner who violates any provision of these Covenants and Restrictions and who fails to cure such violation or continues the actions or omissions which constitute violations after receiving written notice from the Board or any manager, attorney, or other representative retained by the Board. These fines may include any amounts which the Association shall be required to spend in order to repair damage or take other corrective measures made necessary by such violation, as well as amounts deemed appropriate by the Board to deter other persons from similar violations. In the event any Owner against whom such a fine is imposed shall refuse to pay the fine, that fine shall become an assessment against the Lot, Tract, or other portion of the property owned by such Owner, and may be collected by utilization of the measures and remedies set forth in Article V.

ARTICLE VIII

THE PROPERTIES

A. **Description.** The real property which is, and shall be, held, transferred, sold, conveyed, given, donated, leased and occupied subject to these covenants is described as follows:

All that tract or parcel of land situated, lying and being in Spartanburg County, South Carolina, containing approximately one hundred forty-four (144) acres, said parcel being more particularly described in Exhibit "A" attached hereto and by specific reference made a part thereof.

B. **Master Plan—Subject to Change.** The Company intends to develop the property and surrounding land in accordance with a Master Plan, and the Company reserves the right to periodically review and modify the Master Plan at its sole option. The Master Plan shall not bind the Company, its successors and assigns, to adhere to said plan. The Company shall not be required to follow any predetermined sequence or order of development, and it may bring within these covenants additional lands and develop same before completing the development of the property described in Exhibit "A." The Company shall have the full power to add to, subtract from and make changes in the Master Plan.

C. **Additional Lands.** Additional lands, including property not owned by the Company at the time of recording of this Declaration, may be made subject to, but not limited to, this Declaration in the following manner:

1. The Company, its successors and assigns, shall have the right without any consent of the Association to bring within this Declaration additional properties. Such additions herein authorized shall be made by filing a Supplemental Declaration with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such additional property. A Supplemental Declaration may contain additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient in the judgment of the company to reflect the different character, if any, of the added properties.

2. Except as otherwise stated herein, no other property may be made subject to this Declaration or to the jurisdiction of the Association unless approved at a duly called meeting of the Association by a

majority vote of the Members. Written notice of such meeting, together with written notice of the proposal to add property, must be given to each Member at least thirty (30) days prior to such meeting. If the Members approve the proposal, the President and Secretary of the Association shall certify such approval in writing and deliver such certificate to the owner of the property so approved. The owner may then record a Supplemental Declaration of Covenants and Restrictions which shall extend to such additional property the operation and effect of this Declaration. The written Certificate evidencing the approval herein required must be attached to and recorded with such Supplemental Declaration as a condition precedent to subjecting additional property to this Declaration as contemplated by this paragraph.

3. Upon a merger or consolidation of the Association with another association, if provided for in the By-Laws of the Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association. In the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving entity pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration and the covenants and restrictions established upon any other properties as one plan. Except as otherwise provided herein, no such merger or consolidation shall effect any revocation, change of or addition to the covenants established by this Declaration.

D. **Connection of Roads and Utilities.** The Company, its successors and assigns, shall have the right without the consent of the Association, Owner or other party to connect and extend roads and any and all services and utilities from any part of the property to adjacent or nearby property of the Company or of third parties and to allow owners of property in such adjacent or nearby property to use such roads for ingress and egress to a public road and to connect to such utilities and services.

ARTICLE IX

MISCELLANEOUS PROVISIONS

A. **Extent and Duration.** The benefits and burdens of this Declaration shall run with the property at law and in equity and bind the land, and this Declaration shall inure to the benefit of and be enforceable by the Association, the Company, The Carolina Country Club, and all Owners, their respective legal representatives, heirs, successors and assigns, for a period of twenty (20) years from the recording date of this Declaration. Upon the expiration of said twenty (20) year period, this Declaration shall be automatically renewed and extended for successive ten (10) year periods unless during the last year of the initial twenty (20) year period or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. Written notice of such meeting, together with written notice of the proposal to terminate this Declaration, must be given to each member at least thirty (30) days prior to such meeting. If the members vote to terminate this Declaration, the President and Secretary shall execute a certificate setting forth the resolution of termination, the date of the meeting at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of members, the total number of votes required to constitute a quorum, the number of votes necessary to terminate this declaration, the number of votes cast in favor of termination and the total number of votes cast against termination. The certificate shall be then recorded in the RMC Office of Spartanburg County.

B. **Amendment.** This Declaration may be amended upon approval of a majority of the votes cast at a duly called meeting of the Association. Written notice of such meeting, together with written notice of the proposed amendment, must be given to each member at least thirty (30) days prior to such meeting. If any proposed amendment is approved, the President and Secretary shall execute an amendment to this Declaration setting forth the amendment, its effective date (which in no event shall be less than thirty (30) days after the date of recording the amendment), the date of the meeting at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes of members, the total number of votes required to constitute a quorum, the number of votes necessary to adopt the amendment, the total number of votes cast for the amendment and the total number of votes cast against it. Such amendment shall be then recorded in the RMC Office in Spartanburg County.

Notwithstanding the prior provision to the contrary, the Company may unilaterally and without notice amend this Declaration for one or more of the following purposes:

1. To lessen the number of votes of the Class B member of the Association.

2. To provide that the Class B member shall not vote for certain seats on the Board of Directors and that these seats be filled exclusively by the vote of Class A members.

3. To incorporate in this Declaration a specific list of amenities to be conveyed by the Company to the Association, together with the proposed dates of transfer and any conditions precedent to the proposed transfer.

4. For any purpose which requires a greater contribution by the Company to the Association without diminishing the control of the other members or which lessens the role or control of the Company in the Association and increases the role or control of the other members.

5. To add covenants and restrictions, provided, however, that they shall not bind, without the consent of the owner thereto, any portion of the properties previously sold and the deed thereto recorded.

C. **Notice.** Any notice, statement or ballot sent to a Member under this Declaration shall be deemed to have been properly given on the date such notice or ballot is mailed, with the proper postage affixed, to the last known address of such Member registered in the records of the Association on the first day of the calendar month in which the notice or ballot was mailed. Notice to one (1) or two (2) or more co-Owners shall constitute notice to all co-Owners.

D. **Invalidity of Portion.** Should any covenant or restriction herein contained or any article, section, paragraph, sentence, clause, phrase or term of this Declaration be declared void, invalid, illegal or unenforceable for any reason by the adjudication of any court or other tribunal having jurisdiction of the parties hereto and of the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be servable and which shall remain in full force and effect according to their terms.

E. **Interpretation.** In all cases, the provisions of this Declaration shall be given the reasonable interpretation or construction which will best effect consummation of the general plan of land use restrictions and affirmative

obligations of Owners which will carry out the intent and objectives expressed in this Declaration and which will preserve the property as a situs for an attractive, well maintained, privately-governed residential community. Common law strict rules of construction shall not apply, because they do not reflect modern day interests in quality land use planning, constitutional freedoms of association, whether by contract or otherwise and the need for flexibility in the land plan and private governance structure for a large scale development.

Contrary to the restrictive common law rule of construction, this Declaration shall be interpreted broadly to touch and concern the property with recognition of modern land use planning and real estate development principles, theories and practices. It is the intent of the Company and other parties hereto, and all Owners of Lots or Tracts subject to these Covenants to covenant and agree and are thereby estopped to deny, that any Function of the Association or any other term, Covenant or condition of this Declaration is intended to promote the use and enjoyment of the property, is intended to foster the creation, preservation or enhancement of economic or intangible values associated with the property and does touch and concern, benefit and burden and run with the property.

F. **Gender, Tense, Number and Applicability of Definitions.** When necessary for proper construction, the masculine form of any word used herein shall include the feminine or neuter gender, and the singular, the plural and vice versa, and words used in the present tense shall include the future tense. Unless the context shall clearly indicate otherwise, the words used herein shall have their respective meanings set forth in Article I, whether or not such words are capitalized.

G. **Waiver**. Failure to enforce any provision or provisions of this Declaration for any period of time by the Company, the Association or any owner shall not be deemed a waiver or estoppel of the right to enforce same thereafter.

H. **Captions**. The captions and headings in this instrument are for convenience only and shall not be considered as controlling in construing the provisions hereof.

I. **Board Authorization**. All actions of the Association shall be authorized actions if approved by the Board of Directors of the Association in accordance with its By-Laws, unless the terms of this instrument provide otherwise.

J. **Assignability of Company's Rights.** Company, its successors and assigns, shall have full and unrestricted power and authority to assign all or any part of its rights, privileges, authority and reserved rights and authority as contained in this Declaration to any third parties. Furthermore, all rights reserved to the "Company" are reserved expressly in favor of the "Company,

its successors and assigns," without limitation, and likewise any reference to the "Company" expressly includes "Company, its successors and assigns."

K. **Effect of Invalidity of Declaration**. If this Declaration be declared void, invalid, illegal or unenforceable in its entirety or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction of the parties hereto and the subject matter hereof, and such adjudication is entered within ten (10) years of the recording date of this Declaration, with all common properties and all other property belonging to the Association at the time of such adjudication shall revert to the Company, and the Company shall own and operate all of said common properties and other properties as Trustee for the use and benefit of the Owners as set forth below. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Article IX, Section A, all common properties and all other property owned by the Association at such time shall be transferred to a Trustee appointed by the Court of Common Pleas of Spartanburg County which shall own and operate all such property for the use and benefit of Owners as set forth below:

1. Each Lot, Tract or Family Dwelling Unit located within the Properties shall be subject to an annual assessment which shall be paid by the Owner of each such Lot, Tract or Family Dwelling Unit to the Company or Trustee, whichever becomes the successor in title to the Association. The amount of such annual assessment and its due date shall be determined solely by the Company or the Trustee as the case may be, but the amount of such annual assessment shall not exceed the annual amount actually assessed against each such Lot, Tract or Family Dwelling Unit in the last year that assessments were levied by the Association, subject to the adjustment set forth in Paragraph 2 immediately following.

2. The annual assessment which may be charged by the Company or Trustee on each Lot, Tract or Family Dwelling Unit shall be automatically increased each year by either six (6%) percent or the percentage increase between the first month and the last month of the annual assessment period in the Consumer Price Index (as defined in the Declaration), whichever of these two percentage figures is greater. The actual amount of such increase in the annual assessment on a Lot, Tract or Family Dwelling Unit shall equal the annual assessment for the previous year multiplied by the larger of the two percentage factors set forth above.

3. Any annual assessment together with interest thereon at the rate of one and one-half percent (1.5%) per month from the past due date and

all costs of collection, including reasonable attorneys' fees, shall be a personal obligation of the Owner at the time that the annual assessment became past due, and it shall also constitute and become a charge and continuing lien on the Lot, Tract or Family Dwelling Unit and all improvements thereon, against which the assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.

4. The Company, or the Trustee, as the case may be, shall be required to use the funds collected as annual assessments for the operation, maintenance, repair and upkeep of the common properties and other property. The Company or the Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Neither the Company nor the Trustee shall have the obligation to provide for operation, maintenance, repair and upkeep of the common properties and other property, once the funds provided by the annual assessments have been exhausted.

5. The Company shall have the right to convey title to the common properties and other property and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby.

6. The Trustee shall have the power to dispose of the common properties and other property free and clear of the limitations imposed hereby; provided, however, that such disposition shall first be approved in writing by fifty-one (51%) percent of the Owners within the properties or in the alternative shall be found to be in the best interest of the Owners by the Court of Common Pleas of Spartanburg County. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the common properties or other property, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and upkeep of such properties, and the excess, if any, shall be distributed among the Owners, exclusive of the Trustee, in a proportion equal to the portion that the annual assessment on property owned by a particular Owner bears to the total annual assessments for all property located within the properties.

EXHIBIT "A"

All that certain piece, parcel or Lot of land in Spartanburg County, State of South Carolina, located on the southern side of South Carolina Highway No. 88 near Roebuck, South Carolina, and being shown and designated as 143.93 acres upon a plat prepared for Twin Oaks Associates by Enwright Surveying, Inc., recorded March 27, 1984, in Plat Book 91, page 276, RMC Office of Spartanburg County. Reference is hereby made to the aforesaid plat for a more particular and detailed description. Included in the aforesaid parcel of land are the following:

1. All those certain Lots and parcels of land shown and designated as Lots Nos. 1 through 41 upon a plat of Phase 1.A of the Carolina Country Club Real Estate Development prepared for Walnut, Inc., by Enwright Surveying, Inc., dated March 30, 1984, to be recorded in the RMC Office of Spartanburg County.

2. All those certain Lots or Tracts of land shown and designated as Lots Nos. 42 through 75 and Lots Nos. 84 through 90 on a plat of Phase 1.B of the Carolina Country Club Real Estate Development prepared for Walnut, Inc., by Enwright Surveying, Inc., dated March 30, 1984, to be recorded in the RMC Office of Spartanburg County.

3. All those certain Lots or Tracts of land shown and designated as Lots Nos. 156 through 200 upon a plat of Phase 1.C of the Carolina Country Club Real Estate Development prepared for Walnut, Inc., by Enwright Surveying, Inc., dated March 30, 1984, to be recorded in the RMC Office of Spartanburg County.