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THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET. SEQ., CODE OF LAWS OF SOUTH CAROLINA, 1976 (AS AMENDED) OR IF IT IS DEEMED NOT TO APPLY, PURSUANT TO THE FEDERAL ARBITRATION ACT, TITLE 9, SECTION 1 ET. SEQ. UNITED STATES CODE (AS AMENDED)

**DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR CAROLINA PARK TOWNHOMES**

Charleston County, South Carolina

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**DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR CAROLINA PARK TOWNHOMES**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR **CAROLINA PARK TOWNHOMES** (this *"Declaration"*) is effective as of April 30, 2015 by **THE RYLAND GROUP, INC.**, a Maryland corporation, having a mailing address of 225 Seven Farms Drive, Suite 200, Charleston, SC 29492 (together with its successors and assigns, the *"Declarant"*), and is joined by **CAROLINA PARK TOWNHOMES ASSOCIATION, INC.**, a South Carolina nonprofit corporation (hereinafter referred to as the *"Association"*) with the consent of **CAROLINA PARK DEVELOPMENT LLC**, a Delaware limited liability company (hereinafter referred to as the *"Master Declarant"*).

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of certain real property located in the Town of Mount Pleasant, Charleston County, South Carolina, which real property is more particularly described on Exhibit A (the *"Property"*);

WHEREAS, the Declarant intends to develop approximately eighty-four (84) townhouses on the Property, which Declarant plans to submit to the plan and operation of this Declaration;

WHEREAS, the Property is subject to that certain MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CAROLINA PARK recorded at Book 0247, Page 945, as supplemented by that FIRST SUPPLEMENTAL MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CAROLINA PARK, recorded at Book 0253, Page 545, as further supplemented by that SECOND SUPPLEMENTAL MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CAROLINA PARK, recorded at Book 0346, Page 861, all in the office of the Register of Mesne Conveyances for the County of Charleston, South Carolina (as the same may be amended from time to time, the *"Master Declaration"*);

WHEREAS, the Declarant wishes to accomplish the following objectives for its benefit and the benefit of owners of property in the Carolina Park Townhomes (as hereinafter defined) by the imposition of the covenants, conditions, restrictions and easements set forth herein:

(a) to maintain the value and the residential character and integrity of the Carolina Park Townhomes community;

(b) to preserve the quality of the natural amenities of the Carolina Park Townhomes community;

(c) to prevent any owner or any other persons from building or carrying on any other activity in the Carolina Park Townhomes community to the detriment of any other owner in Carolina Park Townhomes; and,

(d) to keep property values in the Carolina Park Townhomes community high, stable and in a state of reasonable appreciation.

WHEREAS, Master Declarant has approved this Declaration;

WHEREAS, as hereinafter provided in this Declaration, the Declarant has retained and reserved the right, privilege and option to submit to the provisions of this Declaration at a later time and from time to time, as a part of the Carolina Park Townhomes community, additional property;

WHEREAS, in addition to any other covenants, easements, instruments, agreements and/or other matters to which the Property is subject, the Property is subject to: (1) the Master Declaration; (2) that certain Easement and Cost Sharing Agreement recorded at Book 0346, Page 866 (the ***“Stormwater Agreement”***); and (3) that certain Alley Easement and Cost Sharing Agreement recorded at Book 0346, Page 865 (the ***“Alley Agreement”***);

WHEREAS, the Association desires to assume Declarant’s rights and obligations under the Stormwater Agreement and the Alley Agreement, Declarant desires to assign to the Association Declarant’s rights and obligations under the Stormwater Agreement and Alley Agreement, and Master Declarant consents to the foregoing assignment and assumption.

NOW, THEREFORE, the Declarant hereby declares that all of the Property described on Exhibit A, and any additional property that Declarant, in its sole discretion, sees fit to develop or dedicate, as, by subsequent amendment hereto, may be subjected to this Declaration, shall be held, mortgaged, transferred, sold, conveyed, leased, occupied and used subordinate and subject to the following easements, restrictions, covenants, charges, liens and conditions which are hereby imposed for the purpose of protecting the value and desirability of the Property and which restrictions, easements, charges, liens conditions and covenants shall touch and concern and run with the title to the Property, and which shall be binding on all parties having any right, title or interest in the Property or any portion thereof. This Declaration also binds the respective heirs, devisees, fiduciary representatives, successors, successors in title and/or assigns, and shall inure to the benefit of anyone or anything who/which purchases, takes or holds any interest in the Property.

ARTICLE I **DEFINITIONS**

SECTION 1.1 ***“Additional Property”*** shall mean and refer to the real property located adjacent to, or in the vicinity of, the Property and currently owned or later acquired by

Declarant that Declarant reserves the right, privilege and option to submit to the provisions of this Declaration at a later time and from time to time.

SECTION 1.2 ***“Annual Assessment”*** shall mean and refer to assessments levied in accordance with Section 4.3 hereto.

SECTION 1.3 ***“Articles”*** shall mean the Articles of Incorporation of the Association, as hereinafter defined. A copy of the Articles is attached hereto as Exhibit B and by reference made a part hereof.

SECTION 1.4 ***“Association”*** shall mean and refer to **CAROLINA PARK TOWNHOMES ASSOCIATION, INC.**, a South Carolina non-profit corporation, its successors and assigns, whose purpose is to administer the Property in accordance with the provisions of this Declaration.

SECTION 1.5 ***“Board”*** and/or ***“Board of Directors”*** shall mean and refer to the Board of Directors of the Association.

SECTION 1.6 ***“Bylaws”*** shall mean the Bylaws of the Association which establish the method and procedure of its operation. A copy of the Bylaws is attached hereto as Exhibit C and by reference made a part hereof.

SECTION 1.7 ***“Carolina Park Townhomes”*** shall mean and refer to the approximately eighty-four (84) Townhouses proposed to be located within the Property on each of the Lots (each, a ***“Lot”***) depicted on the Plat.

SECTION 1.8 ***“Common Area”*** shall mean all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the owners of Lots in the Carolina Park Townhomes. The Common Area to be owned by the Association is more particularly depicted on the Plat including, but not limited to, the following: Alley 1; Alley 2; Alley 3; Alley 4; Alley 5; B.E.C. Easement; CPCA 5A – 1; CPCA 5A – 2; CPCA 5A – 3; CPCA 5A – 4; CPCA 5A – 5; CPCA 5A – 6; CPCA 5A – 7; CPCA 5A – 8; CPCA 5A – 9; CPCA 5A – 10; CPCA 5A – 11; HOA; Drainage Easement; Pond 45A; Pond 45C/D; Sewer Easement; and together with the following rights-of-way (unless and until same shall become dedicated public rights-of-way): Billington Dr; Fairwate Place; Fox Creek Lane; Old Rivers Gate Rd; Tollison Path; and Yarmouth Drive. For avoidance of confusion, no Lot depicted on the Plat shall constitute Common Area. If, however, there arises any inconsistency in the dedication of Common Areas as identified in the Preliminary Plat and as identified in the final version of the Preliminary Plat prevented for Recording, the dispute shall be resolved in favor of the Common Areas as identified on such final Recorded version of the Preliminary Plat.

SECTION 1.9 ***“Community”*** shall mean and refer to the Carolina Park Townhomes.

SECTION 1.10 ***“Community Wide Standards”*** shall mean the standard of conduct, maintenance or other activity generally prevailing throughout Carolina Park (as such term is defined in the Master Declaration) and which shall generally conform to a high quality mixed-use planned community development in accordance with best industry standards. Such standards may be more particularly determined and/or amplified by the Board, but in no event may such standards conflict with the standards determined by the Master Association or be lowered below the standards determined by the Master Association for Carolina Park.

SECTION 1.11 ***“Declarant”*** shall mean and refer to The Ryland Group, Inc., a Maryland corporation, as well as its successors and assigns, if Declarant shall make an express conveyance of its rights as developer hereunder to such successor or assign.

SECTION 1.12 ***“Declaration”*** shall mean this Declaration of Covenants, Conditions, Restriction and Easements for Carolina Park Townhomes, as the same may be amended, renewed or extended from time to time in the manner herein provided.

SECTION 1.13 ***“Lease”*** shall mean the agreement between an Owner and a lessee for the regular, exclusive occupancy of a Lot and the Unit located thereon by any person other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity or emolument.

SECTION 1.14 ***“Manager”*** shall mean that person, company or business entity which may, from time to time, be hired by the Association, at the determination of the Board, and shall responsible for (i) performing or arranging the performance of certain services within the Community and (ii) such other responsibilities so designated by the Board.

SECTION 1.15 ***“Master Association”*** shall mean Carolina Park Community Association, a South Carolina not-for-profit corporation.

SECTION 1.16 ***“Master Declarant”*** shall mean the Carolina Park Development, LLC, a Delaware limited liability company.

SECTION 1.17 ***“Master Declaration”*** shall mean that certain MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CAROLINA PARK recorded at Book 0247, Page 945, as supplemented by that FIRST SUPPLEMENTAL MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CAROLINA PARK, recorded at Book 0253, Page 545, as further supplemented by that SECOND SUPPLEMENTAL MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CAROLINA PARK, recorded at Book 0346, Page 861, all in the Records.

SECTION 1.18 ***“Member”*** shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 1.19 ***“Owner”*** shall mean and refer to the owner of Record, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, as

hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 1.20 ***“Plat”*** shall mean, collectively:

(i) that certain final subdivision plat entitled:

“SHOWING THE SUBDIVISION OF TRACT B-5, TMS NO. 598-03-00-350 TO CREATE PHASE 5A.1 OF CAROLINA PARK CONTAINING LOTS 1-19, 68-84, CPCA AREAS AND PUBLIC & PRIVATE R/W OWNED BY RYLAND HOMES, LLC, LOCATED IN THE TOWN OF MT. PLEASANT, CHARLESTON COUNTY, S.C.”, dated July 25, 2014, prepared by GPA Professional Land Surveyors, and recorded February 12, 2015, in Plat Book L15 at pages 0057 through 0059 in the RMC Office for Charleston County, South Carolina (referred to herein individually as the ***“Recorded Plat”***);

(ii) together with that certain preliminary plat entitled:

“CAROLINA PARK PHASES 5A.1 & 5A.2 RESIDENTIAL AREA 1 RYLAND HOMES, MOUNT PLEASANT, SOUTH CAROLINA” dated July 24, 2013, prepared by Seamon Whiteside + Associates, to be recorded in the RMC Office for Charleston County, South Carolina, a copy of which is attached hereto as Exhibit A-1 (referred to herein individually, the ***“Preliminary Plat”*** and collectively with the Recorded Plat, the ***“Plat”***).

SECTION 1.21 ***“Property”*** shall initially mean and refer to the approximately eighty-four (84) Lots located in the Carolina Park Townhomes, the Common Area and other property, if any, described on Exhibit A, and such other property as may hereafter be made subject to this Declaration.

SECTION 1.22 ***“Record,” “Recording” and/or “Recorded”*** shall mean and refer to the appropriate recordation or filing of any document in the Register of Mesne Conveyances Office for Charleston County, South Carolina, or such other place which is designated as the official location for recording deeds and similar documents affecting title to real estate. The date of Recording shall refer to that time at which a document, map, or plat is Recorded.

SECTION 1.23 ***“Recreational Facilities”*** shall mean and refer to the Recreational Facilities (as such term is defined in the Master Declaration).

SECTION 1.24 ***“Special Assessment”*** shall mean and refer to assessments levied in accordance with Section 4.4 hereto.

SECTION 1.25 ***“Supplemental Declaration”*** shall mean and refer to a Recorded instrument which subjects Additional Property to this Declaration pursuant to Article XI and/or imposes additional, restrictions and obligations on the land described in such instrument.

SECTION 1.26 “Townhouse or “Unit” shall mean and refer to each dwelling unit developed as an attached, single family townhouse situate on the Property and shall include the Lot of and on which said Unit is situate if title to said Lot is held by the owner of the Unit.

Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Master Declaration.

ARTICLE II **PROPERTY RIGHTS**

SECTION 2.1 OWNERS’ EASEMENTS OF ENJOYMENT. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) admission and other fees, including any applicable penalties, for the use of any Recreational Facilities and to impose reasonable limits upon the number of guests who may use these facilities;

(b) the right of the Association to suspend the voting rights and right to use of the Recreational Facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations;

(c) the right of the Association and/or Declarant to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by two-thirds (2/3) of each class of Members and has been Recorded;

(d) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area;

(e) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities thereon. No such mortgage of the Common Area shall be effective unless an instrument agreeing to such mortgage of Common Area is signed by three-fifths (3/5) of each class of Members. Also, so long as there are Class “B” Members, the mortgaging of any Common Area must also be approved by the U.S. Department of Veterans Affairs, if applicable;

(f) the right of the Association to exchange portions of the Common Area with the Declarant for substantially equal areas of the Property for the purpose of eliminating unintentional encroachments of improvements onto portions of the Common Area or any other purpose or reason. As long as there is Class “B” Members, no such exchange of portions of Common Area with the Declarant shall be effective unless an instrument agreeing to such exchange has been approved by the U.S. Department of Veterans Affairs, if applicable;

(g) the right of the Association to grant easements for adjacent property owners, as set forth in Article VIII;

(h) the right of the Association to enter any Unit or Lot in order to perform any maintenance, alteration, or repair required herein to be performed by the Association, and the Owner of such Unit or Lot shall permit the Association or its representatives to enter for such purpose at reasonable times and with reasonable notice;

(i) the right of the Association or its representatives to enter any Unit or Lot in the case of any emergency threatening such Unit or Lot or any other Unit or Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate;

(j) the easement rights of the Declarant reserved in Article VIII of this Declaration;

(k) the right and authority of the Declarant and/or the Association, hereby reserved, to grant to any Owner of a Unit an easement that is reasonably necessary for the purpose of placing, operating, maintaining, repairing and using the air conditioning unit that services such Unit. It is understood, for purposes of this paragraph, that if an air conditioning unit cannot otherwise be reasonably placed on a Unit Owner's Lot due to circumstances beyond the control of such Unit Owner, then it shall be deemed to be reasonably necessary for the Association to grant such Unit Owner the easement described in this paragraph. Any easement granted by the Association pursuant to this paragraph shall be located on the Common Area or Lot, as the case may be, that is immediately adjacent to the Owner's Unit, shall only be for the specific use described above, and shall only be of a size reasonably necessary to operate, place, maintain, repair and use the air conditioning unit;

(l) notwithstanding anything to the contrary herein, the right of the Declarant and/or the Association to grant to any natural gas utility company an easement or license that is reasonably necessary for the purpose of placing, operating, maintaining, repairing and using any equipment, lines, pipes and/or tanks that directly services any Unit located within the Property;

(m) the right of the Declarant and/or the Association to grant any easement, reasonable in size, that is necessary for the construction, placement and/or maintenance of any sidewalks or other such pathways, which the Declarant or Association, in its sole discretion, deems to be in the best interest of the overall Property; and

(n) the right of the Declarant and/or the Association to grant any easement or license, reasonable in size and scope, for any purpose that is reasonably necessary, in the opinion of the Declarant or Association, for the betterment of the Property as a whole, including without limitation, the right of the Declarant and/or the Association to grant to any Owner of a Unit an easement over an adjacent Lot for the ingress and egress of garbage receptacles.

SECTION 2.2 DELEGATION OF USE. Any Owner may delegate, in accordance with the Bylaws, his rights of enjoyment of the Common Area to the members of his family, his tenants or contract purchasers who reside on the Lot of such Owner.

SECTION 2.3 LEASES OF UNITS, HOMES AND LOTS. Any Lease shall provide that the terms of the Lease shall be subject in all respects to the provisions of the Master Declaration, this Declaration, the Articles and the Bylaws of the Association and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the Lease. All Leases shall be in writing, and upon request of the Board, a copy of any Lease shall be delivered by the Owner to the Board of Directors within five (5) days of such request. The minimum term of any Lease shall be six (6) months and shall be for residential purposes only. In addition to the foregoing, each tenant under any Lease must acknowledge receipt of this Declaration as well as the Governing Documents (as such term is defined in the Master Declaration).

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS; ASSOCIATION POWERS

SECTION 3.1 MEMBERSHIP. Every Owner of a Lot which shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

SECTION 3.2 VOTING. The Association shall have two classes of voting membership:

Class "A". Class "A" Members shall be all Owners other than the Declarant. Class "A" Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class "B". The Class "B" Member shall be the Declarant and shall be entitled to twenty-five (25) votes for each Lot it owns that is subject to this Declaration. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of any of the following events, whichever occurs earlier:

- (a) the date on which the total votes outstanding in the Class "A" membership equal the total votes outstanding in the Class "B" membership; or
- (b) on the date that is twenty (20) years after the recording date hereof; or
- (c) when Declarant elects by written notice to the Association to terminate its Class "B" membership.

SECTION 3.3 ACTION WHEN CLASS "B" MEMBERSHIP CEASES. At such time as the Class "B" membership ceases to exist on the happening of any of the events listed in Section 3.2 above, the Class "B" Member shall have no further liability for the action or

inaction of the Association, and the existing Class “A” Members shall, in accordance with this Declaration and the Bylaws, promptly (1) notify all Members entitled to notice of a meeting of the Members, (2) hold a meeting to elect new directors, if necessary, and (3) make sure that the directors appoint corporate officers.

SECTION 3.4 MASTER ASSOCIATION. Each Owner, by acceptance of a deed to a Lot acknowledges and agrees that pursuant to the Master Declaration, all Owners shall be members of the Master Association and shall be subject to the Master Declaration. Each Owner acknowledges that pursuant to the Master Declaration, Carolina Park Townhomes has been designated as a “District” and the Association a “District Association” (terms in quotation marks in this Section are defined in the Master Declaration).

SECTION 3.5 PURPOSE OF ASSOCIATION. The Declarant has established the Association for the purpose of exercising powers of (i) owning, maintaining and administering the Common Area, the Recreational Facilities and common facilities; (ii) providing common services; (iii) administering and enforcing the covenants, conditions and restrictions contained herein; and (iv) levying, collecting and disbursing assessments and charges herein created. Further, the Declarant reserves the right to convey to the Association and the Association agrees to accept any or all of its rights and obligations set forth herein. The Association shall be authorized (but not required), subject to any rights of the Master Association to perform the same functions or to approve modifications or alterations to the location of the Common Area, to provide the following services:

- (a) clean-up, maintenance, and landscaping of all open spaces and the Common Area, ponds and wetlands owned by Association or for which such responsibility has been assumed within the Property to the extent allowed by law;
- (b) insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the State and local governments;
- (c) construction, maintenance, landscaping and reconstruction of improvements within the Common Area;
- (d) to set up and operate the Architectural Control Committee as provided herein;
- (e) to construction improvements on open spaces or the Common Area;
- (f) to provide administrative services including, but not limited to, legal accounting, financial and communication services informing members of activities, notice of meetings, referendums, etc., incident to the above listed services;
- (g) to provide liability and hazard insurance covering improvements and activities on the open spaces and the Common Area, independently or in collaboration with the Declarant;

(h) to provide directors and officers liability insurance for the Association and its duly elected directors and officers;

(i) maintenance of all ponds and/or lakes located wholly or partially within the Property;

(j) landscaping of common roads, alleys and parkways, sidewalks and walking paths within the Property and any common properties or spaces located therein;

(k) to take any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property including, without limitation, any such functions or services delegated by the Master Association from time to time;

(l) to collect from the Owners, if appropriate, and to assume and pay any expenses, costs or assessments imposed on the Property pursuant to (1) the Master Declaration, (2) the Stormwater Agreement, (3) the Alley Agreement, and (3) any other covenants, instruments and/or agreements to which the Property is or may become subject;

(m) to exercise such voting or other rights assigned to the Property subject to (1) this Declaration, (2) the Master Declaration and (3) any other covenants, instruments and/or other agreements to which the Property is or may become subject;

(n) to provide any and all services necessary or desirable (in the judgment of the Board of Directors of the Association) to carry out the Association's obligation and business under the terms of this Declaration or the Master Declaration.

ARTICLE IV

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 4.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay (a) to the Association: (i) Annual Assessments or charges; and (ii) Special Assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (b) to the appropriate governmental taxing authority: (i) a pro rata share of ad valorem taxes levied against the Common Area; and (ii) a pro rata share of user fees and assessments for public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a period of six (6) months as hereinafter provided. The Annual Assessments and Special Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the joint and several obligation of each Owner of such property at the time when the assessment fell due and upon such Owner's successor in title if unpaid on the

date of the conveyance of such property; provided, however, with respect to the Additional Property, if any, Declarant is exempt from the assessment, charge and lien created herein until all or any portion of such Additional Property is added to the Property and subjected to this Declaration, and then only with respect to the portion or portions added to the Property and/or subjected to this Declaration.

SECTION 4.2 PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular for the acquisition, improvement and maintenance of property, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area; the maintenance of water and sewer mains, storm drains and storm water ponds in and upon the Common Area; the maintenance of open spaces, roads, alleys and streets which have not been accepted for dedication by a public authority, signage, roadway medians and islands (including signage, medians and islands located in dedicated rights-of way), drives and parking areas within the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws; the maintenance of any "sign easement" areas located on any lot, as shown on the Plat; the maintenance of entranceways, landscaping and lighting of the Common Area, road medians and islands and entranceways, the lighting of streets (whether public or private); the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Area, if any; the costs associated with duties of the Architectural Control Committee; the employment of attorneys and other agents to represent the Association when necessary; the payment of assessments attributable to the Master Association for Carolina Park Townhomes; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise. The obligation of each Owner of a Lot to pay assessments may not be amended to relieve any Lot Owners or the Association of their obligation to maintain any roads or rights-of-way so long as such roads and rights-of-way remain privately owned.

(b) If deemed necessary by the Board of Directors, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the Property which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles and the Bylaws of the Association. As monies for any assessment are paid to the Association by any Lot Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments

thereto or profits derived therefrom shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When a Lot Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Property.

SECTION 4.3 ANNUAL ASSESSMENT. The annual assessment (the “*Annual Assessment*”) shall established by the Board of Directors by preparation of a budget and assessment of the charges based upon each Lot’s pro rata portion of this budget, except as otherwise provided herein. The budget shall include all Assessments (as such term is defined in the Master Declaration) due and owing the Master Association and which the Board has been designated the responsibility of collecting as well as the cost of providing all services described in Section 4.2 above; provided, however, that only non-Declarant owned Lots shall be responsible for payment of the Assessment. The Board may increase or decrease the Annual Assessment from calendar year to calendar year without approval by the Members. At the Board’s option, the Annual Assessment may be collected monthly, quarterly, semi-annually or annually. The Annual Assessment shall be in addition to Special Assessments levied in accordance with Sections 4.4 below, if any. Notwithstanding anything contained herein to the contrary, for so long as Declarant owns Lots within the Community, the Annual Assessment due and owing from such Declarant-owned Lots shall not include Assessments. As a result, Annual Assessments shall be greater on Lots owned by Owners other than the Declarant.

SECTION 4.4 SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the Annual Assessments authorized above, the Association may levy, in any calendar year, a special assessment (the “*Special Assessment*”) for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or to make up any shortfall on the current year’s budget, provided that any such assessment shall have the assent of two-thirds (2/3) of the aggregate votes of Class “A” and Class “B” Members who are voting in person or by proxy at a meeting duly called for this purpose. All Special Assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly, semiannual, or annual basis.

SECTION 4.5 NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 4.3 AND 4.4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.3 or Section 4.4 shall be sent to all Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days

following the preceding meeting. If the required quorum is not present at the second meeting, a third meeting may be called subject to the same notice requirements, and all those present at the third meeting shall constitute a quorum.

SECTION 4.6 RATE OF ASSESSMENTS. Annual Assessments and Special Assessments must be fixed at a uniform rate for all Lots to which they apply and may be collected on a monthly, quarterly, semiannual or annual basis at the Board's option.

SECTION 4.7 DATE AND COMMENCEMENT OF ASSESSMENTS & DUE DATES. The Annual Assessments provided for herein shall commence as to a Lot at such time as it is conveyed to an Owner, pro-rated from January 1 in the year of the date of the sale. Provided, however, notwithstanding anything herein to the contrary, Declarant shall have the option each year of either (i) paying one hundred percent (100%) of the aggregate sum of the Annual Assessment and Special Assessment, as applicable, levied against all Lots owned by Declarant during each calendar year (which Annual Assessment shall be prorated for the period of time during which calendar year the Declarant is Owner of said Lot) or (ii) paying the greater amount of (a) twenty-five percent (25%) of the aggregate sum of the Annual Assessment and Special Assessment, as applicable, levied against all Lots owned by Declarant during each calendar year (which Annual Assessment shall be prorated for the period of time during which calendar year the Declarant is Owner of said Lot), or (b) such amount necessary to fund any difference between the Association's operating expenses and the Annual Assessments collected from Owners other than Declarant. The Declarant's obligation to pay assessments as stated herein shall create a lien against the Declarant's Lots within the Property. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each Annual Assessment period, or as soon as reasonably practicable after determining the assessments due and owing the Master Association, the Board of Directors shall fix the amount of the Annual Assessment and promptly thereafter the Board of Directors shall cause written notice thereof to be sent to every Owner subject thereto. In the event the Board of Directors shall fail to fix the amount of Annual Assessments as described above, the assessment fixed for the immediately preceding year shall continue in effect until a new assessment amount is fixed. The due dates shall be established by the Board of Directors. The Association or their designee (e.g., a property management company) shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

SECTION 4.8 EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall become delinquent and shall be subject to a late payment penalty of Ten and No/100 Dollars (\$10.00), and in addition thereto shall bear interest from the due date at the rate of twelve percent (12%) per annum or the highest rate allowed by law, whichever is lower. The Association may undertake reasonable collection efforts and/or bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of South Carolina for the foreclosures of mortgages, and interest, costs and reasonable attorney's fees for representation

of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his Lot, nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein. The remedies herein provided shall not be exclusive, and the Association may enforce any other remedies to collect delinquent assessments as may be provided by law.

SECTION 4.9 EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION. Upon default by the Association in the payment to the governmental authority entitled thereto of any *ad valorem* taxes levied against the Common Area, user fees, or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot within the Property shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes, user fees, or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner. This Section 4.9 shall not become applicable until Class "B" Membership ceases to exist.

SECTION 4.10 SUBORDINATION OF THE LIEN TO MORTGAGES. The liens provided for herein shall be subordinate to the lien of any first mortgage encumbering a Lot. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in Section 4.9 above. However, the sale or transfer of any Lot which is subject to any such first mortgage pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments which became due prior to such sale or transfer; provided, however, that no such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage.

SECTION 4.11 NOTICE OF LIEN. Recordation of this Declaration constitutes Record notice and perfection of any claim of lien for assessment(s), and such lien relates back to the date of filing of this Declaration. No further recordation of any claim of lien is required.

SECTION 4.12 EXEMPT PROPERTY. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of South Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

SECTION 4.13 CAPITAL CONTRIBUTION. Notwithstanding any other provisions of this Declaration, during the time in which the Declarant is a Member (Class "A" or Class "B") of the Association pursuant to this Declaration and the Bylaws, the Declarant (a) may levy

against each Lot, upon acquisition of record title by each Owner thereof other than Declarant, a one-time contribution to the working capital of the Association in an amount equal to one-half (1/2) of the Annual Assessment in effect as of the date of acquisition and (b) shall not be required to prepare a capital budget, set any other capital contribution, or otherwise collect or contribute any amounts for capital reserves. Any capital contribution collected by the Declarant shall not be collected against a mortgagee which takes title to a Lot pursuant to foreclosure.

SECTION 4.14 MASTER ASSOCIATION ASSESSMENTS. Each Owner acknowledges that the assessments and other charges provided for herein are in addition to, and not in lieu of, the assessments and other charges provided for in the Master Declaration. Assessments and all other charges due and payable to the Master Association shall be paid directly to the Association, which shall be responsible for collecting such amounts on behalf of the Master Association. At the direction of the Master Association, the Master Association may collect such assessments and other charges provided for in the Master Declaration on behalf of the Master Association from all of the Owners of Lots within the Property.

ARTICLE V **EXTERIOR MAINTENANCE**

SECTION 5.1 TOWNHOUSE UNIT. The vertical boundaries of each Townhouse are as shown on the applicable subdivision plat Recorded in the RMC Office for Charleston County, South Carolina. Each plot of land constituting a Townhouse will consist of the land under the footprint of the Townhouse and the front, back and side yards, if any. All property within Carolina Park Townhomes not a part of a Townhouse will be Common Area maintained by the Association, with the exception of any and all roads which the Declarant dedicates in writing to the public, Charleston County or another appropriate governmental body which formally accepts the maintenance of such roads.

SECTION 5.2 MAINTENANCE.

(a) Maintenance of Townhouses - Owner's Responsibility. Except to the extent that the Association is assigned certain maintenance responsibility for Townhouses pursuant to this Section or Article IV, or otherwise agrees to assume certain maintenance responsibility with respect to Townhouses, each Owner shall be responsible for maintenance, repair, and replacement of his Townhouse, and shall keep it in good order and repair, and in a neat, clean, and attractive condition consistent with the Community Wide Standards and subject to acceptance of the Architectural Control Committee (as defined below). Each Owner's maintenance responsibility shall include, but shall not necessarily be limited to:

(i) maintaining, repairing and replacing, as necessary, all pipes, lines, wires, conduits, or other apparatus which serve only the Townhouse (including all utility lines serving only the Townhouse) regardless of the location of such apparatuses, except to the extent that any such maintenance, repair or replacement arises out of the act or omission of someone other than the Owner of such Townhouse, in which case the party responsible for such act or omission is responsible for performing the necessary maintenance, repair or replacement;

(ii) maintaining, repairing and replacing, as necessary, the exterior surfaces of the Units, including windows and window frames, glass surfaces and screens, doors and door frames (including garage doors), and any shutter, eaves, fascia, gutters and downspouts on the exterior of the Units;

(iii) maintaining, repairing and replacing, if necessary, the foundation and structure of the dwelling on the Lot; and

(iv) maintaining, repairing and replacing, as necessary, and pressure washing any driveways or other any paved portions of the Townhouses adjacent to the garage of each Unit.

(b) Maintenance of Townhouses — Association's Responsibility. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance and repairs upon each Unit which is subject to assessment hereunder, as follows:

(i) maintaining, repairing and replacing, as necessary, the roof (including shingles and roof decking) of the Units;

(ii) painting and/or staining the exterior of the Townhouses;

(iii) except to the extent assumed by Owners in this Declaration, maintaining all the landscaping in the front, rear and side yards (as applicable) of each Townhouse, which maintenance shall include mowing lawns, pruning shrubbery, weed control, removal and replacement of dead trees and shrubs (excluding those planted by Owners, and Owner shall not plant, replace, or remove any vegetation in the front yard except with the prior written approval of the Association), and irrigation, except courtyard maintenance where the Owner has installed a gate limiting and/or prohibiting access to the courtyard area;

(iv) maintaining, repairing and replacing, as necessary, any irrigation equipment (including without limitation, any sprinklers, pumps, wells, water lines, and time clocks, wherever located) serving the front and side yards of the Townhouses, except that the Association shall have no responsibility for any sprinklers or other irrigation equipment installed by the Owner or occupant of any Townhouse;

(v) maintaining, repairing and replacing, as necessary, perimeter landscaping or walls within the perimeter easements area, if such perimeter wall or landscaping are initially installed by Declarant;

(vi) maintaining, repairing and replacing mailbox structures and fences installed by Declarant or the Association, exterior post lights (excluding electricity therefore), and other exterior improvements;

(vii) maintaining, repairing and replacing, as necessary, and pressure washing sidewalks installed by Declarant or the Association; and

(viii) periodic treatment of all exterior walls and foundations of the dwelling for termites.

(As a matter of information to future Members of the Association, the Declarant desires to make it known that due to differing amounts of exposure to the elements and other factors, some Units may require more maintenance than others and that it is in the best interest of the entire Association that all Units be properly maintained and that the Association shall be required to provide such maintenance provided for herein and make a uniform charge without regard to the actual cost of maintenance of each dwelling.)

All maintenance required by this Section shall be performed in a manner consistent with the Community Wide Standards. In the event that an Owner neglects or fails to maintain his Lot and/or his Townhouse in a manner consistent with the Community Wide Standards, the Association shall have the absolute right to contract for and to perform maintenance as shall be prescribed by the Board of Directors, and for this purpose, the Owner grants unto the Board of Directors, its agents, employees, and all others designated by the Board of Directors, the right to enter upon the property of the Owner for the purpose of completing such maintenance work, all without liability or responsibility, criminal or civil, for trespass or any other action. Provided, however, the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Association intends to perform, and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance. The determination as to whether an Owner has neglected or failed to maintain his Lot and/or Townhouse in a manner consistent with the Community Wide Standards shall be made by the Board of Directors of the Association, in its sole discretion. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article V. Advance notice shall not be required if the Association determines an emergency condition exists. The cost of such work required by the Board of Directors to cure maintenance deficiencies (together with an administrative surcharge equal to ten percent (10%) of such cost) shall be assessed against the Owner and his Lot as a Special Assessment and shall be subject to all lien rights provided herein.

In the event that the Association determines that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner or the family, guests, lessees, or invitees of any Owner, and is not covered and paid for by insurance, in whole or in part, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot of such Owner.

The Association, its successors and assigns agents, members, officers, directors, and employees of any of the foregoing, shall not be liable in any manner to the Owners or any other party for any type of injury to person or property, including death, arising from action taken or failure to act within the scope of this Declaration or by law, including its own negligence, unless caused by the wanton and willful misconduct or gross negligence of Association.

In the event a Townhouse constructed on a Lot is going to be unoccupied for a consecutive period of one (1) month or longer, the Association may require the Owner to designate a responsible firm or individual to undertake his general maintenance responsibilities, which responsibilities shall include, at a minimum, maintaining exterior appearance, safeguarding the property to prepare for severe weather and repairing the property in the event of any damage therefrom. At the request of the Association, the name(s) and address of such firm or individual must be furnished to the Association.

SECTION 5.3 INSURANCE ON TOWNHOUSES; DAMAGE TO TOWNHOUSES

(a) Ownership of Policies. All insurance policies upon the Lots, including the improvements thereon, and/or Units shall be purchased by the Owners thereof for the benefit the Owners and their mortgagees as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. Owners may, at their option, obtain insurance coverage, at their own expense, upon their own personal property and for their personal liability and living expense and such other coverage as they may desire. Owners acknowledge and agree that the Association is not purchasing and shall not be responsible for any insurance related to the Lots or the Units, it being the sole responsibility of the Owners of Lots and/or Units.

(b) Coverage. All buildings and improvements upon the Common Areas and all personal property of the Association included in the Common Area shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement;

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the Common Areas; and

(iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.

(d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be included as part of the annual Assessment and/or Special Assessment described in Article IV above.

(e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgages, as their interests may appear and shall provide that all proceeds thereof shall be payable to the Association as insurance

trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose stated herein or stated in the Bylaws and for the benefit of the Owners and their mortgagees in proceeds on account of damage to the Common Area held for the Association.

(f) Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(i) Expenses of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefore; and

(ii) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as above provided.

(g) Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount to be determined by the Association.

(h) Repair and Reconstruction. Each Owner of a Lot further covenants and agrees that in the event of a partial loss or damage to a Townhouse, the Owner shall remove all debris within thirty (30) days after the damage or destruction and complete repair or reconstruction of the Townhouse within six (6) months thereafter, subject to force majeure in both instances, in a manner consistent with the original construction (updated for applicable change in building codes) or such other plans and specifications as are approved in accordance with Article VI of this Declaration. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds. In the event a Townhouse is totally destroyed and an Owner determines to rebuild or reconstruct, all debris shall be removed within thirty (30) days after the damage or destruction and reconstruction shall be completed within six (6) months thereafter, subject to force majeure in both cases. Each Owner agrees to provide the Association with proof of insurance as outlined in this Section if requested.

SECTION 5.4 PARTY WALLS.

(a) General Rules of Law to Apply. Each wall or fence which is built as a part of the original construction of the Townhouses upon the Property and placed on the dividing line which serves and/or separates any two adjoining Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. No alterations may be made to any party wall other than alterations to the interior surfaces.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

(c) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice; provided, however, any such Owner causing restoration to be made retains the right to call for a larger contribution from the other Owners under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Weatherproofing. Notwithstanding any other provision of this Article V, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements and of repairing any damage resulting from such exposure.

(e) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article V shall be appurtenant to the land and shall pass to such Owner's successor in title.

ARTICLE VI **ARCHITECTURAL CONTROL**

SECTION 6.1 IMPROVEMENTS. No building, fence, wall, post, patio, deck, lighting, walk, driveway, banners, flags, flag poles, signs, antenna or other structure or planting or landscaping shall be commenced, erected or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein, including, without limitation, any plantings or landscaping, be made until the plans and specifications showing the nature, kind, shape, height, materials, colors, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography in accordance with the applicable provisions of the Master Declaration and by the Board of Directors of the Association, or by an architectural control committee composed of three (3) or more members to be initially appointed by the Declarant for a term not to exceed three (3) years (hereinafter referred to as the ***“Architectural Control Committee”***). Refusal of approval of plans, location or specifications may be based upon any ground, including purely aesthetic conditions, which in the sole and uncontrolled discretion of the Architectural Control Committee shall seem sufficient. The above notwithstanding, the Declarant, its successors or assigns, shall have the right to appoint one (1) member of the Architectural Control Committee until it divests itself of all Lots within the Property (including Lots located on any Additional Property or annexed property). Upon the divestiture of all Lots, unless the Declarant shall elect to do so sooner, the Board of Directors or Architectural Control Committee of the Association shall assume sole responsibility of the rights of approval. The above notwithstanding, for so long as the Master Association shall require, any proposed modification, addition or alteration (each a ***“Proposed Improvement”***) to any Lot or Townhome approved by the Board or the

Architectural Control Committee shall not be commenced unless and until the Design Review Board (as such term is defined in the Master Declaration) or the appropriate committee or organization designated with enforcement authority pursuant to the Master Declaration, has approved the Proposed Improvement in accordance with Article 9 of the Master Declaration (as the same may be amended from time to time).

SECTION 6.2 PROCEDURES.

(a) Any person desiring to make any improvement, alteration or change described in Section 6.1 above shall submit two (2) copies of the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Architectural Control Committee which shall evaluate such plans and specifications in light of the purpose of this Article VI.

(b) Upon approval, one (1) copy of all plans and related documents bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specifications shall not be deemed a waiver of the Architectural Control Committee's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of such plans and specifications relating to any Lot, however, shall be final as to that Lot, and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval.

(c) Further, upon approval and for so long as required by the Master Association, any person desiring to make any improvement, alteration or change described in Section 6.1 above shall submit an application for approval pursuant to Article 9 of the Master Declaration (as the same may be amended from time to time).

(d) Neither Declarant, nor any other member of the Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specifications approved by the Architectural Control Committee, nor for any structural defects in any work done according to such plans and specifications approved by the Architectural Control Committee. FURTHER, NEITHER DECLARANT, NOR ANY MEMBER OF THE ARCHITECTURAL CONTROL COMMITTEE SHALL BE LIABLE IN DAMAGES TO ANYONE BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, MISFEASANCE, MALFEASANCE OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS OR THE EXERCISE OF ANY OTHER POWER OR RIGHT OF THE ARCHITECTURAL CONTROL COMMITTEE PROVIDED FOR IN THIS DECLARATION. EVERY PERSON WHO SUBMITS PLANS AND SPECIFICATIONS TO THE ARCHITECTURAL CONTROL COMMITTEE FOR APPROVAL AGREES, BY SUBMISSIONS OF SUCH PLANS AND SPECIFICATIONS, AND EVERY OWNER OF ANY LOT AGREES, THAT HE WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, THE ASSOCIATION, ITS BOARD MEMBERS OR OFFICERS, OR ANY

MEMBER OF THE ARCHITECTURAL CONTROL COMMITTEE, TO RECOVER ANY SUCH DAMAGES AND HEREBY RELEASES, REMISES, QUITCLAIMS, AND COVENANTS NOT TO SUE FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

ARTICLE VII **USE RESTRICTIONS**

SECTION 7.1 RESIDENTIAL USE OF PROPERTY. All Lots shall be used for single-family, residential purposes only, and in accordance with all applicable zoning regulations, including but not limited to those of the Town of Mount Pleasant.

SECTION 7.2 SETBACKS AND BUILDING LINES. Each dwelling which shall be erected on any Lot shall be situated on such Lot in accordance with the building and setback lines required by the Town of Mount Pleasant and/or Charleston County as shown in more detail on the Plat. In no event shall any dwelling be erected and located upon any such Lot in a manner which violates the requirements and provisions of any applicable Town of Mount Pleasant or Charleston County zoning ordinances and/or subdivision regulations. Unless written approval is granted by the Architectural Control Committee and any applicable governmental agencies, no building shall be located on any Lot within any setback area.

SECTION 7.3 RULES AND REGULATIONS. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Area; provided, however, that such rules and regulations shall not conflict with this Declaration, the Master Declaration, or any rules and regulations promulgated by the Master Association. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof or for the violation of any covenants and conditions contained in this Declaration.

SECTION 7.4 DELIVERY RECEPTACLES AND PROPERTY IDENTIFICATION MARKERS. The Architectural Control Committee shall have the right to approve the location, color, size, design, lettering and all other particulars of receptacles for the receipt of mail, newspapers or similarly delivered materials, and of name signs for such receptacles, as well as property identification markers.

SECTION 7.5 USE OF OUTBUILDINGS AND SIMILAR STRUCTURES. No structure of temporary nature (unless approved in writing by the Architectural Control Committee) shall be erected or allowed to remain on any Lot, and no trailer, utility shed, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence, either temporarily or permanently; provided, however, this Section shall not be construed to prevent the Declarant and those engaged in construction activities on the Lots from using sheds or other temporary structures during construction, Notwithstanding the above, party tents or similar temporary structures may be erected for special events with the prior written approval of the Board of Directors of the Association or the Declarant.

SECTION 7.6 LIVESTOCK AND POULTRY. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other small household pets, not to exceed a total of two (2) without the prior written consent of the Board of Directors of the Association or the Declarant, may be permitted in a Unit, provided that they are not kept, bred, or maintained for any commercial purposes. However, those pets which are permitted to roam free or, in the sole discretion of the Association, endanger health, make offensive noise, cause unsanitary conditions, or constitute a nuisance or inconvenience to the Owners of other Units or the owner of any portion of the Property shall be removed upon the written request of the Board of Directors. If the owner fails to honor such request, the pet may be removed by the Board of Directors. Dogs shall be confined on a leash held by a responsible person at all times whenever they are outside a Unit. No dog runs or animal pens of any kind shall be permitted on any Lot. All excrement from dogs, or other pets, must be cleaned up by the Owner of such dogs or pets promptly.

SECTION 7.7 OFFENSIVE ACTIVITIES; DISCLOSURES; ONGOING CONSTRUCTION.

(a) Subject to the terms of Subsections (b) and (c) below, no noxious, offensive or illegal activities shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the Owners of other Lots within the Property.

(b) Each Owner, by acceptance of a deed to a Lot, hereby acknowledges the following:

(i) The Property is located adjacent to a street thoroughfare that may result in traffic and noise from time to time by vehicular traffic thereon and the same may be a nuisance. Neither the Declarant, nor the Association, nor any of their respective directors, officers, employees, contractors, consultants, shareholders, members, affiliates, assignees, successors, nominees, attorneys or agents, shall be liable to any Owner for any inconvenience or damage sustained by such Owner as a result of any such noise emanating from or in proximity to such street thoroughfares, including, but not limited to, such noise as may emanate from persons using any roadways or walkways adjacent thereto;

(ii) The views from a Lot may change over time due to, among other things, additional development and the removal or addition of landscaping. No view easement, express or implied, will be granted to any Owner in connection with the conveyance of a Lot to such Owner;

(iii) No representations are made regarding the zoning of adjacent property, or that the category to which adjacent property is zoned may not change in the future;

(iv) No representations are made regarding the schools that currently, or which may in the future, serve the Property; and,

(v) Since, in every neighborhood, there are conditions which different people may find objectionable, it is acknowledged that there may be conditions outside of the Property which an Owner may find objectionable and that it shall be the sole responsibility of the Owners to become acquainted with neighborhood conditions which could affect the Lots and the Property.

(c) In addition, each Owner acknowledges, understands, and covenants to inform its lessees that the Property, including the Lots, and the areas adjacent to the Property are subject to further development and expansion, and therefore, there may be certain inconveniences during any period of construction, and Owner waives all claims with respect thereto. Owner agrees that if Owner or Owner's employees, lessees, invitees, guests, contractors, or agents enter onto any area of construction, they do so at their own risk, and neither the Declarant, a Declarant-related entity, the Association, nor their respective contractors, agents or employees shall be liable for any damage, loss or injury to such persons.

SECTION 7.8 SIGNS. Except as otherwise provided in the Master Declaration, no advertising, signs or billboard shall be erected on any Lot. The Association shall be entitled to enter upon the Lot and remove any such advertising, signs or billboard in violation of this Declaration. This restriction shall not apply to signs used to identify and advertise the Property as a whole, nor to signs for selling Lots and/or Units, provided such signs are approved by the Board of Directors and/or the Architectural Control Committee. Also, the provisions of this Article VII shall not apply to notices posted in connection with judicial or foreclosure sales conducted with respect to a first mortgages.

SECTION 7.9 AESTHETICS; NATURAL GROWTH & SCREENING; UNDERGROUND UTILITY SERVICE. Trees which have a diameter in excess of six (6") inches measured two (2') feet above ground level, and distinctive flora, shall not be intentionally destroyed or removed except with the prior approval, in writing, of the Architectural Control Committee and DRB (as such term is defined in the Master Declaration). Clotheslines, garbage cans and equipment shall be screened to conceal them from view of neighboring Lots and streets. All residential utility services and lines to residences shall be underground.

SECTION 7.10 ANTENNAE. No radio or television transmission or reception towers or antennae shall be erected on any Unit, or within the Property without the prior written approval of the Architectural Control Committee. In no event shall free standing transmission or receiving towers be permitted. Satellite dishes having a diameter of eighteen inches (18") or less will be allowed with proper screening and prior written approval of the Architectural Control Committee. Notwithstanding the foregoing, no radio or television transmission or reception towers or antennae or satellite dishes shall be visible from the street.

SECTION 7.11 TRAILERS; TRUCKS; SCHOOL BUSES; BOATS; BOAT TRAILERS. No house trailers, mobile homes, school buses, trucks over one (1) ton capacity, commercial vehicles, boats or boat trailers, motor homes, motorcycles, campers, and vans or

vehicles on blocks or other inoperable vehicles shall be kept, stored or parked overnight either on any street or on any Lot, and no vehicle with exterior commercial equipment, lettering or logos may be parked overnight either on any street or on any Lot, except within area(s) which may be specifically designated for such purposes by the Association; provided, however, temporary buildings and other structures shall be permitted during the construction period of the Townhouses or as a temporary real estate sales office of Declarant for the sale of Units. In addition, vehicles without current registration may not be kept, stored or parked on any Lot, but may be kept in garages. Notwithstanding the foregoing, passenger automobiles may be parked in driveways. The foregoing will not be interpreted or construed or applied to prevent the temporary nonrecurring parking of any vehicle, boat or trailer for a period not to exceed twenty-four (24) hours upon any Lot, and service and delivery vehicles may be parked in the Property during the daylight hours for such period of time as is reasonably necessary to provide service or make a delivery to a Unit or the Common Area. No garage, outbuilding, or other appurtenant structure shall be used for residential purposes, either temporarily or permanently, nor shall any portion of the Property (except as expressly stated in this Section) be used, except for residential purposes incidental or necessary thereto. For purposes of this Section, a vehicle shall be considered "stored" if it is put upon blocks or covered with a tarpaulin, and remains on blocks or so covered for five (5) consecutive days without the prior approval of the Board.

SECTION 7.12 GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers designed for that purpose. All receptacles or other equipment for the storage or disposal of such waste material shall be kept in a clean and sanitary condition. If such litter or other materials is found on any Lot, the same will be removed by the Lot Owner of such Lot, at the Lot Owner's expense, upon written request of the Association. No trash, garbage or other waste may be placed within the Common Area, except in containers approved by the Board of Directors.

SECTION 7.13 SEWAGE SYSTEM. Sewage disposal shall be through municipal system or type approved by appropriate State and local agencies.

SECTION 7.14 WATER SYSTEM. Water shall be supplied through municipal system or type approved by appropriate State and local agencies.

SECTION 7.15 UTILITY FACILITIES. Declarant reserves the right to approve the necessary construction, installation and maintenance of utility facilities, including but not limited to water, telephone and sewage systems, which may be in variance with these restrictions.

SECTION 7.16 CHANGING ELEVATIONS. No Lot Owner shall excavate or extract earth for any business or commercial purpose. No elevation changes shall be permitted which materially affect surface grade of surrounding Lots, unless approved in writing by the Architectural Control Committee.

SECTION 7.17 MODEL TOWNHOUSES. Declarant, as well as any other builder of Townhouses within the Property, shall have the right to construct and maintain model

townhouses on any of the Lots. "Model Townhouses" shall be defined as those Townhouses used for the purpose of inducing the sale of other Townhouses within the Property.

SECTION 7.18 QUIET ENJOYMENT. No obnoxious or offensive activity shall be carried on or upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

SECTION 7.19 NUISANCE. No activity deemed noxious or offensive by the Board shall be carried on upon any Lot or within any Unit or the Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to Owners of Lots within the Property as determined by the Board. Examples of such offensive activities shall include, but not be limited to, the origination or emission of any loud or disturbing noise or vibrations, the maintenance of an auto repair site, the maintenance of unsightly outdoor storage or personal property (including toys, motorcycles, or other motor vehicles, tricycles, bicycles, wood piles or other miscellaneous items) on porches, patios, terraces, or yards, or similar unsightly activity not in keeping with the aesthetic character and high level of appearance of the Property.

SECTION 7.20 BUSINESS USE. No garage sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Lot or Unit, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the business activity is not apparent or detectible by sight, sound or smell from outside the Unit; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve persons coming on the Property who do not reside in the Property or door to door solicitation of residents of the Property and does not constitute a nuisance or hazardous or offensive use or threaten the security or safety of other residents with the Property, as may be determined in the sole discretion of the Board.

The terms "business" and "trade" as used in this Section shall be construed as having their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provisions of goods and services to persons other than the provider's family and for which the provider of services receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity in full or part time; (ii) such activity is intended to or does generate a profit; and (iii) a license is required therefore. Notwithstanding the above, the leasing of a Unit shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or a builder approved by the Declarant with respect to its development and/or sale of the Property of Declarant's use of any of the Units which it owns or may own within the Property, including the operation of a time share or similar program.

SECTION 7.21 WETLANDS, LAKES, AND WATER BODIES. All wetlands, lakes, ponds and streams within the Property, if any, shall be aesthetic amenities only, and no other use thereof, including, without limitation, fishing, boating, hunting, swimming or use of personal floatation devices, shall be permitted without the prior written approval of the Board. The Association shall not be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of wetlands, lakes, ponds or streams within the Property. No docks, piers or other structures shall be constructed on or over any body of water

within the Property, except such that may be constructed by the Declarant. No pumps or pipes shall be placed in any wetlands, lake, pond, or creek for removing water for irrigation purposes, except as approved in writing by the Declarant.

SECTION 7.22 FIREARMS. The discharge of firearms within the Property is prohibited. The term "firearm" includes without limitation, B-B guns, pellet guns and other firearms of all types, regardless of size.

SECTION 7.23 WAIVER OF SETBACKS; BUILDING LINES AND BUILDING REQUIREMENTS. The Architectural Control Committee may, for good cause and subject to appropriate waiver from Charleston County, waive violations of the setbacks and building lines provided for in Section 7.2. Such waiver shall be in writing and Recorded. A document executed by the Architectural Control Committee shall be, when Recorded, conclusive evidence that the requirements of Section 7.2 have been complied with. The Architectural Control Committee may also handle violations of set backs and boundary lines by amending the Plat. Nothing contained herein shall be deemed to allow the Architectural Control Committee to waive violations which must be waived by an appropriate governmental authority or otherwise approved by the DRB.

SECTION 7.24 PORCHES AND PATIOS. No junk, bicycles or unsightly items shall be stored or left on a porch or patio. No towels, clothing, garments or other material is permitted to be hung or draped from a porch or patio. Nothing shall be thrown from porches or patios, especially cigarettes, matches, food, and children's toys.

SECTION 7.25 OCCUPANTS BOUND. All provisions of the Declaration, Bylaws, and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and/or invitees of any and all Units. Every Owner shall cause all occupants of his Unit to comply with the Declarations, Bylaws, and rules and regulations adopted pursuant thereto, and shall be responsible for all violations and/or losses to the Common Area and/or property of other Owners caused by any such occupants, guests and/or invitees, notwithstanding the fact that such occupants, guests and/or invitees of such Unit are fully liable and may be sanctioned for any violation of the Declarations, Bylaws, and rules and regulations adopted pursuant thereto.

ARTICLE VIII **EASEMENTS**

SECTION 8.1 GENERAL EASEMENTS RIGHTS. All of the Property, including Lots, Units and Common Area, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines and other public utilities and other purposes as shall be established by the Declarant or by its predecessors in title, prior to subjecting the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Area conveyed to it, such further easements as are required for the convenient use and enjoyment of the Property. In addition, there is hereby reserved to the

Declarant and its agents and employees and easement and right of ingress, egress, and regress across the Common Area, now or hereafter owned by the Association, for the purpose of construction of improvements within the Property, including the right of temporary storage of construction materials on said Common Area.

So long as the Declarant owns any of the Property, Declarant reserves blanket easements and the right to grant such specific easements over, under and through all Units, Lots and Common Area, as may be necessary in conjunction with the orderly development of the Property or any adjacent property (including without limitation the planning, construction, marketing, leasing, management or maintenance of improvements) for access, construction and maintenance of public or private utilities and storm drainage (whether subsurface or surface).

All Units shall be subject to easements for the encroachment of initial improvements constructed on adjacent Units by the Declarant to the extent that such initial improvements actually encroach including, but not limited to, such items as overhanging eaves and walls.

Declarant reserves access easements over all Units for construction, either for that Unit or any adjacent property and easements for the installation of public or private utilities and storm drainage (whether subsurface or surface). There are reserved cross-easements in favor of Owners of Units that comprise a building for access to and from each other Units comprising the building and the Common Area adjacent to the Units comprising the building, including, but not limited to, the transportation of garbage receptacles; however, this does not include access to approved decks, patios or areas with approved fences. All rights and easements reserved under this Declaration shall also be reserved to the assigns and successors in the interest of the Declarant.

SECTION 8.2 UTILITIES AND ROADS. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on Recorded plats. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the Town of Mount Pleasant and Charleston County (and any other person or firm providing services to the Property under agreement with or at the direction of the Association) over all Common Area as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Association shall have the power and authority to grant and establish upon, over and across the Common Area such additional easements as are necessary or desirable for the providing of service or utilities to the Common Area. The Declarant shall have the power and authority to grant and establish upon, over and across the Lots such additional easements, and to expand, contract and/or reconfigure any existing easements, as are necessary or desirable for the providing of access, ingress, egress, service or utilities to the Lots. Until such time as the Declarant dedicates the roads to the public and Charleston County or another appropriate governmental body formally accepts the maintenance of such roads in writing, all of the Owners shall have a non-exclusive appurtenant easement over and across the roads and alleys within Carolina Park Townhomes for access, ingress and egress to the Lots. Unless and until said roads are dedicated to the public for public use and Charleston County or another appropriate

governmental body formally accepts the maintenance of such roads in writing, the Declarant (or the Association if and when Declarant transfers title to such roads to the Association) shall maintain said roads and the associated drainage facilities.

SECTION 8.3 SIGN AND LANDSCAPE EASEMENTS. The Declarant reserves easements for the maintenance of signs and landscaping and lighting surrounding same within the Property. Declarant hereby grants, gives and conveys to the Association a perpetual, nonexclusive easement over any portions of Lots designated as “sign easements” or “landscape easements” to maintain, repair and replace the signs which may be located thereon, as well as the lighting fixtures and any landscaping thereon. The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. In addition to the easement granted above as to the portion of Lots designated “sign easements”, or “landscaping easements”, Declarant hereby gives, grants and conveys to the Association the right of ingress, egress and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or part of the Property.

SECTION 8.4 DRAINAGE AND ACCESS EASEMENTS. Easements for the construction and maintenance of drainage and Owner access to the Common Areas are reserved as indicated on recorded plats, including without limitation areas designated as “drainage easements”. Within these easements no construction, structures, planting or other material shall be placed or permitted to remain which may obstruct or interfere with the maintenance of drainage and access to the Common Areas. Declarant reserves a perpetual, non-exclusive easement over any portions of Lots designated as “drainage easements” on the Plat, to effectuate the purposes stated above. The costs of all such maintenance, repair and replacement shall be part of the common expenses of the Association, payable by the Owners as set out in Article IV hereof. In addition to the easement granted above as to the portion of Lots designated “drainage easements”, Declarant hereby reserves the right of ingress, egress and regress over other portions of such Lots as shall be reasonably necessary to effectuate the purposes stated above. The easements hereby granted shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or part of the Property.

SECTION 8.5 EASEMENTS FOR ADDITIONAL PROPERTY. There is hereby reserved in the Declarant, its successors, assigns and successors in title to the Additional Property, for the benefit of and as an appurtenance to the Additional Property and as a burden upon the Property, perpetual, non-exclusive rights and easements for: (i) pedestrian and vehicular access, ingress, egress and parking over, across, within and on all sidewalks, streets, trails, parking facilities, ponds and lagoons from time to time located on or within the Common Area or within easements serving the Common Area; (ii) the installation, maintenance, repair, replacement and use of security systems and utility facilities and distribution lines, including without limitation drainage systems, storm sewers and electrical, gas, telephone, water, sewer and cable system lines; and (iii) drainage and discharge of surface water onto and across the Property, provided that such drainage and discharge shall not materially damage or affect the Property or any improvements from time to time located thereon.

Declarant and Declarant's agents may be developing the Additional Property and engaging in other construction activities related thereto. Such construction activities may, from time to time, produce certain conditions on the Property, including, without limitation: (i) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (ii) smoke; (iii) noxious, toxic, or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or flying ash; (vi) unusual fire or explosion hazards; (vii) temporary interruption of utilities; and/or (viii) other conditions that may threaten the security or safety of persons within the Property. Notwithstanding the foregoing, the Owners agree that such conditions within the Property resulting from construction activities shall not be deemed a nuisance or discomfort to the Owners and shall not cause Declarant and its agents to be deemed in violation of any provision of this Declaration.

ARTICLE IX **DECLARANT'S RIGHTS**

The right is hereby reserved by Declarant, or its agents, to place and maintain on the Property all Model Townhouses, sales offices, advertising signs and banners and lighting in connection therewith and other promotional facilities at such locations and in such forms as shall be determined by Declarant. There is also reserved unto Declarant, its agents and prospective purchasers and tenants, the right of ingress, egress and transient parking in and through the Property for such sales purposes. Declarant also reserves the right to maintain on the Property without charge (a) a general construction office for Declarant's contractors and (b) appropriate parking facilities for the employees of Declarant's agents and contractors. Declarant's aforesaid reserved rights shall exist at any time Declarant is engaged in the construction, sale or leasing of residences on any portion of the Property or on any land adjacent to the Property and no charge shall be made with respect thereto. Notwithstanding any provision herein to the contrary, the rights and easements created under this Declaration are subject to the right of Declarant to execute all documents and do all other acts and things affecting the Property, which in the Declarant's opinion are required to implement any right of Declarant set forth in this Declaration (including the making of any dedication or conveyance to public use), provided any such document or act is not inconsistent with then existing property rights of any Owner. All rights and easements reserved under this Declaration shall also be reserved to the assigns and successors in interest of the Declarant.

ARTICLE X **DISPUTE RESOLUTION AND LIMITATIONS ON LITIGATION**

SECTION 10.1 AGREEMENT TO AVOID COSTS OF LITIGATION AND TO LIMIT RIGHTS TO LITIGATE DISPUTES. The Association, Declarant, all persons subject to the Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article X but not the Master Association or the Master Declarant (each a "***Bound Party***" and collectively the "***Bound Parties***") agree to encourage the amicable resolution of disputes involving the Property in order to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Property, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the Bylaws, the Association rules, or the Articles

(collectively and singularly, “**Claim(s)**”), except for those Claims authorized in Section 10.2 below, shall be resolved using the procedures set forth in Section 10.3 below, in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

SECTION 10.2 EXEMPT CLAIMS. The following Claims (“**Exempt Claims**”) shall be exempt from the provisions of Section 10.3 herein below:

- (a) Any suit by the Association against any Bound Party to enforce the provisions of Article IV;
- (b) Any suit by the Association to obtain a restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association’s ability to enforce the provisions of Article VI and Article VII;
- (c) Any suit between Owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of South Carolina in the absence of a claim based on the Declaration, Bylaws, Articles or rules if the Association, if the amount in controversy exceeds Five Thousand and No/100 Dollars (\$5,000.00);
- (d) Any suit arising out of any written contract between Owners or between the Declarant and any builder, which would constitute a cause of action under the laws of the State of South Carolina in the absence of a claim based on the Declaration, Bylaws, Articles or rules of the Association; and
- (e) Any suit in which all parties are not Bound Parties.

Any Bound Parties having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 10.3 below, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section 10.3 below shall require the approval of the Association.

SECTION 10.3 MANDATORY PROCEDURES FOR ALL OTHER CLAIMS. All claims other than Exempt Claims shall be resolved using the following procedures:

- (a) Notice. Any Bound Party having a Claim (“**Claimant**”) against any other Bound Party (“**Respondent**”), other than an Exempt Claim, shall notify each respondent in writing of the Claim (the “**Notice**”), stating plainly and concisely:
 - (i) The nature of the Claim, including date, time, location, persons involved and Respondent’s role in the Claim;
 - (ii) The basis for the Claim (i.e. the provisions of the Declaration, the Bylaws, the Articles or rules or other authority out of which the Claim arise);

(iii) What Claimant wants Respondent to do or not to do to resolve the Claim; and

(iv) That Claimant wished to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation.

(i) Each Claimant and Respondent (the “**Parties**”) shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation;

(ii) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the Property.

(c) Mediation.

(i) If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“**Termination of Negotiations**”), then Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspice of any dispute resolution center or other such independent agency providing similar services in Charleston County, specifically including, but not limited to the National Association of Realtors Alternative Dispute Resolution System and in accordance with generally accepted mediation procedures.

(ii) *if Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim;* provided, however, nothing contained herein shall release or discharge Respondent from any liability to persons not a Party to the foregoing proceedings.

(iii) If the Parties do not settle the Claim within (30) days after submission of the matter to the mediation process or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings (“**Termination of Mediation**”). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.

(iv) Each Party shall, within ten (10) days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim; the Claimant shall make a final written settlement demand (“**Settlement Demand**”) to the

Respondent and the Respondent shall make a final written settlement offer ("**Settlement Offer**") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(d) Final and Binding Arbitration.

(i) If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in the S.C. Arbitration Statute or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to persons not a Party to the foregoing proceedings.

(ii) This Subsection (d) is an agreement of the Bound Parties to arbitrate all Claims, except Exempt Claims and is specifically enforceable under the applicable arbitration laws of the State of South Carolina. The arbitration award (the "**Award**") shall be final and binding, and judgment may be entered upon in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of South Carolina.

SECTION 10.4 ALLOCATION OF COSTS OF RESOLVING CLAIMS.

(a) Each Party shall bear its own cost incurred prior to and during the proceedings described in Section 10.3(a), (b) and (c) above, including the fees of its attorney or other representative, Each Party shall share equally all charges rendered by the mediator(s) pursuant to Section 10.3(c) above.

(b) Each Party shall bear its own costs (including attorney's fees or other representation) incurred after the Termination of Mediation under Section 10.3(c) above and shall share equally in the costs of conducting the arbitration proceeding (collectively, the "**Post Mediation Costs**"), except as otherwise provided in Section 10.4(c) below.

(c) Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add such Claimant's Post Mediation Costs to the Award, such Costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than Respondent's Settlement Offer to that Claimant shall award to such Respondent its Post Mediation Costs, such Costs to be borne equally by all such Claimants.

SECTION 10.5 ENFORCEMENT OF RESOLUTION. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 10.3 above and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with the terms of any Award following arbitration, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award, without the need to

again comply with the procedures set forth in Section 10.3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorney fees and court costs.

SECTION 10.6 COMMENCEMENT OF LITIGATION. Any litigation by the Association other than Exempt Claims shall require an affirmative vote of two-thirds (2/3) of the Members of the Association prior to the institution of such litigation.

ARTICLE XI **GENERAL PROVISIONS**

SECTION 11.1 ENFORCEMENT. The Declarant, the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration, the Articles or Bylaws of the Association. Failure by the Declarant, the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Declarant or the Association shall have the right to request that law enforcement, public safety and animal control officers come on the Property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

In addition to the rights and remedies hereinabove enumerated, and not as any limitation thereof, if the Association or the Declarant determines that any provision of this Declaration has been violated, the Association or the Declarant may, in its discretion, seek appropriate relief at law or equity to assure that the purposes of this Declaration are fulfilled. After having given fifteen (15) days written notice to the Owner of any Lot involved, setting forth the specific violation or breach of this Declaration and the action required to be taken by the Owner to remedy such violation or breach and if, at the end of such time, reasonable steps to accomplish such action have not been taken by the Owner, the Association or the Declarant can enforce this Declaration by entering upon a Lot to abate or remove any violation, and any such entry shall not be deemed a trespass. Failure to enforce any of this Declaration shall not be deemed a waiver of the right to do so.

The Declarant and the Association, as the case may be, shall have the right to establish, assess and collect reasonable fines and penalties for violations of the Declaration, which may be enforced by the filing of liens against Lots as provided herein. Such fines shall not exceed \$50.00 per violation per day for first time violators, and up to \$100.00 per violation per day for repeated violations. All fines shall be the personal obligation of the Lot Owner.

SECTION 11.2 SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect,

SECTION 11.3 AMENDMENT.

(a) So long as Declarant owns property subject to this Declaration, or has the right to annex property pursuant to this Declaration, and for a period of twenty (20) years thereafter, Declarant hereby reserves and shall have the sole right to:

(i) amend this Declaration or any Supplemental Declaration for the purpose of curing any ambiguity or any inconsistency among the provisions contained herein;

(ii) include in any contract or Deed or other instrument hereafter made any additional covenants and restrictions, including restrictions on use, applicable to any Lot which do not lower the standards of the covenants and restrictions herein contained or contained in the Master Declaration;

(iii) release any Lot from any part of the covenants and restrictions contained herein which have been violated if the Declarant, in its sole judgment, determines such violation to be a minor or insubstantial violation;

(iv) amend this Declaration or any Supplemental Declaration in any manner if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, to make, purchase, insure or guarantee mortgage loans on the Lots; (d) to enable any reputable private insurance company to insure mortgage loans on the Lots; (e) to satisfy the requirements of any local, state or federal governmental agency;

(v) amend this Declaration or any Supplemental Declaration for the purpose of annexing all or any portion of the Additional Property to the terms and conditions of this Declaration; and

(vi) amend this Declaration for the purpose of removing any portion of the Property from the coverage of this Declaration. Such amendment shall not require the consent of any person other than the Owner of the property to be withdrawn, if not the Declarant. If the property is Common Area, the Association shall consent to such withdrawal. Removal or withdrawal of all or any portion of the Property shall be accomplished by Recording a Supplemental Declaration and shall be effective upon the Recording of the Supplemental Declaration unless otherwise provided therein.

Except as provided therein, the foregoing amendments may be made without the joinder or approval of any Owner, mortgagee, or the Association.

(b) Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners, representing at least sixty-seven percent (67%) of the total Class "A" votes in the Association, and the consent of the Declarant, so long as the Declarant has an option to subject Additional Property to this Declaration pursuant to Section 11.5.

SECTION 11.4 FEDERAL LENDING REOUIREMENTS & MASTER DECLARATION REQUIRED AMENDMENTS. Notwithstanding Section 11.3 above, Declarant may (at Declarant's option) amend and modify this Declaration without obtaining the consent or approval of the Owners if such amendment or modification is necessary to cause this Declaration to comply with the requirements of (a) the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or other similar agencies or (b) the Master Declaration.

SECTION 11.5 ANNEXATION OF ADDITIONAL PROPERTY AND WITHDRAWAL OF PROPERTY.

(a) Declarant hereby reserves the option, to be exercised in its sole discretion, to unilaterally annex, subject and submit, at any time, or from time to time, the Additional Property, or a portion or portions thereof, to the provisions of this Declaration and thereby to cause the Additional Property or a portion or portions thereof to become part of the Property and part of the plan and operation of this Declaration, regardless of whether or not such Property is owned by Declarant, its successors and assigns. Declarant reserves the right to plan, design, develop, construct, maintain and manage the Common Area, the Additional Property, and any unsold Lot as Declarant deems necessary or convenient for its purposes, except as otherwise expressly stated in this Declaration, including without limitation, the right to expand the number, size and density of the unsold Lots, the Common Area, and the Additional Property. This option may be exercised by Declarant in accordance with the following rights, conditions and limitations, which are the only conditions and limitations on such option to add all or any portion of the Additional Property to the Property.

This option to add Additional Property/phase(s) may be exercised from time to time from the date of Recordation of this Declaration until the twentieth (20th) anniversary thereof ("**Option Expiration Date**"); provided, however, that Declarant reserves the right to terminate such option at any time prior to the Option Expiration Date by executing and filing of Record an agreement evidencing such termination and, except for such termination by Declarant, no other circumstances will terminate such option prior to the Option Expiration Date.

The additions authorized under this Section shall be made by filing of Record a Supplemental Declaration or Amendment to this Declaration with respect to the Additional Property which shall expressly extend the operation and effect of the covenants and restrictions of this Declaration to such Additional Property. The Supplemental Declaration or Amendment may contain such additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the Additional Property.

The Additional Property is located adjacent to, or in the vicinity of, the Property; portions of the Additional Property may be added to the Property at different times, and there are no limitations fixing the boundaries of those portions or regulating the order, sequence or location in which any of such portions may be added to the Property. The exercise of the option to submit a portion of the Additional Property to the Declaration shall not bar the further exercise of this option as to other portions or the balance of the Additional Property.

If the Additional Property or any portion thereof is added to the Property, any improvements developed therein and any dwellings constructed thereon will be subject to the standards and restrictions set forth herein, including all assessments set forth herein.

If the Additional Property or any portion thereof is added to the Property, Declarant reserves the right to designate and restrict the boundaries of the Lots to be added to the Property in connection therewith.

Should the option to add the Additional Property or any portion of it not be exercised within the term specified herein or be terminated by Declarant, such option shall in all respects expire and be of no further force and effect. DECLARANT SHALL NOT BE OBLIGATED TO IMPOSE ON THE ADDITIONAL PROPERTY OR ANY PORTION OF IT ANY COVENANTS, CONDITIONS, OR RESTRICTIONS SIMILAR TO THOSE CONTAINED HEREIN, AND THAT PROPERTY NOT SUBMITTED TO THIS DECLARATION WILL BE FREE OF ANY COVENANT OR CONDITIONS WHATSOEVER UNLESS OTHERWISE AFFIRMATIVELY IMPOSED.

The option reserved by Declarant to cause all or any portion of the Additional Property to become part of the Property shall in no way be construed to impose upon Declarant any obligation to add all or any portion of the Additional Property to the Property or to construct thereon any improvements of any nature whatsoever or to restrict or limit its use in any manner.

The option reserved under this Section may be exercised by Declarant only by the execution of an amendment to this Declaration which shall be filed of Record, together with a revision of or an addition to the Plat showing the Additional Property or such portion or portions thereof as are being added to the Property by such amendment, as well as the Lots, Common Area, or other types of property located within the Property.

SUBSEQUENT TO INCLUSION AND/OR RESTRICTION AND IN ITS SOLE DISCRETION, DECLARANT MAY CONVEY TO THE ASSOCIATION THE COMMON AREA DESIGNATED BY DECLARANT OR ANY OTHER PROPERTY OWNED BY THE DECLARANT CONTAINED WITHIN THE PROPERTY OR THE ADDITIONAL PROPERTY OR SUCH PORTION OR PORTIONS OF ANY, EITHER, OR ALL OF THEM, ANY SUCH CONVEYANCE TO BE SUBJECT TO THE LIEN OF TAXES NOT YET DUE AND PAYABLE, ALL EASEMENTS AND RESTRICTIONS OF RECORD, UTILITY EASEMENTS SERVING OR OTHERWISE ENCUMBERING THE PROPERTY, AND/OR THE ADDITIONAL PROPERTY, AND ANY EXCEPTIONS WHICH WOULD BE DISCLOSED BY AN ACCURATE SURVEY OR PHYSICAL INSPECTION OF SUCH PARCEL(S).

Any such amendment shall expressly submit the Additional Property or such portion of it to all the provisions of this Declaration, and upon the exercise, if any, of such option or options, the provisions of this Declaration shall then be construed as embracing the Property and the Additional Property or such portion or portions thereof so submitted to the terms hereof, together with all improvements thereon. If the Additional Property or any portion or portions of it is added to the Property, then from and after the addition to the Property of the Additional Property or such portion or portions by such amendment to this Declaration, the number of votes in the

Association shall be modified to include the Lots to be located on the Additional Property or such portion or portions of it as are added, so that there shall continue to be one vote in the Association per Lot owned by a Class "A" Member in the Property and five (5) votes in the Association per Lot owned by a Class "B" Member in the Property, and the total number of votes in the Association shall be increased by the number of Lots added as determined by the formula provided in this document for the voting rights for any Lot or Declarant-owned property located on the Additional Property or such portion or portions thereof as are added.

(b) With the exception of the Additional Property, which may be annexed in the Declarant's sole discretion, the Association may annex any other real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of Members representing a majority of the Class "A" votes of the Association represented at a meeting duly called for such purpose, and the consent of the Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 11.3.

Such annexation shall be accomplished by filing of Record a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration shall be signed by the president and secretary of the Association, and by the owner of the annexed property, and by the Declarant, if the Declarant's consent is required. Any such annexation shall be effective upon Recording unless otherwise provided therein.

(c) This Article XI shall not be amended without the prior written consent of Declarant so long as the Declarant owns any property described in Exhibit A or has the right to annex property pursuant to Section 11.5.

SECTION 11.6 AMPLIFICATION. The provisions of this Declaration are amplified by the Articles and Bylaws; but no amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on one hand, and the Articles and Bylaws on the other be interpreted, construed, and applied to avoid inconsistencies and conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything in the Articles or Bylaws to the contrary. Moreover, Declarant intends that the provisions of this Declaration on one hand, and the provisions of the Master Declaration on the other be interpreted, construed, and applied to avoid inconsistencies and conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of the Master Declaration control anything in this Declaration.

SECTION 11.7 TOTAL OR PARTIAL DESTRUCTION OF IMPROVEMENTS. In the event of a total or partial destruction of any improvements on the Common Area, and if available proceeds of insurance carried pursuant to this Declaration are sufficient to cover eighty-five percent (85%) of the repair or reconstruction, the Common Area shall be promptly repaired and rebuilt unless within one hundred twenty (120) days from the date of such destruction, seventy-five percent (75%) or more of the owners entitled to vote at a duly called meeting, determine that such reconstruction shall not take place. If the insurance proceeds are less than eighty-five percent (85%) of the cost of reconstruction, reconstruction may nevertheless

take place if, within one hundred twenty (120) days from the date of destruction, the Owners of seventy-five percent (75%) of the Lots elect to rebuild.

SECTION 11.8 FHA/VA APPROVAL. If applicable, so long as there is Class "B" Membership, the following actions require the prior approval of the Federal Housing Administration or the Veterans Administration: (a) annexation of Additional Property, (b) dedication of Common Area, and (c) amendment of this Declaration.

SECTION 11.9 DOCUMENTS. All papers and instruments required to be filed with or submitted to the Declarant, the Association, or the Architectural Control Committee shall initially be delivered personally or be sent by Certified or Registered Mail Return Receipt Requested to the Declarant, The Ryland Group, Inc., c/o Don McDonough, Division President, 216 Seven Farms Drive, Suite 200, Charleston, SC 29492, or at such other address as the Declarant or the Association may specify. Any papers or instruments required to be filed with or submitted pursuant to the Master Declaration shall be submitted as provided for therein.

SECTION 11.10 REGISTRATION OF MAILING ADDRESS. Each member shall register his mailing address with the secretary of the Association from time to time, and notices or demands intended to be served upon or given to a Member shall be personally delivered to or sent by mail, postage prepaid, addressed in the name of the Member at such registered mailing address. If a Member does not reside within the Property, such Member shall register his address of residence or the address where such Member receives mail on a regular basis.

SECTION 11.11 NOTICE. All notices or requests required shall be in writing. Notice to any Member shall be considered delivered and effective upon personal delivery, or three days after posting, when sent by Certified Mail, return receipt requested, to the address of such Member on file in the records of the Association at the time of such mailing. Notice to the Board, the Association, the Architectural Control Committee, or the Manager, if any, shall be considered delivered and effective upon personal delivery, or three days after posting, when sent by Certified Mail, return receipt requested, to the Association, the Board, or the Architectural Control Committee, at such address as shall be established by the Association from time to time by notice to the Members and if to the Manager, if any, at its principal place of business. General notices to all Members or any classification thereof need not be Certified, but may be sent regular first class mail.

SECTION 11.12 LIMITATION OF LIABILITY. Neither the Association, the Architectural Control Committee, nor any officer or member of the Board shall be liable to any party for any action or for any failure to act with respect to any matter arising by, through, or under this Declaration if the action or failure to act was made in good faith. The Association shall indemnify all of the Committee members and officers and Board members with respect to any act taken in their official capacity to the extent provided in this Declaration and by law and in the Articles and Bylaws of the Association.

SECTION 11.13 ASSIGNMENT. Declarant may assign all or any part of its rights and reservations hereunder to any successor. Such successor shall be identified and the particular rights being assigned shall be specified in a written instrument duly Recorded.

SECTION 11.14 REFERENCES TO GENDER AND NUMBER TERMS. In construing this Declaration, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms shall be substituted for singular and singular for plural in any place in which the context so requires.

SECTION 11.15 ASSIGNMENT AND ASSUMPTION. Declarant hereby assigns and conveys to the Association and the Association, on behalf of itself and its successors and assigns, hereby accepts and assumes from Declarant, all rights, obligations and duties under that certain Stormwater Agreement and that certain Alley Agreement.

ARTICLE XII **AGREEMENTS AND OTHER COVENANTS**

In addition to the covenants and easements contained herein and any other covenants, easements, instruments, agreements and/or other matters to which the Property is subject, all of the Property described herein shall be held, sold and conveyed subject to (1) the Master Declaration, (2) the Stormwater Agreement, and (3) the Alley Agreement.

*****Remainder of this page intentionally left blank*****
[Signatures on the following pages]

IN WITNESS WHEREOF, the undersigned has caused these present to be executed in its company name by its member thereunto duly authorized on this the 30th day of April, 2015.

IN WITNESS WHEREOF:

Jennifer Schmidt
[Signature]

DECLARANT:

THE RYLAND GROUP, INC.
a Maryland Corporation

By: [Signature]
Print Name: Donna McDonald
Its: Operational VP.

STATE OF SOUTH CAROLINA)
COUNTY OF Berkeley)

ACKNOWLEDGEMENT

The foregoing was acknowledged before me this 30 day of April, 2015, by Don McDonald, as Operational VP, on behalf of **THE RYLAND GROUP, INC.**, a Maryland Corporation.



[Signature]
Notary Public for SC
My Commission Expires: 2/19/2024

JOINDER OF ASSOCIATION

The undersigned hereby joins in this Declaration this 30th day of April, 2015.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

ASSOCIATION:

**Carolina Park Townhomes Association,
Inc.,** a South Carolina nonprofit
corporation

Jennifer Schmidt
[Signature]

By: [Signature]
Print Name: DONALD T. McDONOUGH
Its: OPERATIONAL VP.

STATE OF SOUTH CAROLINA)
COUNTY OF Berkeley)

ACKNOWLEDGEMENT

The foregoing was acknowledged before me this 30 day of April, 2015, by DON McDONOUGH, as OPERATIONAL VP., on behalf of Carolina Park Townhomes Association, Inc.



[Signature]
Notary Public for SC
My Commission Expires: 2/19/2024

CONSENT OF MASTER DECLARANT

The undersigned hereby consents to this Declaration this 30 day of April, 2015.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

MASTER DECLARANT:

**CAROLINA PARK DEVELOPMENT
LLC**, a Delaware limited liability company

B. K. K.
Dana Patterson

By: [Signature]
Print Name: Edmund F Navarro
Its: Manager

STATE OF SOUTH CAROLINA)
COUNTY OF Berkeley)

ACKNOWLEDGEMENT

The foregoing was acknowledged before me this 30 day of April, 2015, by Edmund Navarro as manager, on behalf of **CAROLINA PARK DEVELOPMENT LLC**, a Delaware limited liability company.



Dana Patterson
Notary Public for SC
My Commission Expires: My Commission Expires May 31, 2021

EXHIBIT A

ALL that certain piece, parcel or tract of land, lying, being and situate in the Town of Mount Pleasant, Charleston County, State of South Carolina, being shown and designated as **Tract B-5** as more fully shown on a subdivision plat entitled, "SHOWING THE SUBDIVISION OF TRACT B, TMS NO. 540-00-00-035 TO CREATE NEW PARCEL B-5 & RESIDUAL TRACT B OWNED BY CDM OF CHARLESTON, LLC, LOCATED IN THE TOWN OF MT. PLEASANT, CHARLESTON COUNTY, S.C.", dated May 21, 2013, prepared by GPA Professional Land Surveyors, and recorded June 18, 2013, in Plat Book L13 at pages 0211 through 0212 in the RMC Office for Charleston County, South Carolina.

A portion of Charleston County TMS#: 540-00-00-035

[illegible]

[illegible]

EXHIBIT B

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Incorporation, Nonprofit Corporation

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

CAROLINA PARK TOWNHOMES ASSOCIATION, INC.,
a nonprofit corporation duly organized under the laws of the State of South Carolina on March 23rd, 2015, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed a Declaration and Petition for Incorporation of a nonprofit corporation for Religious, Educational, Social, Fraternal, Charitable, or other eleemosynary purpose.

Now, therefore, I Mark Hammond, Secretary of State, by virtue of the authority in me vested by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto, do hereby declare the organization to be a body politic and corporate, with all the rights, powers, privileges and immunities, and subject to all the limitations and liabilities, conferred by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto.

Given under my Hand and the Great
Seal of the State of South Carolina this
23rd day of March, 2015.


Mark Hammond, Secretary of State

Note: This certificate does not contain any representation concerning fees or taxes owed by the Corporation to the South Carolina Tax Commission or whether the Corporation has filed the annual reports with the Tax Commission. If it is important to know whether the Corporation has paid all taxes due to the State of South Carolina, and has filed the annual reports, a certificate of compliance must be obtained from the Tax Commission.

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

MAR 23 2015

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

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

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

TYPE OR PRINT CLEARLY IN BLACK INK

Pursuant to S.C. Code of Laws §33-31-202, the undersigned corporation submits the following information:

1. The name of the nonprofit corporation is Carolina Park Townhomes Association, Inc.

2. The initial registered office (registered agent's address in SC) of the nonprofit corporation is

1703 LAUREL STREET

Street Address

COLUMBIA

City

RICHLAND

County

SOUTH CAROLINA

State

29201

Zip Code

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

CORPORATION SERVICE COMPANY

Print Name

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

Judith Reyes
Agent's Signature

Judith Reyes

Assistant Secretary

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

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

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

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

5. The address of the principal office of the nonprofit corporation is

216 SEVEN FARMS DRIVE, SUITE 200

Street Address

CHARLESTON

City

BERKELEY

County

SOUTH CAROLINA

State

29492

Zip Code



Name of Corporation Carolina Park Townhomes Association, Inc.

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

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

OR

- b. ☐ If the dissolved corporation is not described in Section 501(c)(3) of the Internal Code, upon dissolution of the corporation, the assets shall be distributed to one or more public benefit or religious corporations or to one or more of the entities described in (a.) above.
- ☐ If you chose to name a specific public benefit, religious corporation or 501(c)(3) entity to which the assets should be distributed, please indicate the name of the selected entity.
-

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

- a. ☒ Upon dissolution of the mutual benefit corporation, the (remaining) assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefiting or serving.
- b. ☐ Upon dissolution of the mutual benefit corporation, the (remaining) assets, consistent with the law, shall be distributed to (1) A prorata individual interest to each owner in the subdivision, or (2) In the Board of Directors' discretion, to a successor corporation or other organization with a similar or related purpose.

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

The purposes for which this corporation is organized are to serve as a property owners association for a subdivision in Charleston County, South Carolina and conduct any lawful activities related thereto.

Name of Corporation Carolina Park Townhomes Association, Inc.

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


c/o Don McDonough, Division President	
The Ryland Group, Inc.	216 Seven Farms Drive, Suite 200, Charleston, SC 29492
Name	Address Zip Code
Name	Address Zip Code
Name	Address Zip Code

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

NOT APPLICABLE

Name (only if named in articles)	Signature of director
Name (only if named in articles)	Signature of director
Name (only if named in articles)	Signature of director

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

The Ryland Group, Inc. By: 
Signature of incorporator Its: Division President
Signature of incorporator
Signature of incorporator

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

Filing Checklist

- Articles of Incorporation (in duplicate)
- \$25.00 made payable to the SC Secretary of State - Political Associations must also submit CL-1 form and additional \$25.00 fee
- Self-Addressed, Stamped Return Envelope
- Return all documents to: South Carolina Secretary of State's Office
Attn: Corporate Filings
1205 Pendleton Street, Suite 525
Columbia, SC 29201

EXHIBIT C

(Bylaws – Carolina Park Townhomes Association, Inc.)

SEE ATTACHED

BY LAWS
OF
CAROLINA PARK TOWNHOMES
ASSOCIATION, INC.

ARTICLE I

COVENANTS AND DEFINITIONS

Section 1.1 **Covenants.** In the event of any conflict between the terms and provisions of these Bylaws and the Declaration of Covenants, Conditions, Restrictions and Easements for Carolina Park Townhomes recorded in the Register of Mesne Conveyances Office for Charleston County, as amended and/or supplemented from time to time (the “*Covenants*”), the terms and provisions of the Covenants shall control.

Section 1.2 **Definitions.** All terms not otherwise defined herein shall have the meaning ascribed to them in the Covenants

Section 1.3 **Name.** The name of the corporation is Carolina Park Townhomes Homeowners Association, Inc. (“*Association*” or “*Corporation*”)

Section 1.4 **Nonprofit Status.** The Corporation is organized as a nonprofit corporation under the South Carolina Nonprofit Corporation Act. The Corporation is a mutual benefit corporation and shall have perpetual duration and succession.

Section 1.5 **Purposes.** The purpose for which the Corporation is organized, as stated in its Articles of Incorporation, is to serve as a property owners association for the Property located in the Town of Mt. Pleasant, Charleston County, South Carolina and to conduct any lawful activities related to such association.

ARTICLE II

OFFICERS AND POWERS

Section 2.1 **Registered Agent and Office.** The initial registered agent of the Corporation shall be Corporation Service Company.

Section 2.2 **Additional Offices.** The Corporation may also have offices at such other places, both within and without the State of South Carolina, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

Section 2.3 **Corporate Powers.** In furtherance of the purposes of the Corporation, it shall possess all powers and authority granted to corporations under Title 33 of the Code of Laws of South Carolina, 1976, as amended, the Covenants and these Bylaws.

ARTICLE III

MEMBERS

Section 3.1 **Membership.** The Association shall have the following two (2) classes of membership: Class "A" Members and Class "B" Members, as described in the Covenants. The terms of the membership described in the Covenants, including, without limitation, voting rights and rights to use the Common Area, are incorporated herein by reference.

Section 3.2 **Meetings of Members.** Subject to Article IV, an annual meeting for the election of directors and for the transaction of such other business as may properly come before such meeting shall be held in the month of October in each year, or in such other month as may be designated by the Board of Directors, at such date and hour as may be fixed from time to time by the Board of Directors and stated in the notice of such meeting, unless such notice is waived as provided by law, the Articles of Incorporation or these Bylaws. If such annual meeting is not held as herein provided for, it may be held as soon thereafter as may be convenient. Such subsequent meetings shall be called in the same manner as hereinafter provided for special meetings of Members. Meetings of the Members may be called by the president or a majority of the directors and, after Turnover (as hereinafter defined), shall be called by the president or secretary at the request in writing of Members holding at least ten percent (10%) of the voting power. Such request shall state the purpose or purposes of the proposed meeting. The initial annual meeting of the Members may be called by the incorporator.

Section 3.3 **Notice of Meetings.** Written notice of the place, date, and hour of the annual and any special meetings shall be given personally or by mail to each Member entitled to vote thereat not less than ten (10) nor more than thirty (30) days prior to the meeting. The notice shall state the purpose or purposes for which the meeting is called and by or at whose direction it is being issued. Members may waive notice of meetings.

Section 3.4 **Quorum.** Unless otherwise provided in the Covenants, Members who hold in the aggregate sixty percent (60%) of the total vote of the membership, present in person or represented by proxy, shall be necessary to have, and shall constitute, a quorum for the transaction of business at all meetings of the Members. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. If the required quorum is not present at the second meeting, a third meeting may be called subject to the same notice requirements, and all those present at the third meeting shall constitute a quorum.

Section 3.5 **Voting.** Unless otherwise provided herein, in the Articles of Incorporation or in the Covenants, when a quorum is present, a majority of the total of votes cast in person or by proxy at a duly called meeting of the Corporation shall be the vote required to adopt and make decisions. The Board of Directors shall have the authority to decide all matters related to the number of votes that Members are entitled to cast.

Section 3.6 **Proxies.** Members may vote by limited proxy, but not by general proxy. Every proxy must be executed in writing and dated by the Member or by the Member's attorney-in-fact. A proxy shall be valid for eleven (11) months from the date thereof, unless otherwise expressly stated in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

Section 3.7 **Action by Written Consent.** Whenever by any provision of law the vote of the Members at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of Members may be dispensed with if Members holding eighty percent (80%) of the voting power consent to the action in writing and written notice of such Member approval is delivered to the Members (if any) who did not consent to such action. If written notice is required, Member approval is effective ten (10) days after such written notice is given.

Section 3.8 **Meetings by Telephone or Similar.** The Members may participate in a meeting by means of conference telephone or similar communications equipment by means of which all Members participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person by such Member at such meeting.

Section 3.9 **Turnover.** The turnover shall occur on the earliest of the following conditions ("**Turnover**"):

(a) Three (3) months after the closing of the sale of ninety percent (90%) of the Lots permitted on the Property to Owners other than Declarant; or

(b) such earlier date as determined by the Class "B" Member, pursuant to the Covenants or otherwise in its sole and absolute discretion.

The Declarant shall continue to be able to appoint one (1) member of the Board of Directors as long as the Declarant holds for sale in the ordinary course of business at least five percent (5%) of the Lots within the Property. After the Declarant relinquishes control of the Association, the Declarant may exercise the right to vote all of its voting interests in the same manner as any other Member, except for purposes of reacquiring control of the Association, or selecting the majority of the members of the Board of Directors.

Section 3.10 **Conduct of Meetings.** The president shall preside over all meetings of the Association and the secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 3.11 **Majority.** As used in these Bylaws, the term "majority" shall mean those votes, Owners, Members or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

ARTICLE IV **BOARD OF DIRECTORS**

Section 4.1 **General Powers.** Except as otherwise provided by law or in the Articles of Incorporation, the property, affairs and business of the Corporation shall be managed by or under the direction of the Board of Directors, The number of directors of the Corporation shall be not less than three (3) nor more than ten (10).

Section 4.2 **Election or Appointment of Directors; Nomination.**

(a) Election or Appointment. Until Turnover, the Declarant shall have the right to elect all the members of the Board of Directors. The Incorporator shall initially appoint the three (3) persons who shall serve as the initial Board of Directors. At the first annual meeting of the Members to occur three (3) months after the conveyance of ninety percent (90%) of the Lots within the Property to Owners (other than Declarant), the Board shall consist of a total of five (5) directors. The Declarant shall call for an election which shall be held within eighty (80) days after the conveyance of ninety percent (90%) of the Lots within the Property to Owners (other than Declarant). On the date specified by the Declarant, which shall be within ten (10) days after the Turnover meeting and the counting of the ballots, the following shall occur: (a) the existing directors shall resign; and (b) five (5) directors elected by the Members shall take office. The Declarant may, in its sole and absolute discretion, permit the Members to elect a portion of the directors earlier than the Turnover.

Except for any director elected by the Declarant after Turnover and until fewer than five percent (5%) of Lots within the Property are owned by Declarant, directors shall be elected by Members at large. The five (5) nominees receiving the most votes will be elected to serve on the Board of Directors until the expiration of their term. The three (3) nominees receiving the most votes will serve for a three (3) year term, and the last two (2) nominees with the most votes will serve for a two (2) year term. Except for the first elected Board of Directors, the term for all Board of Directors will be three (3) years. Elections by Members shall be by sealed ballot in accordance with policies and procedures adopted by the Board of Directors. After Turnover, ballots shall be tallied at the annual meeting.

In addition to any directors elected by the Members representing the Class "A" Member, the Declarant shall have the right to appoint, after Turnover, one (1) director until such time as greater than ninety-five percent (95%) of the Lots within the Property are conveyed to persons other than Declarant.

Prior to the Turnover, the Declarant shall appoint all directors. After Turnover, except as provided above or otherwise provided herein, all of the elected directors shall be elected by the Class "A" Members at-large. Except with respect to appointed directors, all directors shall be Members.

(b) Nomination of Directors. Immediately prior to the Turnover and each year thereafter, the Board of Directors will appoint a nominating committee consisting of three (3) Members who are not on the Board (the "***Nominating Committee***"). The Nominating Committee will review and approve candidates for inclusion on the ballot to be mailed to Members. A Member may nominate himself as a candidate for the Board at a meeting where the election is to be held.

The names of any nominees approved by the Nominating Committee, after having been certified by the secretary, or any other officer, that they are qualified for election and have been nominated in accordance with the provisions of these Bylaws and the policies adopted by the Nominating Committee, shall be included in any ballot mailing to the Members. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members through inclusion of a brief resume with the ballot package. The Nominating Committee may develop a standard resume form and dictate maximum resume length, which shall be uniform for all candidates.

Family members of candidates seeking nomination may not sit on the Nominating Committee. The Nominating Committee shall approve, if sufficient candidates are available, a minimum of two candidates for each position on the Board. Write-in candidates are also permitted.

Section 4.3 **Resignation.** Any director may resign at any time by giving written notice of such resignation to the president or the secretary. Unless otherwise specified therein, such resignation shall take effect on receipt thereof by any such officer.

Section 4.4 **Removal of Directors.** Any director appointed may be removed, either with or without cause, only by the party entitled to appoint the director. Any director elected by the Members may be removed at any time, either with or without cause, by the affirmative vote of a majority of the Members then entitled to vote. Any vacancy on the Board of Directors resulting from any such removal may be filled in the manner provided in Section 4.5 of this Article IV.

Section 4.5 **Vacancies.** If any vacancy shall occur on the Board of Directors with respect to an elected director by reason of death, resignation, removal or otherwise, a successor shall be elected by the Board to fill the vacancy for the remainder of the term of such director. If any vacancy shall occur on the Board of Directors with respect to an appointed director by reason of death, resignation, removal or otherwise, a successor shall be appointed by the party entitled to appoint the director to fill the vacancy for the remainder of the term of such director.

Section 4.6 **Annual and Regular Meetings.** As soon as practicable after the annual meeting of Members in each year, an annual meeting of the Board of Directors shall be held for the appointment of officers and for the transaction of such other business as may properly come before the meeting. No notice shall be required for any such meeting if held immediately after the adjournment and at the site of the meeting of Members. If not so held, notice shall be given in the same manner as required for special meetings of the Board of Directors. Additional regular meetings of the Board of Directors may be held without notice at such times and places as the Board may from time to time determine by resolution duly adopted at any meeting of the Board,

Section 4.7 **Special Meetings.** A special meeting of the Board of Directors may be called at any time by the president and shall be called by the president or the secretary on the written request of at least one-half of the directors then in office, and shall be held at such time and place as may be fixed by the president or such directors in such request, as the case may be, provided that the time so fixed shall permit the giving of notice as provided in Section 4.8 of this Article IV.

Section 4.8 **Notice of Special Meetings.** Notice of the time and place of each special meeting of the Board of Directors shall be sent to each director by mail, facsimile, electronic mail or cable, addressed to the director at his address as it appears on the records of the Corporation, or telephoned or delivered to the director personally, at least two (2) days before the day on which the meeting is to be held, and the method used for notice of such special meeting need not be the same for each director being notified. Unless otherwise provided by law, the Articles of Incorporation or these Bylaws, such notice need not state the purposes of the meeting.

Section 4.9 **Presiding Officer and Secretary.** Each meeting of the Board of Directors shall be presided over by the president or, in his absence or disability, by such person as may be designated from time to time by the Board of Directors. The secretary, or in his absence or disability, an assistant secretary, or in his absence or disability, such other person selected by the Board of Directors, shall act as secretary of each meeting of the Board of Directors.

Section 4.10 **Quorum.** At all meetings of the Board of Directors, the presence in person or by conference telephone of a majority of the total number of directors constituting the entire Board, whether then in office or not, shall be necessary and sufficient to constitute a quorum for the transaction of any business by the Board of Directors at such meeting, except as otherwise provided by law, by the Articles of Incorporation or by these Bylaws. At any meeting of the Board of Directors, no action shall be taken (except adjournment, in the manner provided below) until after a quorum has been established, except as otherwise provided by law, the Articles of Incorporation or these Bylaws. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, the act of a majority of directors who are present at a meeting at which a quorum previously has been established, or at any adjournment of such meeting (provided that a quorum previously shall have been established at such adjourned meeting) shall be the act of the Board of Directors, regardless of whether or not a quorum is present at the time such action is taken. In determining the number of directors who are present at the time any such action is taken, any director who is in attendance at such meeting but who, for just cause, is disqualified to vote on such matter, shall not be considered as being present at the time of such action for the purpose of establishing the number of votes required to take action on any matter submitted to the Board of Directors, but shall be considered as being present for purposes of determining the existence of a quorum.

In the event a quorum cannot be established at the beginning of a meeting, a majority of the directors present at the meeting, or the secretary of the Corporation, if there be no director present, may adjourn the meeting from time to time until a quorum be present. Notice of such adjournment need be given only as the Board of Directors may from time to time prescribe.

Section 4.11 **Regulations.** The Board of Directors shall adopt such rules and regulations for the conduct of its meetings and for the management of the property, affairs and business of the Corporation as it may deem proper and consistent with law, the Articles of Incorporation, these Bylaws and the Covenants.

Section 4.12 **Compensation.** Directors shall not receive compensation for their services.

Section 4.13 **Participation in Meeting by Conference Telephone.** Any and all members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 4.13 shall constitute presence in person at such meeting,

Section 4.14 **Written Consent in Lieu of Meeting.** Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent or consents thereto shall be signed by all members of the Board then in office.

Section 4.15 **Waiver of Notice by Directors.** Whenever any notice is required to be given by law, the Articles of Incorporation or these Bylaws to a member of the Board of Directors, a written waiver thereof signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in any written waiver of notice unless so required by law, the Articles of Incorporation or these Bylaws. A director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4.16 **Assessments.** The Board of Directors shall, on an annual basis, levy assessments against all of the Members in accordance with the Covenants. Assessments shall be levied for the purposes set forth in the Covenants. Assessments shall be binding legal obligations on Members and shall be enforceable by the Association as provided in the Covenants.

ARTICLE V

NOTICES

Section 5.1 **Form; Delivery.** Whenever, under the provision of law, the Articles of Incorporation or these Bylaws, notice is required to be given to any Member, personal notice shall not be required unless specifically provided. Notice may be given in writing, by mail addressed to such Member at his address as it appears on the records of the Corporation, with postage prepaid. Such notices shall be deemed to be given at the time they are deposited in the United States mail. Notice to a Member may also be given personally, or by telegram sent to his address as it appears on the records of the Corporation.

ARTICLE VI

OFFICERS

Section 6.1 **Designations.** The officers of the Corporation shall be chosen by the Board of Directors. The Board of Directors shall appoint a president, a vice president, a secretary, and a treasurer and such other officers as are appointed by the Board of Directors from time to time. All officers of the Corporation shall exercise the powers and perform the duties as shall from time to time be determined by the Board of Directors. Any number of offices may be held by the same person.

Section 6.2 **Term of Office; Removal.** Each officer of the Corporation shall hold office until his successor is chosen and shall qualify. Any officer elected or appointed by the Board of Directors may be removed, with or without cause, at any time by the affirmative vote of a majority of the Board of Directors. Removal from office shall not prejudice the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. Any vacancy occurring in any office of the Corporation may be filled for the unexpired portion of the term by the Board of Directors.

Section 6.3 **Compensation.** No officers of the Corporation shall be compensated for their services as such.

Section 6.4 **President.** The president, subject to the direction of the Board of Directors, shall have general charge of the business affairs and property of the Corporation and general supervision over its other officers and agents. In general, he shall perform all duties incident to the office of president and shall see that all orders and resolutions of the Board of Directors are carried into effect. The president may sign, with the secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and executing thereof shall be expressly delegated by the Members or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

Section 6.5 **Vice Presidents.** In the event that the Board of Directors appoint a vice president, or vice presidents, then the vice president, or the vice presidents in the order designated or appointed, shall, in the absence of the president or in the event of his disability or

refusal to act, perform the duties and exercise the powers of the president, and shall generally assist the president and perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

Section 6.6 **Secretary.** The secretary shall attend all meetings of the Board of Directors and of the Members and shall record all the votes and proceedings of the meetings in a book to be kept for that purpose. The secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and of the Members and shall keep a register of the post office address of each director and each Member. The secretary shall have custody of the seal of the Corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it. When so affixed, the seal may be attested by the secretary's signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing of it by their signature.

Section 6.7 **Assistant Secretary.** The assistant secretary, if any (or the assistant secretaries, in the order designated or appointed) shall, in the absence of the secretary or in the event of his disability, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

Section 6.8 **Treasurer.** The treasurer shall have the custody of the corporate funds and other valuable effects, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation. The treasurer shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may from time to time be designated by the president or Board of Directors. The treasurer shall disburse the funds of the Corporation as may be ordered by the Members, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, whenever they may require it, an account of all transactions he made as treasurer and the financial condition of the Corporation,

Section 6.9 **Assistant Treasurer.** The assistant treasurer, if any (or the assistant treasurers, in the order designated or elected) shall, in the absence of the treasurer or in the event of his disability, perform, the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors.

ARTICLE VII **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Section 7.1 **Statutory Indemnification.** The Corporation shall indemnify any director or officer of the Corporation to the fullest extent permitted by law.

ARTICLE VIII **COMMITTEES**

Section 8.1 **Ad Hoc Committees.** The president, subject to the approval of the Board of Directors, may, from time to time, appoint such ad hoc committees, with such powers and composition as the president, with the approval of the Board of Directors, shall determine.

Section 8.2 **Powers of Committees.** The several committees shall act only as committees and the individual members thereof shall have no power or authority to act on behalf of the Board of Directors or the Association. All committees shall be advisory only and shall report to and be under the supervision of the Board of Directors. Committee members may be removed, with or without cause, upon majority vote of the Board of Directors.

Section 8.3 **Committee Meetings.** All meetings of any committee of the Association shall be open to all Members. A Member's participation in a committee meeting may be limited by the chair of the meeting.

Section 8.4 **Architectural Control Committee.** The Architectural Control Committee shall be organized and governed by the Covenants. The Association does not have the right to appoint the Architectural Control Committee prior to the closing of the initial retail sale of all Lots to be developed within the Property to persons other than Declarant.

ARTICLE IX **DISCIPLINE**

Section 9.1 **Enforcement.** The Board of Directors or its delegate shall have the power to: (a) impose reasonable fines, not to exceed the maximum amount permitted by law per violation, which shall constitute an automatic and continuing lien upon the Lot of the violating Owner; (b) preclude contractors, subcontractors, agents and other invitees of an Owner or occupant, to the extent permitted by law, from working within the Property for violation of any duty imposed under the Covenants, these Bylaws or the rules and regulations; (c) suspend an Owner's use of the Common Area and use by his family or guests; provided, however, nothing herein or in the Covenants shall authorize the Association or the Board of Directors to limit an Owner's or occupant's ingress and egress to or from the Owner's Lot; and (d) suspend the vote allocated to a Class "A" Member. In the event that any occupant of a Lot violates the Covenants, these Bylaws or the rules and regulations, and a fine is imposed, the fine shall first be assessed against the occupant residing therein; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Association. Fines may be levied on a daily or periodic basis for continuing violations, each such day or period being deemed a separate violation. To the extent authorized by law, fines shall be considered benefit assessments. The failure of the Board of Directors to enforce any provision of the Covenants or Bylaws shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

Section 9.2 **Notice.** Prior to imposition of any sanction hereunder which involves a fine or exclusion from access to use of any portion of the Property for a period in excess of fourteen (14) days, the Board of Directors or its delegate shall serve the accused with written notice describing (a) the general nature of the alleged violation, (b) the proposed sanction to be

imposed, (c) a period of not less than fourteen (14) days within which the alleged violator may present a written request to the Board of Directors for a hearing, and (d) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge has been requested within the fourteen (14) day notice. A hearing shall not be required for suspension for failure to pay amounts owed to the Association in a timely manner.

Section 9.3 **Hearing.** If a hearing is requested within the allotted fourteen (14) day period, the sanction shall, unless the Board determines otherwise for health, safety or welfare, be stayed pending the hearing, which shall be held before a committee comprised of at least three (3) members appointed by the Board who are not officers, directors or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee. The committee shall set the date and time of the hearing which shall be within ten (10) days of the receipt of the notice requesting a hearing. Hearings shall be informal and provide the accused an opportunity to explain or resolve his acts or omissions. The Association shall not be required to provide any evidence or testimony at a hearing. If the committee, by majority vote, does not approve a proposed fine or suspension, it may not be imposed. Proof of proper notice shall be placed in the records of the Association. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the accused appears at the hearing. The minutes of any meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 9.4 **Additional Enforcement Rights.** Notwithstanding anything to the contrary contained herein, the Association may elect to enforce any provisions of the Covenants, these Bylaws or the rules and regulations by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the violator shall pay all costs, including reasonable attorneys' and paralegals' fees actually incurred by the Association.

ARTICLE X **MISCELLANEOUS**

Section 10.1 **Fiscal Year.** The fiscal year of the corporation shall be the calendar year, beginning on January 1 and ending on December 31 of each year.

Section 10.2 **Contracts, Checks, Bank Accounts, Etc.** The Board is authorized to select such banks or depositories as it shall deem proper for the assets of the Corporation. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by the president and secretary or by such other members of the Board or officers of the Association as may be designated by resolution of the Board of Directors.

Section 10.3 **Corporate Seal.** The Corporation may have a corporate seal in such form as the Board of Directors may from time to time determine.

Section 10.4 Amendments. Until the Turnover, the Declarant may amend these Bylaws in its sole and absolute discretion. Prior to Turnover, Members shall have no right to amend these Bylaws. After the Turnover, amendments to these Bylaws shall require the affirmative vote of a majority of the Board of Directors and a majority of the Members, provided, however, the percentage of votes necessary to amend a specific clause shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Amendments to the Bylaws shall be effective upon adoption and recordation in the Register of Mesne Conveyances Office for Charleston County, South Carolina.

No amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 10.5 Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors, without being restricted to the class of investments which a director or trustee is or may hereafter be permitted by law to make or any similar restriction.

Section 10.6 References to Gender and Number Terms. In construing these Bylaws, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms shall be substituted for singular and singular for plural in any place in which the context so requires.

Section 10.7 The Article and Section headings in these Bylaws are inserted for convenience only and are not part of these Bylaws.

IN WITNESS WHEREOF, the undersigned Declarant has adopted these Bylaws this 30 day of April, 2015.



THE RYLAND GROUP, INC.
a Maryland Corporation

By: 

Print Name: Douglas T. McDougal

Its: Division President

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