<u>PORTIONS OF THIS AGREEMENT ARE SUBJECT TO ARBITRATION PURSUANT TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, §15-48-10, S.C. CODE OF LAWS OF 1976, AS AMENDED.</u>

2007031483
RESTRICTIVE COVENANTS
RECORDING FEES $63.00
PRESENTED & RECORDED:
09-21-2007 01:50 PM
JUDITH WARNER
REGISTER OF MESNE CONVEYANCE
AIKEN COUNTY, SC
BY: LYNN STEMBRIDGE DEPUTY
BK: RB 4163
PG: 195 - 251

DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
KINGS RIDGE

NPMB1:14761.4-RD-(BFK) 900000-00241

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DECLARATION
OF
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FOR
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Article I
Background to Recording Covenants, Conditions, Restrictions and Easements

1.1 Purpose of Covenants.

The undersigned Atlantic Coast Properties, Inc., a South Carolina corporation ("Declarant") hereby establish the following Covenants, Conditions, Restrictions and Easements for the purpose of (a) establishing minimum standards pertaining to the development, use and maintenance of certain real property more particularly described in both Exhibit "A" attached hereto (hereinafter, the "Property"); (b) insuring the stability of land and improvement values within the Property, and (c) apportioning rights, responsibilities and shared costs and expenses among the owners of the single-family lots developed or to be developed upon the Property, any such owner being an "Owner."

Apportionment of shared costs and expenses for maintaining, repairing, replacing and insuring the common elements of the Property shall be through the imposition of "Assessments," as herein provided. Each of the Owner's lots and the improvements placed thereon is collectively referred to herein as, a "Unit." The Property is sometimes referred to herein as "Kings Ridge." The final subdivision survey for the Property referred to in Exhibit "A" (the "Survey") delineates the Property's subdivided lots, which are Units hereunder, as well as access easements, structures and delineated wetland areas constituting "Common Areas" further described in Article IV below.

The Survey shows a number of Units whose outer boundary lines are located within a pond. Notwithstanding title to that portion of the pond being a part of the Unit in which it's located, except for a Unit Owner's landscape maintenance requirements to the water's edge pursuant to Section 3.15 below, pond maintenance, including maintenance of any dam or other apparatus installed therein shall constitute an "Area of Common Responsibility" under Article IV below.

Additional lots may be subjected hereto by the Declarant pursuant to the provisions of Section 1.4 below. When used herein, "Survey" shall mean the Survey herein described as well as any amendment or modification thereto or any Survey filed with a Supplemental Declaration under Section 1.4 below.

1.2 Covenants to Run With the Land.

The Property is and shall be held, transferred, sold, devised, assigned, conveyed, given, purchased, leased, occupied, possessed, mortgaged, encumbered and used subject to this Declaration of Covenants, Conditions, Restrictions and Easements for Kings Ridge ("Declaration"). This Declaration, the benefits created hereby, and the affirmative and negative burdens imposed, whether pertaining to items, benefits and obligations presently existing or to be created or executed in the future, do and shall, in equity and at law, touch and concern, benefit and burden, and run with the land and any estates in the land herein referred to as the Property, and this Declaration is intended to create covenants and servitudes burdening and benefiting all persons now or hereafter deriving a real property estate in the Property, whether by assignment, succession or inheritance or other method of conveyance.

1.3 Declarant's Control.

(a) During the "Declarant Control Period," as hereinafter defined, the Declarant shall have the right, without consent, to exercise certain rights reserved to it hereunder. "Declarant Control Period" means the time period commencing with the recording of this Declaration and ending on the earlier of (a) December 31, 2025; (b) three (3) months after the conveyance by the Declarant, in the ordinary course of business, of all of the "Total Planned Units" for Kings Ridge, or three (3) months following the date the Declarant terminates the Declarant Control Period by an express, recorded amendment to this Declaration. When used herein, "Total Planned Units" means the total number of Units intended for development within all of Kings Ridge, including additional property as may be added hereto, and as set forth in a Supplemental Declaration executed and recorded by the Declarant on or before December 31, 2025.

(b) Following the Declarant Control Period, and unless otherwise specifically provided hereunder, the rights and easements of Declarant reserved hereunder may be exercised by "The Kings Ridge Homeowners' Association," formed or to be formed and of which each Owner shall be a "Member." The Kings Ridge Homeowners' Association is hereinafter sometimes referred to as, the "Association."

(c) In exercising any right or easement granted or reserved to Declarant hereunder, and as to which the Association succeeds, such right or easement shall be deemed to extend to the exercising party's duly authorized directors, officers, agents, employees and contractors. All conveyances of a Unit hereunder, whether by the Declarant or otherwise, will be deemed to have granted and reserved, as the context will require, all easements set forth in this Declaration.

1.4 Annexing Additional Property.

During the Declarant Control Period, the Declarant shall have the right, without further consent of the Association or any Owner to bring within the plan and operation of this Declaration, or to consent thereto, the whole or any portion of any property contiguous or nearly contiguous to the Property, whether or not owned by the Declarant. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this subsection shall be made by recording a Supplemental Declaration and Survey with respect to the land to be added hereto and which shall extend the operation and effect of the covenants and restrictions of this Declaration thereto, and which, upon recording of the Supplemental Declaration, shall constitute a part of the Property.

(a) Complimentary Covenants.

The Supplemental Declaration may contain such complementary additions and/or 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 land added hereto, and as are not materially inconsistent with, this Declaration, but such modifications shall have no effect on the Property as existing prior to the recording of such Supplemental Declaration unless such Supplemental Declaration also amends this Declaration in other respects described in Section 9.1(a) below.

(b) Special Rights for Adjacent Tract.

The owner of the tract of land shown on the Survey for reference purposes as "TO BE DEEDED TO BRYAN S. BEARD BY ATLANTIC COAST PROPERTIES, 18.7 ACRES" shall have all rights and privileges of an Owner under this Declaration, including ingress, egress and access over and across the Common Area roadways of Kings Ridge thereto, but without any obligation to pay Assessments and without any voting rights in the Association. The provisions of this Section 1.4(b) shall not be amended without the written consent of the Declarant and the owner of said tract of land.

1.5 The Association.

The Association is formed to insure, maintain, replace and generally keep in good repair all portions of the "Common Areas" of the Association, and further described in Article IV below. Except as otherwise provided herein, in the Articles of Incorporation, and in the "Bylaws" of the Association, a copy of which is which are attached hereto as Exhibit "B" hereto, and subject to the rights of the Declarant reserved to it hereunder, the Association will have the powers conferred, generally, upon nonprofit corporations pursuant to the South Carolina Nonprofit Corporation Act. The Association will not be liable for injury or damage to any person or property (i) caused by the elements or by any Owner or any other person, (ii) resulting from any rain or other surface water which may leak or flow from any portion of its properties, or (iii) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair.

1.6 Acts of the Declarant and the Association.

In exercising any right or easement granted or reserved to the Declarant hereunder, such right or easement shall be deemed to extend to its duly authorized Members, Manager, officers, agents, employees and contractors.

In exercising any right or easement granted or reserved to the Association hereunder, such right or easement shall be deemed to extend to its duly authorized Board of Directors, officers, agents, employees, manager and contractors.

1.7 Approvals of Declarant and Association; Discharge of Their Rights and Easements.

In this Declaration, certain activities or undertakings of a Unit Owner will require approval prior thereto. This Declaration also provides rights and easements in Declarant and the Association to take actions, or exercise stipulated rights and easements, which may result from a Unit Owner's actions or even failure to act that trigger a right and easement on the part of the Declarant and the Association to step in and perform some act, remedial or otherwise.

(a) Kings Ridge Authority.

When used herein, the term "Kings Ridge Authority" will mean and refer to the Declarant during the Declarant Control Period, and thereafter, the Association, in exercising any right or easement granted or reserved to it hereunder.

(b) Kings Ridge Approval.

When used herein, the term "Kings Ridge Approval" will mean the prior written approval of the Declarant during the Declarant Control Period, and thereafter, the prior written approval of the Association.

(c) Trespass.

Whenever Kings Ridge Authority is permitted by this Declaration to correct, repair, clean, preserve, clean out or take any action on any portion of Kings Ridge, including Units, entering upon such areas and taking such action shall not be deemed a trespass on the part of Kings Ridge Authority, which includes actions by duly authorized persons thereof under Section 1.6 above.

(d) Owner's Liability for Costs and Expenses.

If Kings Ridge Authority takes any action and incurs any costs and expenses in remedying any circumstance resulting from an Owner's failure to discharge any obligation of it hereunder, then upon demand, the Owner shall reimburse all costs incurred by Kings Ridge Authority in exercising its rights under this Declaration, which reimbursement amount due and owing shall constitute a Specific Assessment amount under Section 7.3 and subject to lien.

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Article II
General Land Use Restrictions and Obligations; Architectural Approval

2.1 Regulated Wetlands.

Such portions of the Property now, or in the future, delineated as a regulatory wetland shall be subject to the restriction that, without express written approval of governmental authority with jurisdiction, and issuance of a permit therefor, if required, no person shall engage in any of the following activities within a wetland delineated on the Survey or any other plat or plat or survey thereof:

(a) fill, grade, excavate or perform any other land disturbing activities;

(b) cut, mow, burn, remove, or harm any vegetation;

(c) construct or place any roads, trails, walkways, buildings, mobile homes, signs, utility poles or towers, or any other permanent or temporary structures;

(d) drain or otherwise disrupt or alter the hydrology or drainage ways of the conservation area;

(e) dump or store soil, trash, or other waste; or

(f) graze or water animals, or use for any agricultural or horticultural purpose.

The provisions hereof are for the benefit of governmental authority with jurisdiction of all such wetlands, including, the U.S. Army Corps of Engineers and the South Carolina Department of Health and Environment Control, either or both of which may enforce the restrictions herein provided. This Section 2.1 may not be amended without prior written approval of any such governmental authority with jurisdiction.

2.2 Use, Architecture and Landscaping - General.

(a) No structure or thing shall be placed, erected, or installed upon the Property and no improvements or other work (including staking, clearing, excavation, grading and other work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within the Property, except in compliance with this Declaration.

(b) No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuilding in accordance with the originally approved plans and specifications.

(c) All buildings constructed on any portion of the Property shall be designed by and built in accordance with the plans and specifications of a South Carolina licensed architect unless Declarant or its designee otherwise approves, in its sole discretion. If requested by "Architectural Review Authority," as defined in Section 2.3 below, the design and construction plans shall include a drainage plan. The design of the drainage system shall be subject to review and approval by the Declarant and shall have no negative impact on adjacent properties.

2.3 Design Review; Development and Construction.

(a) By accepting a deed to a Unit, the grantee thereof acknowledges that Declarant has a substantial interest in ensuring that the Property and all improvements thereto and thereon enhance the Property and Declarant's unsold Units, and do not impair its ability to market, sell, or lease its said properties. Therefore, no development, land clearing, tree removal, land disturbance or building construction shall be commenced on a Unit unless and until prior written approval for such activity is granted. Until such architectural review authority is assigned pursuant to Section 2.8 below, or the Association otherwise succeeds to such authority pursuant to Section 2.9, Declarant shall solely exercise all such rights of review and approval. When used herein, "Architectural Review Authority" will mean Declarant or such successor under Section 2.8 or 2.9, as the case may be, and approval thereby may be granted or withheld in the sole discretion of the Architectural Review Authority.

(b) In reviewing and acting upon any request for approval, the Architectural Review Authority or its designee shall be acting solely in the interest of the Architectural Review Authority, and shall owe no duty to any other person.

(c) The Architectural Review Authority may, in its sole discretion, designate one or more persons from time to time to act on its behalf in reviewing applications hereunder.

(d) The Architectural Review Authority may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. The Architectural Review Authority may employ architects, engineers, or other persons as deemed necessary to perform the review. The Architectural Review Authority may also establish a reasonable, refundable deposit as security for the repair of any damaged Common Areas incurred during construction, or to fund the remediation of any violation of the approved plans which an Owner fails or refuses to undertake; provided, however, such deposit shall not be required to be so applied.

2.4 Guidelines and Procedures.

(a) The Architectural Review Authority may prepare guidelines ("Design Guidelines"), which may contain general provisions applicable to all of the Property, as well as specific provisions, which vary depending upon the type of improvements intended for a Unit. Any such Design Guidelines would be intended to provide guidance to owners and builders regarding matters of particular concern to the Architectural Review Authority in considering applications. The Design Guidelines are not the exclusive basis for decisions of the Architectural Review Authority and compliance with the Design Guidelines does not guarantee approval of any application. The Design Guidelines stand on their own and are not to be considered part of this Declaration. The Architectural Review Authority shall have sole and full authority to amend the Design Guidelines as long as it owns any portion of the Property.

(b) Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

(c) No development or construction activities shall commence on a Unit until an application for approval has been submitted to and approved by the Architectural Review Authority. Such application shall include plans and specifications showing site layout, floor plans, exterior elevations, exterior materials and colors, landscaping, and, if and as required by the Design Guidelines, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Architectural Review Authority may require the submission of such additional information as may be reasonably necessary to consider any application.

(d) In reviewing each submission, the Architectural Review Authority may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. The determinations by the Architectural Review Authority as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Architectural Review Authority shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review so long as made in good faith and in accordance with the procedures set forth herein.

(e) The Architectural Review Authority shall make a determination on each application within a reasonable period of time after receipt of a completed application and all required information. The Architectural Review Authority may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Architectural Review Authority shall notify the applicant in writing of the final determination on any application within five days of making its said determination.

(f) In the event that the Architectural Review Authority fails to respond in a timely manner, the Architectural Review Authority shall be deemed to have given approval. Notice shall be deemed to have been given at the time the envelope containing the response is deposited within the U.S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

(g) Construction of approved structures shall commence not later than twenty-four (24) months following approval, and the exterior of all dwellings and other approved structures to be constructed upon a lot must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder thereof due to strikes, fires, national emergencies or natural calamities. No dwelling shall be occupied until construction is completed and all necessary approvals of any governmental authorities have been obtained.

(h) If approved work is not completed within the required time, or if it is performed in violation of this Section 2.4(g) or in a manner inconsistent with the approved plans, it shall be considered nonconforming and shall be subject to enforcement action by the Architectural Review Authority in accordance with subsection (i) following. Furthermore, a non-conforming Unit Owner, as aforesaid, may also be subject to the imposition of a fine for each violation, and each day a Unit remains non-conforming may be considered a separate violation. Any such fine shall be published in the Design Guidelines or a schedule of Design Review Fees and Charges accompanying the Design Guidelines, and shall be a Specific Assessment under Section 7.3 below.

(i) Upon written request from the Kings Ridge Authority, as defined in section 1.1(a) above, an Owner shall, at its sole cost and expense, remove any non-conforming structure or improvement and restore the Unit to substantially the same condition as existed prior to the non-conforming work. Should an Owner fail to remove and restore the Unit as required, the Kings Ridge Authority shall have the right to enter upon the Unit remove the violation, and restore the Unit to substantially the same condition as previously existed. Such action shall not be deemed to be a trespass. The Owner shall be liable for such remedial costs and expenses incurred pursuant to Section 1.7(d) above.

(j) The Architectural Review Authority may, by written resolution placed in the records of the Association, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

2.5 Variances.

The Architectural Review Authority may, but shall not be required to, authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, or when design merit warrants such variance. No variance shall (a) be effective unless in writing, (b) be contrary to this Declaration, or (c) preclude the Architectural Review Authority from denying a variance in other circumstances. For purposes of this Section 2.5, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

2.6 Limitation of Liability.

(a) The standards and procedures are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property; they do not create any duty to any third parties. Review and approval of any application pursuant to this Declaration may be made on the basis of aesthetic considerations only, and the Architectural Review Authority shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements.

(b) The Architectural Review Authority shall not be held liable for soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder, any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees or agents, or any injury damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to a Unit.

2.7 Specific Construction Related Restrictions.

Set forth in this Section 2.7 are specific restrictions and guidelines related to construction of improvements by an Owner.

(a) Site Coverage.

Site coverage may be one of the considerations in the review process. In calculating the site coverage, the square footage comprising the approved detached buildings and paved areas and any porch shall be included. Site coverage may be further restricted, as necessary, to comply with any governmental standards applicable to a particular site.

(b) Square Footage, Garage and Height Requirements

Unless otherwise provided in a Supplemental Declaration, all residential dwellings constructed on King's Ridge lots shall have a minimum of two thousand seven hundred (2,700) square feet of living space; and any permitted guest house shall have a maximum of one thousand two hundred (1,200) square feet of living space. "Living space" shall mean the enclosed and covered areas within the dwelling, exclusive of garages, porches, terraces, balconies, decks, patios, courtyard, greenhouses, atriums, storage areas, attics, and basements. At The Architectural Review Authority's sole discretion, due to specific site or other considerations, the Architectural Review Authority may allow for some portion of decks, porches or other unheated and air-conditioned exterior elements to be credited toward the calculation of the square foot minimum of the principal, residential dwelling. All two-story homes shall have a minimum of one thousand eight hundred (1,800) square feet of living space on the main level.

(c) Exterior Antennas, Satellite Receivers, and Towers.

No television antenna, radio receiver, or other similar device will be attached to or installed on any portion of the Property, except as required by the Telecommunications Act of 1996 and implementing rules therefor issued by the Federal Communications Commission and by the Association in conformity with rules or guidelines of the Federal Communications Commission; provided, however, the Declarant and the Association will not be prohibited from installing equipment necessary for master antenna, security, cable television, mobile radio, or other similar systems within the Property.

(d) Permitted Structures.

In addition to a main residence and garage, subject to the limitations set forth in sub-section (b) immediately above, a Unit may have only three (3) additional structures: (i) a guest house, subject to the square footage limitations in sub-section (b), (ii) a stable, and (iii) a feeding shed or tool shed. Such additionally permitted structures are subject to construction standards set forth in the Design Guidelines, as provided in Section 3.8(a) below. If an Owner applies to the Architectural Review Authority to construct guest quarters on a second level a stable, approval of which is subject to Architectural review Authority's sole judgment and discretion as provided in Section 2.4(d) below, such quest quarters shall be limited to a maximum of one thousand two hundred (1,200) square feet of living space.

(e) Fences.

All fences shall be of such style and composition as shall be established therefor, from time to time, in the Design Guidelines.

(f) Screening.

An Owner must construct screening or natural buffer to shield and hide from view trash receptacles, electric and gas meters, air-conditioning equipment and similar outside functions. The Architectural Review Authority must approve in writing, prior to construction, plans that delineate the size, design, texture, appearance and location of such screening.

(g) Propane Gas Tanks.

Any propane gas tanks shall be buried underground on a Unit and the lid shielded from the view from any road by plantings or other means approved by the Architectural Review Authority.

(h) Clothesline

No clothesline or drying yards shall be constructed or located upon the Property.

(i) Minimizing Construction Disturbances.

During the continuance of construction, an Owner and its contractors shall maintain the Unit in a clean and uncluttered condition, and construction, both exterior and interior, may not commence before 7:00 a.m. or be continued after 7:00 p.m. Monday through Saturday, and is not permitted on Sunday; provided however, Architectural Review Authority, upon submission of a request by an Owner, may, in its discretion, allow expanded scheduled work based upon the factors existing at that time.

(j) Construction Site Clean-Up.

After completion of construction, it shall be the sole responsibility of the Owner to insure that all temporary structures are removed immediately and that the site is cleaned up and immediately placed in good order.

(k) Setback Requirements.

The proposed plans for construction must comply with all state, federal, and municipal regulatory setback requirements, at a minimum. The Architectural Review Authority shall have the right, in its sole discretion, to establish more stringent setback requirements or to grant variances to the setback requirements if the situation calls for the same.

(l) Completion of Landscaping.

Substantially all of the landscaping shown in plans submitted must be completed within six (6) months of the date of issuance of the Certificate of Occupancy for the structure from the applicable governing authority.

(m) Artificial Vegetation, Exterior Sculpture and Similar Items

No artificial vegetation shall be permitted on the exterior of any portion of the Property. Exterior sculpture, fountains, flags, and similar items are subject to the prior approval of the Architectural Review Authority; provided, however, that nothing contained herein shall prohibit the appropriate display of the American flag, although size and placement restrictions may be imposed and apply thereto.

(n) Underground Utilities.

Any and all lines and wires for communication or transmission of sound or power to any building on a Unit shall be constructed or placed and maintained underground.

(o) Erosion Control.

During the improvement of any Unit, an Owner shall use best management practices as that term is defined by applicable South Carolina environmental regulations to control erosion and prevent off-site damages. A Unit Owner proposing to disturb any land may be required by the Design Guidelines, or applicable law incorporated therein, to submit as part of the design review and approval process an erosion control and drainage plan, which approval may be conditioned upon such plan being signed off by a licensed Engineer.

In order to implement effective and adequate erosion control and protect the beauty and purity of the waters within and adjacent to Kings Ridge, Kings Ridge Authority, as defined in Section 1.7 above, may enter upon a Unit to correct or remedy any erosion control violations, and to charge the violating Owner the costs thereof. The Owner shall be liable for such remedial costs and expenses incurred pursuant to Section 1.7(d) above.

(p) Violation of Use Restrictions under Article IV.

In addition to the construction related covenants, conditions and restrictions of subsections (a) through (o) above of this Section 2.7, the land use restrictions set forth in Article IV shall be deemed incorporated herein and apply to the development and construction activities that would give rise to a violation of any such restriction.

2.8 Assignment of Review and Approval Rights.

The Declarant reserves the right to assign its review and approval rights reserved in this Article II by recording an Assignment and Assumption Agreement with respect thereto in the Office of Register of Deeds for Aiken County ("ROD").

2.9 Association Succession; Establishment of Design Review Committee.

Upon expiration or earlier termination of the Declarant Control Period without an assignment of the review and approval rights and authority under Section 2.7(o) above, the Association shall succeed to all review and approval rights reserved in this Article II without any further documentation thereof, recorded or unrecorded. The Association may, but shall not be required to, establish a Design Review Committee ("DRC") to administer the architectural and aesthetic approval process. The DRC under this Declaration will consist of not more than five (5) nor less than three (3) members, who need not be Unit Owners, appointed by the Board. The terms of office for each member and other matters of governance to be applicable to the DRC will be established by the Board.

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Article III
Other Land Use Restrictions and Obligations

The following additional restrictions shall apply to a Unit:

3.1 Use of Property.

Each Unit developed within the Property and all improvements thereto shall be used solely for residential purposes, and no trade or business of any kind may be carried on therein. The use of a portion of a Unit's dwelling as an office by an Owner or occupant will not be considered to be a violation of this covenant if such use does not create regular customer, client, or employee traffic; provided that in no event will any Unit be used as the office of or storage area for any building contractor, real estate developer, real estate broker, or property or rental manager, except as may be on a temporary basis, with the express written approval of the King's Ridge Authority.

3.2 Vehicle Control.

In the interest of health, safety and esthetic enjoyment of the Owners and visitors within Kings Ridge, the Kings Ridge Authority shall have exclusive and absolute right to prescribe or otherwise limit the type, size, axle length, tires, weight and engine or motor characteristics of all vehicles, trucks or other mode of transportation to be used within Kings Ridge, and further, to establish and enforce speed limits and other traffic and vehicle rules and regulations within Kings Ridge as the Kings Ridge Authority in its sole discretion deems appropriate. Nothing herein or in the exercise of such authority shall prohibit horse trailers within Kings Ridge.

3.3 Leasing of Units.

Any Owner will have the right to lease or rent his Unit; provided, however, except as provided in sub-section (a) immediately below, all leases and rental contracts will be for a duration of one (1) year or more unless, for good cause shown, the Kings Ridge Authority permits, in writing, a shorter term, which, nevertheless, shall not be shorter than six (6) months. Any such permitted lease or rental will be in writing and will require the lessee to abide by all conditions and restrictions placed on the use and occupancy of the Unit and the Common Areas. The Kings Ridge Authority will have the right to approve the form of all such leases and rental contracts at any time if it elects to do so. Occupancy by a tenant or renter under any such approved form of lease or rental contract is subject to continuing approval of the Kings Ridge Authority, which may be removed at any time by it for any violation by any such tenant or renter of the Rules and Regulations of the Association.

(a) One Two-week Rental Term Per Year.

Anything contained herein to the contrary notwithstanding, a Unit may be rented by its Owner once per year for a period not to exceed two (2) weeks.

3.4 Development, Sales and Construction Activities of Declarant.

Notwithstanding any provision or restriction herein, the Declarant and its agents, employees, successors, and assigns, including any spec builder to which the Declarant assigns the rights hereunder and as may be further restricted by the Declarant under any such assignment, are permitted to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the development, completion, improvement, and sale of the whole or any portion of the Property, including, without limitation, the installation and operation of development, sales and construction trailers and offices, signs and models, provided that the location of any such trailers of any assignees of Declarant's rights under this Section 3.4 are subject to the Declarant's prior written approval.

3.5 Unsightly Conditions.

It shall be the responsibility of an Owner to prevent the development of any unclean, unsightly or unkempt conditions of buildings or grounds on Owner's Unit. An Owner will also be responsible for the creation by Owner, an Owner's family member or guest of any condition requiring the maintenance, cleaning, repair, or replacement of a Common Area or element thereof. The provisions hereof are subject to the permitted exercise of any "Equestrian Activity," as defined in Section 3.8 below.

3.6 Offensive Activity.

No noxious or offensive activity shall be carried on upon a Unit, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighboring properties. The provisions hereof are subject to the permitted exercise of any "Equestrian Activity," as defined in Section 3.8 below.

3.7 Animals and Pets

No animals, livestock or poultry of any kind will be raised, bred or kept on any part of Kings Ridge, except for horses, dogs, cats or other normal household pets, which may be kept by Owners subject to the following:

(i) Kings Ridge Authority may, in its sole discretion, establish by rule that dogs of a certain breed are potential hazards to the community, and are deemed not to be normal household pets;

(ii) Kings Ridge Authority may establish reasonable rules and regulations to insure that all permitted animals are properly licensed, if required by law, and inoculated for rabies and such other disease for which inoculation is customary for that breed of animal;

(iii) An Owner shall execute a written indemnification and hold harmless agreement in favor of the Declarant, the Association and the Association's management company, in form and content satisfactory to the recipient, prior to bringing the Owner's pet upon the Property, which shall specifically apply to horses;

(iv) Permitted animals shall not be kept, bred or maintained for any commercial purpose and do not create any health hazard or, in the sole discretion of Kings Ridge Authority, unreasonably disturb the peaceful possession and quiet enjoyment of any other portion of Kings Ridge by other Owners, their families, invitees and guests and

(v) Kings Ridge Authority may establish reasonable rules to limit the number of such allowed pets. Pets shall be kept on a leash or under verbal command control at all times when outside, and the Owner shall clean up after his or her pet.

(vi) Anything contained herein to the contrary notwithstanding, horses shall be allowed upon a Unit and within the Riding Trail and Riding Arena further described in Article IV below, and subject specifically to the restrictions of Section 3.8 following.

3.8 Equestrian Activities.

Activity of any kind involving horses, including but not limited to, riding, training, boarding, feeding, cleaning, caring for, jumping, breaking, stabling, grazing, roping, etc. ("Equestrian Activity") shall be subject to such rules and regulations as may be adopted therefor, from time to time, by Kings Ridge Authority.

(a) Stables and Feeding Shed.

An Owner is allowed to board up to one (1) horse per acre of land in the Owner's Unit, rounded down to the next whole number. A stable must be constructed on a Unit if horses are boarded thereon, which shall have at least one (1) stall per horse. The stable shall conform to construction standards set forth in the Design Guidelines. Furthermore, a separate feeding shed or tool shed may be constructed on a Unit, which shall also conform to construction standards set forth in the Design Guidelines.

(i) Unit Owners may park such number of horse trailers as shall be allowed pursuant to standards adopted therefor, from time to time, by Kings Ridge Authority or Architectural Review Authority, including, standards of covering or screening as may be adopted.

(ii) Each stable must be kept clean and neat at all times. Owners shall keep the stable areas clean and free of debris through frequent clean up and regular removal of horse manure. Organic debris may be disposed of in the compost area set aside therefor in a Common Area. Owners shall control and minimize insects and flies resulting from their Equestrian Activity.

(b) The Riding Arena.

Every Owner is allowed to use the "Riding Arena" further described in Section 4.1(b) below, at designated times to ride or train horses. Horses which are not owned by an Owner are not allowed in the Riding Arena unless the rider is accompanied on horseback by an Owner or members of an Owner's family. No overnight boarding of a horse in the Riding Arena shall be permitted. Owners shall clean up after the horses on a frequent basis and remove horse manure from Units and the Riding Arena and dispose of same in the compost area set aside therefor in a Common Area. Owners who use the Riding Arena shall control and minimize insects and flies resulting from their Equestrian Activity.

(c) Designated Horse Riding Areas.

In addition to the fenced area of an Owner's Unit, horses may be ridden only in the following authorized areas:

(i) The Riding Trails.

(ii) The Riding Arena and designated paths from the Riding Trail thereto; and

(iii) The Common Area roads of Kings Ridge.

3.9 Restrictions and Owners' Assumed Risks Related to Equestrian Activities.

The following shall apply to all Units in Kings Ridge:

(a) Distracting Activity by Owners of Lots Prohibited.

Owners and Unit occupants, as well as their pets, will refrain from any actions that would interfere with use and enjoyment of the designated horse riding areas under Section 3.8(c) below. Such prohibited actions will include, but are not limited to, burning materials where smoke will cross the Riding Trails, owning dogs or other pets under conditions which interfere with or pose a danger to horse riding due to their loud barking or other actions.

3.10 Assumed Inconveniences and Disturbances Related to Equestrian Activities.

By the acceptance of a deed of conveyance to a Unit, a Kings Ridge Owner acknowledges and agrees that such Owner assumes the risks of (a) the temporary entry upon the Unit by other persons authorized to engage in Equestrian Activities in the event any condition exists that, in the exercise of reasonable judgment, requires entry for the safety of life or property and pursuant to the easement set forth in Section 3.17(b), which entry will not be deemed a nuisance or trespass; (b) noise from the exercise of any Equestrian Activity; and (c) disturbance and loss of privacy resulting from the exercise of any Equestrian Activity.

3.11 Assumption of Equestrian Activities' Risks.

Each Owner, for himself, his family members, guests and invitees, acknowledges that risks of injury to persons or property are inherent to persons or property located upon or in close proximity to Equestrian Activities, and agrees that each such person assumes all risks resulting therefrom, including but not limited to, claims of negligent design of the Riding Trails, the Riding Arena, dwellings and negligent construction of improvements or location of improvements. Each such person by expressly assuming such detriments and risks, agrees that neither the Declarant nor the Association, nor their successors or assigns will be liable to any Owner or family member, guest or invitee claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of, or damage to, property, trespass, or any other alleged wrongdoing or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of such Owner's Unit to the Riding Trails, the Riding Arena or the exercise of Equestrian Activities by others, including, without limitation, any claim arising in whole or in part from the negligence of the Declarant, any affiliate of the Declarant, the Association, and/or their invitees, agents, servants, successors and assigns, against any and all such claims, including claims of negligent placement of Units in relation to the Riding Trails, the Riding Arena or any other area where Equestrian Activities may be exercised.

3.12 Signs.

Except as may be required by law or by legal proceedings, no signs or advertising posters of any kind shall be erected by an Owner, the Association, or any agent, broker, contractor or subcontractor thereof, nor shall any sign or poster be maintained or permitted on any window or on the exterior of any improvements or on any unimproved portion of property located within Kings Ridge, without express Kings Ridge Approval, as defined in Section 1.7. The approval of any signs and posters, including, without limitation, name and address signs, temporary construction signs and the like shall be upon such conditions as may be from time to time established by Kings Ridge Authority, including those published in the Design Guidelines.

Notwithstanding the foregoing, the restrictions of this Section 3.12 shall not apply to the Declarant or to any person having the prior written approval of the Declarant. In addition, the Association shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas in accordance with Design Guidelines adopted therefor and approved by governmental authority with jurisdiction thereof. Furthermore, each Owner will be allowed to erect a sign at the entry to the Unit naming the property or identifying the Owner thereof, provided such sign conforms to Design Guidelines adopted therefor.

3.13 Drainage and Grading.

An Owner shall be responsible for controlling the natural and man made water flow from the Owner's Unit to other portions of the Property. An Owner shall not overburden the drainage areas or drainage system within any portion of a Unit with excessive water flow from the Unit. An Owner shall be responsible for all remedial acts necessary to cure any unreasonable drainage flow from the Unit.

3.14 Noise.

Offensive and objectionable noise shall not be permitted. Noise shall be muffled so as not to be objectionable due to intermittence, beat frequency, shrillness or intensity. No sound or vibration shall be emitted from the Property that is unreasonably loud or annoying. An Owner shall take all precautions, therefore, to minimize potential noise disturbances to adjacent properties.

3.15 Owner's Landscape Maintenance Between Lot Line and Adjacent Waters Edge and Paving.

Each Owner will be responsible for maintaining on a regular basis the landscaping, if any, and ground cover along the right-of-way roadside or sidewalk, as applicable, as well as any pond or other water feature bordering the Owner's Lot, whether or not such area is a part of the Owner's Lot. Each Owner will perform such maintenance within the unpaved area of right-of-way immediately adjacent to a Lot's lot line, as well as to the water's edge of any adjacent pond, and will be of such quality of maintenance as is required to maintain a development consistency in appearance and cleanliness. An Owner's responsibility under this Section 3.15 will be fulfilled regardless of whether or not an Owner has constructed improvements upon his unimproved Unit or whether or not the Owner permanently resides within the Property.

3.16 Outdoor Fire Pits and Grilling.

Outdoor fire shall be permitted within approved fire pits. Approval of a fire pit must be requested in writing to Kings Ridge Authority, as defined in Section 1.7 above, and the exact location depicted on a site plan.

3.17 Easements.

(a) Declarant's Retained Easements.

(i) Declarant reserves a perpetual, alienable and releasable easement in all easements of any nature and all drainage facilities and wetland areas designated on any recorded plats or surveys. Declarant shall have the unrestricted and sole right and power of alienating, conveying and releasing any such platted easements reserved under the terms of this paragraph. All such platted easements, facilities and features shall remain private and the sole and exclusive property of the Declarant, its successors and assigns, unless conveyed or alienated to third parties. An Owner shall have the right to use the area of the Property that is encumbered by such easements, providing the Owner 's use does not conflict with such easement rights.

(ii) The Declarant shall also retain full right of ingress and egress at all times over the unimproved portions of the Property to the extent reasonably necessary for the installation, operation, maintenance, repair or removal of any utility or drainage facility contained within any of the aforesaid easements.

(iii) Declarant shall have a right of ingress and egress at all times as may be reasonably required to remove any obstruction that may be placed in a reserved easement without the approval of the Declarant, where such unauthorized obstruction would constitute interference with the use of such easement or with the use, maintenance, operation or installation of such utility or other services, as aforesaid. Declarant shall have the right to assign and convey, in whole or in part, the easements reserved by it hereunder to one or more public utility companies, quasi-public service companies, or relevant governmental authorities. All utilities and services installed within the aforesaid shall be installed underground.

(b) Easements in Support of Equestrian Activities.

(i) *Entering Upon the Unit of Another.*

Every person authorized to engage in any Equestrian Activity shall have a perpetual, nonexclusive easement of temporary access over and upon the Unit of another if, in the exercise of reasonable judgment, doing so is necessary for the safety of life or property.

(ii) Equestrian Activities.

Every person authorized to engage in any Equestrian Activity shall have a perpetual, nonexclusive easement to do every act necessary and incident to the exercise of Equestrian Activities, including, but not limited to, the creation of usual and customary noise and odor levels associated therewith.

(iii) Riding Trails' Maintenance Noise Easement.

There is hereby granted to and for the benefit and use of the Association the perpetual, nonexclusive right and easement over and across the Riding Trails and Riding Arena for the creation of noise related to normal maintenance and operation of such equestrian facilities, including, but not limited to, the operation of mowing equipment.

(iv) Encroachment Easements.

If, after construction or any reconstruction, repair, maintenance or other work on the Riding Trails or any adjacent Unit is completed, minor encroachments of the Riding Trails exist upon an adjacent Unit, or minor encroachments of a fence exist upon the Riding Trails, the Association and the said adjacent Owner shall be deemed to have hereby granted to each other easements which shall allow said encroachments to exist, so long as they are not expanded in any way. Further, should any improvement constituting an encroachment ever be abandoned for a period of six (6) months or destroyed, the easement for that particular encroachment shall be terminated. The Association and the said adjacent Owner shall cooperate with each other to locate and accommodate said minor encroachments.

3.18 Owner's Re-subdivision.

No Common Area or Unit will be subdivided, or its boundary lines changed, nor will application for the same be made to any political subdivision with jurisdiction thereof, except with Kings Ridge Approval, as defined in Section 1.7 above. However, the Declarant reserves the right to so subdivide, and to take such other steps as are reasonably necessary to make the replatted property suitable and fit as a building site, including, but not limited to, the relocation of easements, walkways, rights-of-way, private roads, bridges, parks, and Common Areas.

(a) Consolidation of Single-family Lots.

The provisions of this Section 3.18 will not prohibit the combining of two (2) or more contiguous Units constituting single-family lots into one (1) larger lot. Following the combining of two (2) or more Units into one (1) larger Unit, as aforesaid, only the exterior boundary lines of the resulting larger Unit will be considered in the interpretation of this Declaration. Consolidation of Units, as described herein, must receive prior Kings Ridge Approval, as defined in Section 1.7 above. Kings Ridge Approval may be granted or denied in the approving party's sole discretion. Any approved consolidated Unit shall bear the same number of Assessments as previously applied to the Units prior to consolidation; however, no additional vote in the Association shall result from such consolidation.

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Article IV
Common Areas

4.1 Identification of Common Areas and Areas of Common Responsibility.

The common elements of the development, are composed of the real and personal property now or hereafter deeded or leased to, or which is the subject of a use agreement with, the Association, and wherein the property therein described is specifically denominated to be a part of the "Common Areas." As noted in Section 1.1 above, maintenance, repair and replacement of, as well as maintenance of liability insurance for, the ponds and their dams and other apparatus constitute Areas of Common Responsibility of the Association. Furthermore, the easement of use and access to the ponds reserved to the Owners pursuant Section 4.2 shall constitute a Common Area property right for the use and benefit of Owners and subject to rules and regulations adopted from time to time therefor pursuant to Section 5.6(d).

(a) Roads and Access Ways.

The Kings Ridge Common Areas includes the community's roads, Chestnut Brown Court, Sorrell Red Court and Blue Roan Court, as well the following access ways and easements: (i) 50' wide access easement from Sorrell Red Court over and upon Tract 13B for the use and benefit of Tracts 13A and 13C; and (ii) a 50' wide access from Chestnut Brown Court that is a part of Tract 13 (collectively, the "Access Ways"). The Access Ways shall be considered Common Areas although part of a Tract, and subject to the same maintenance, repair and replacement obligations of the Association as the roadways.

(b) The Riding Trails and Riding Arena.

The Common Areas also include a 25' easement area from Chestnut Brown Court and running between Tracts 4 and 5, and behind Tracts 5, 11, 12, 13A, 13B, 13C, and behind the SCE&G Easement, behind Tract 18, Common Area (6.14 Ac.), and Tracts 44, 45, 46 and 47; as well as a 50' easement area between Tract 47 and Tract 48 providing access from Blue Roan Court to the 25' easement area; and a 30' easement between Tracts 36 and 37, and 27 and 28. These easement areas are intended as equestrian riding trails (hereinafter, the "Riding Trails"), and the area shown as "Common Area (6.14 Ac.)" is intended for an equestrian riding rink (the "Riding Arena"), picnic area and access to the Pond shown on the Survey as being located behind the Common Area and Tracts 20, 21, 22, 23, 24, 40, 41, 42 43 and 44 (hereinafter sometimes referred to as the "Upper Pond."

(c) No Rights Granted to Public

The designation of any land, improvements and/or easement rights as Common Areas shall not mean or imply that the public at large acquires any easement of use of enjoyment therein.

4.2 Common Areas and Ponds for Common Use and Benefit.

Except as limited hereunder, all Owners, their family members, guests, lessees, successors and assigns shall have common nonexclusive easements for access to and use of the Common Areas and the ponds constituting Areas of Common Responsibility.

(a) Subject to Authorized Use and Access.

The Owners' utilization of Common Areas is subject to use and access by police, fire, water, health and other authorized municipal officials, employees, and their vehicles; paramedic, rescue and other emergency personnel and their vehicles and equipment; personnel providing maintenance service and their vehicles and equipment, each of whom having a perpetual, non-exclusive easement for access, ingress and egress over the Common Areas, solely for the performance of their official duties.

(b) Docks in Ponds.

No dock shall be extended into any pond except as approved by Architectural Review Authority and pursuant to Design Guidelines established therefor.

(c) Fishing and Swimming in Ponds; Wild Life and Marine Life.

No swimming, snorkeling, scuba diving, or related activities shall be allowed in any pond. Subject to Rules and Regulations as may be adopted therefor pursuant to Section 5.6(d) below, fishing shall be allowed in the ponds constituting Common Areas. Except for Kings Ridge Authority, no Owner shall introduce any waterfowl or marine life into a pond.

(d) Boating Activities in Ponds.

Except for canoeing and subject to Rules and regulations as may be adopted for use thereof in ponds pursuant to Section 5.6(d) below, no boating, sailing, wind surfing, and related activities shall take place on any pond.

4.3 Equestrian Riding Trails and Riding Arena.

The responsibility for maintaining the Riding Trails and Riding Arena will exist with the Association. However, the responsibility for constructing and maintaining fences along the Riding Trails, which fences would run along the boundary lines of Units adjacent to the Riding Trails, shall exist with the Owner of such Unit on which the fence would run, and in accordance with Design Guidelines as may be adopted therefor.

4.4 Expenses in Discharging Obligations Concerning Common Areas and Areas of Common Responsibility.

(a) Owner's Responsible for Common Expenses.

All Owners shall be responsible for costs and expenses of insuring, maintaining, repairing and replacing all Common Areas within the Property and discharging the Association's obligations with respect thereto and with respect to its Area of Common Responsibility hereunder (hereinafter, collectively, "Common Expenses"). The Owners shall pay their pro rata share of such Common Expense liability to the Association, which shall have the sole obligation to perform such work on behalf of all Owners, who are Members of the Association, as further provided in Section 1.3(b). The Owners' prorata shares of the Common Expense liability shall be determined in accordance with Article VII hereof.

(b) Declarant's Exemption from Paying Prorata Share.

During the Declarant Control Period, the Declarant shall be exempt from the payment of its prorata share of Common Expenses.

4.5 Conveyance by Grantor of Common Areas to Association.

On or before the expiration of the Declarant Control Period, the Declarant shall convey the Common Areas to the Association. However, the Association will immediately become responsible for insuring, maintaining, replacing and repairing the Common Areas and any constructed improvements therein or thereon, or as further authorized by the Association's Board of Directors. Such conveyance by the Declarant shall not require any approval, acceptance or consent, and will be subject to all restrictive covenants filed of record at the time of conveyance, as well as:

(a) The right of access of the Declarant, its successors and assigns, over and across such property; and

(b) The right of Kings Ridge Authority to approve all structures, construction, repairs, changes in elevation and topography and the location of any object (including vegetation) within the Common Areas prior to the commencement of such activities or location of any object therein;

(c) All utilities and drainage easements; and

(d) All rights reserved to the Declarant and the Association in this Declaration.

4.6 Acceptance of Conveyance by Association.

In consideration of the benefits accruing to the Association and to the Owners under this Declaration and in consideration of the covenants and agreements of the Declarant hereunder, the Association is deemed to have agreed to accept title to any property, or to any interest in property, now or hereafter conveyed to it pursuant to the terms and conditions of this *Declaration* as *Common Areas*. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance to the Association, title or such other interest in property conveyed will immediately vest in and to the Association without the necessity of any further act, deed or approval of any person or the Association.

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Article V
Administration of Association

5.1 Non-profit Corporation.

The Association is formed, or will be formed, as a South Carolina not-for-profit corporation. In exercising any right or easement granted or reserved to it hereunder, and in discharging any obligation imposed, such right or easement and the performance of work in the discharge of its obligations shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors. The Association shall have all rights, powers and authorities conferred upon non-profit corporations generally under the South Carolina Nonprofit Corporation Act, except as otherwise provided or limited by the terms of this Declaration and the Bylaws of the Association adopted by the initial Board of Directors and not in conflict with any mandatory provisions of either of said Acts.

5.2 Voting Rights Generally.

(a) The Association will have two (2) types of voting memberships, which are as follows:

(i) Class A: Class A Members will be Owners (including the Declarant) of Units. A Class A Member will be entitled to one (1) vote for each Unit owned.

(ii) Class B: The Class B Member will be the Declarant or its designated assign. During the Declarant Control Period, the Class B Member will be entitled to three (3) votes for each vote held by Class A Members, plus one (1) vote. Thereafter, the Class B Member will exercise votes only as to its Class A Memberships.

(b) Payment of any Assessment will not entitle Class A Members to additional votes. Only those Members in good standing and eligible to vote pursuant to the Bylaws shall be entitled to cast any vote required or permitted hereunder, and only the votes of Members in good standing and eligible to vote shall be considered in any calculation of votes or any required percentage thereof cast or required for quorum.

5.3 Votes Cast by Multiple Owners of Units.

When any Unit of a Class A Member of the Association is owned in the name of two or more persons, by an entity, or in any other manner of joint or common ownership, the Owner who is present at said meeting of the Association is entitled to cast the vote for such Unit. If more than one co-Owner is present at an Association meeting, the vote for such Unit will be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote will be exercised by such co-Owner, or his duly appointed proxy, as will be designated in a writing by all co-Owners recorded in the recording office of the county in which the Property is located, a copy of which will be delivered to the Secretary of the Association and will remain effective for all meetings until revoked by the co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

5.4 Association Governance by Board; Officers of the Association.

A Board of Directors consisting of three (3) or five (5) members will govern the Association. Initially, during the Declarant Control Period, the Board will consist of three (3) members appointed by the Declarant, and following expiration of the Declarant Control Period, the Board will consist of five (5) members elected as provided in the Bylaws of the Association. The Board of Directors shall elect officers of the Association to discharge the Association's duties and responsibilities.

(a) Declarant's Right to Appoint Directors and Officers.

Notwithstanding anything contained herein to the contrary, the Declarant will have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association during the Declarant Control Period. Each Owner, by acceptance of a deed to or other conveyance of a Unit vests in Declarant such authority to appoint and remove directors and officers of the Association as provided by this Section.

5.5 Meetings and Membership Voting.

Except as otherwise provided in this Declaration and the South Carolina Nonprofit Corporation Act, the rules and procedures of the Association, including, but not limited to, conducting elections, meetings (both regular and special), and for casting of votes by Members, and the number thereof required for quorums and approval or ratification, shall be as set forth in the Bylaws of the Association.

5.6 Association's Duties and Powers.

(a) Generally.

The duties and powers of the Association are those set forth herein and in the South Carolina Nonprofit Corporation Act, the Bylaws, and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association or reasonably necessary to effectuate any right or privilege give to the Association; provided; however, that if there are conflicts or inconsistencies between the South Carolina Nonprofit Corporation Act, this Declaration, the Bylaws, or the Articles of Incorporation, the provisions of the South Carolina Nonprofit Corporation Act, this Declaration, the Articles of Incorporation, and the Bylaws, in that order, will prevail, and each Owner of a property within the Property, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies.

(b) Exercise of Powers.

Except to the extent otherwise required by the provisions of the South Carolina Nonprofit Corporation Act, this Declaration, the Bylaws, or the Articles of Incorporation, the powers conferred upon or otherwise granted to the Association shall be exercised by the Board of Directors, acting through the officers of the Association and their duly authorized delegees, without any further consent or action on the part of the Owners.

(c) Mortgage or Pledge.

Subject to the prior written approval therefor by the Declarant during the Declarant Control Period, the Board of Directors will have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association, which loans will be used by the Association in performing its authorized functions. The Declarant may make loans to the Association, subject to approval by the Declarant of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid. Notwithstanding anything in this Declaration to the contrary, the Association will not be allowed to reduce the limits of the regular Annual Assessment at any time there are outstanding any amounts due the Declarant as repayment of any loans made by the Declarant to the Association.

(d) Rules and Regulations.

The Board of Directors may establish reasonable rules and regulations concerning the use of Units and the Common Areas, specifically including the Riding Trails, the Riding Arena and the exercise of easement rights in and to the ponds. The Board of Directors may promulgate from time to time rules and regulations, which will govern such conditions and activities that may, in the judgment of the Board of Directors, have an adverse impact upon the Property, any Owner, guest or invitee, the common enjoyment of Kings Ridge and its environment, or that is deemed by it, in the exercise of its reasonable judgment, to be a nuisance or potential nuisance.

All such rules and regulations shall be consistent with the terms and conditions of this Declaration, as well as governmental permits issued, if any. Such rules and regulation shall be deemed to include all terms, conditions and limitations of such permits.

The Association will furnish copies of rules and regulations and amendments thereto to all Owners prior to the effective date thereof. Such rules and regulations will be binding upon the Owners and the occupants of the Units until and unless any such rule or regulation is specifically overruled, cancelled, or modified by the Board of Directors or any such rule or regulation is disapproved by a majority or more of the votes of the entire Association at a special meeting of Members called therefor and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting.

Any action by the Board to adopt, overrule, cancel or modify any rule or regulation, or any vote of Members disapproving any rule or regulation, will not be effective and binding until and unless the same is approved by the Declarant during the Declarant Control Period.

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Article VI
Insurance; Casualty Losses

6.1 Association's Insurance Coverages.

The Board of Directors shall obtain and continue in effect adequate property, liability and fidelity insurance, in such forms as the Board deems appropriate, for the benefit of the Association.

6.2 Damage or Destruction to Common Areas.

Immediately after damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board will obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article VI, means repairing or restoring the damaged property substantially to the same condition in which it existed prior to the fire or other casualty.

Unless within sixty (60) days following any damage or destruction to all or a part of the Common Areas, Declarant, for so long as Declarant owns any of the Property primarily for development or sale, and the Board acting on the vote of seventy-five percent (75%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), will otherwise agree, the Association will restore or replace such damaged improvements.

If any insurance proceeds for such damage or destruction are not sufficient to defray the cost thereof, including any amount attributable to Association's insurance deductible, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 11.5 hereof, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction.

The Special Assessment will be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction.

Any and all sums paid to the Association under and by virtue of such Assessments will be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. The Association will disburse the insurance proceeds and Assessments in payment for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board of Directors.

Any proceeds remaining after defraying such costs will be retained by and for the benefit of the Association. If it is determined that the damage or destruction for which the insurance proceeds are paid will not be repaired or reconstructed, such proceeds will be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by fire or other casualty will be cleared and the Common Areas left in a clean, orderly, safe, and sightly condition.

6.3 Damage or Destruction to an Owner's Property.

In the event of damage or destruction by fire or other casualty to any Unit, and in the further event that the Owner elects not to repair or rebuild, such Owner will promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such property in a clean, orderly, safe, and sightly condition. All such work, repair or construction will be commenced promptly following such damage or destruction and will be carried through diligently to conclusion.

6.4 Damage or Destruction to Common Areas by Owners.

If an Owner, or an Owner's family member, guest or invitee is responsible for damage inflicted on any Common Area, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover the amount from the Owner.

6.5 Damage to an Owner's Unit by Association.

If damage is inflicted on any Unit by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner.

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Article VII
Association Assessments

7.1 Annual Assessments.

(a) Purpose.

The Common Expense liability for insuring, maintaining, repairing and replacing the Common Areas and discharging the Association's obligations therefor, as provided in Section 4.2 above, shall be established and assessed as herein provided. By acceptance of a deed to a Unit, the Owner is deemed to covenant and agree to pay to the Association: Annual Assessments established and collected in accordance with this Article VII.

In the event of co-ownership of a Unit, all of the co-Owners will be jointly and severally liable for the entire amount of such Annual Assessments, which shall include late charges and interest at rates established from time to time by the Board of Directors, and shall include court costs and attorneys' fees incurred to enforce or collect such Annual Assessments.

Annual Assessments will be billed monthly, quarterly, semi-annually or annually, as set by the Board, and will be due and payable on or before the last day of the month in which billed.

(i) No diminution or abatement of Assessments will be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed in the manner of insuring, maintaining, replacing and repairing the Common Areas that are the obligation of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of each Owner.

(b) Establishment of Annual Assessment.

The Declarant has prepared the initial budget of the Association and copy is available to any owner upon written request. It will be the duty of the Board of Directors at least sixty (60) days prior to the first day of the Association's first full fiscal year, and each fiscal year thereafter, to prepare a budget covering the estimated Common Expenses during the coming year, such budget to include a reserve account, if necessary, for the capital needs of the Association. The Board will cause the budget and the proposed total of the Annual Assessments to be levied against properties subject to this Declaration for the following year to be delivered to each Owner at least thirty (30) days prior to the first day of the fiscal year for which the budget and Assessments are established. Each Unit shall be equally responsible for its proportionate share of the total Annual Assessments.

(i) Declarant's Subsidies.

The Declarant may, but shall not be obligated, to subsidize any level of maintenance and repair of Common Area or the discharge of any Area of Common Responsibility; provided, should it so elect to do so, the budget shall footnote the line item expenditure of Common Expense that does not reflect such additional level of maintenance or repair and identify such Common Area or Area of Common Responsibility being subsidized and the amount thereof.

(c) Disapproval of Annual Assessments.

The annual budget and Annual Assessments, as determined by the Board of Directors, as hereinabove provided, will become effective unless disapproved (i) solely by the Declarant in writing during the Declarant Control Period, and (ii) thereafter by seventy-five percent (75%) or more of the votes of the entire Association at a special meeting of Members called therefor and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting Notwithstanding the foregoing, in the event the proposed budget and Annual Assessments are disapproved or in the event the Board of Directors fails for any reason to determine an annual budget and to set the Annual Assessments, then and until such time as a budget and Annual Assessment will have been determined as provided herein, the budget and Annual Assessments will be a default amount calculated in accordance with the following:

(1) The then existing budget and Assessments, shall be increased in proportion to the percentage increase, if any, in the "CPI-U," as hereinafter defined, from December of the preceding year to November of the then current year in which the said default budget and Assessments is being determined, or by ten (10%) percent, whichever is greater.

(2) The "CPI-U" will mean the Consumer Price Index for All Urban Consumers (1982-84=100), or, if such index is discontinued or revised, by reference to such other government index or computation with which it is replaced or which would produce substantially the same measure as would be obtained if such index had not been discontinued or revised.

7.2 Special Assessments.

(a) In addition to the regularly budgeted Common Expenses funded by the Annual Assessment, the Board of Directors may levy Special Assessments to cover Common Expenses incurred or to be incurred by the Association and not covered by the budget or any applicable reserve funds.

(b) Except as otherwise permitted in Section 6.2 *as a result of damage or destruction to a* Common Area, a Special Assessment will only be levied if: (i) during the Declarant Control Period the Declarant approves, in writing, such Special Assessment; and (ii) after the Declarant Control Period the Special Assessment is not disapproved by sixty-seven percent (67%) or more of the votes of the entire Association at a special meeting of Members called therefor and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting.

(c) Special Assessments will be apportioned among the Units in the same manner as Annual Assessments.

7.3 Individual Specific Assessments.

Any Common Expenses incurred by the Association or the Declarant because of the actions of one or more, or the Owner's family member, guest, servant, visitor, invitee or an occupant of the Owner's Unit, or because of their failure to act, and with respect to which such expenses are chargeable thereto and recoverable therefrom pursuant to any provision of this Declaration, and any *fines as may be imposed* against an Owner by the Board of Directors will be specially assessed as a Specific Assessment against each such Owner and the Owner's Unit.

A Specific Assessment against an Owner and the Owner's Unit may also be levied for the amount of any fine imposed upon an Owner pursuant to the Board's authority to do so, including its authority to levy the published fine due to an Owner's nonconforming Unit construction under to Section 2.4(g) or an Owner's violation of Section **Error! Reference source not found.** with regard to tree clearing.

The Kings Ridge Authority shall have the right, power and authority to increase the amount of fines that may be levied under Section 2.4(g) and Section **Error! Reference source not found.**, which shall be incorporated into the Design Guidelines. An amended fine shall be effective date published in the Design Guidelines or in any accompanying schedule thereof.

7.4 Assessments as Equitable Charges and Continuing Liens

(a) Personal Obligation for Assessment.

Each Owner, by acceptance of a deed or other conveyance thereof, whether or not it will be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association: (A) Annual Assessments, such Assessments to be established and collected as provided in Section 7.1(b), (B) Special Assessments, such Assessments to be established and collected as provided in Section 7.2 and (C) Individual or Specific Assessments pursuant to Section 7.3.

Any such Assessments payable, together with late charges, simple interest at a rate established from time to time by the Board of Directors, and court costs and attorneys' fees incurred to enforce or collect such Assessments, will be an equitable charge and a continuing lien upon the property of the Owner thereof who is responsible for payment.

Each Owner will be personally liable for Assessments, coming due while he is the Owner of a property, and his grantee will take title to such property subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefor; provided, however, the lien for unpaid Assessments will be subordinate to the lien of any unpaid taxes and any Mortgage, as provided below.

Sale or transfer of a Unit will not affect the lien of the Assessments; however, the sale or transfer of a Unit, which is subject to a Mortgage, as provided below, pursuant to a decree of foreclosure, will extinguish the lien of the Assessments as to payment thereof, which became due prior to such sale or transfer.

In the event of co-ownership of any property subject to this Declaration, all of such co-Owners will be jointly and severally liable for the entire amount of such Assessments. Assessments will be paid in such manner and on such dates as may be fixed by the Board of Directors in accordance with Section 7.1(b).

(b) Lien for Assessments.

Any Annual Assessments, Special Assessments or Specific Assessments (generally referred to as, "Assessments") remaining unpaid for thirty (30) days, together with late charges, simple interest at a rate established from time to time by the Board of Directors, and court costs and attorneys' fees incurred to enforce or collect such Assessments, will be an equitable charge and a continuing lien when a claim of lien is filed of record in the ROD. A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Unit at the time of the claim of lien is filed, a description of the Unit and the amount of the lien claimed.

(c) Liability for Assessment; Subordination of Lien.

Each Owner will be personally liable for Assessments, and the grantee of a Unit will take title to such property subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefor; provided, however, the lien for unpaid Assessments will be subordinate to any Mortgage held by a bank, trust company, insurance company, or other recognized lending institution, or by an institutional or governmental insurer or purchaser of mortgage loans in the secondary market, such as the Federal National Mortgage Association (a "Mortgage") recorded before the docketing of a claim of lien in the ROD, and (ii) liens for real estate taxes and other governmental assessments and charges against the Unit.

Sale or transfer of a Unit that is subject to any Mortgage pursuant to a decree of foreclosure will extinguish the lien of the Assessments as to payment thereof, which became due prior to such sale or transfer. To the extent any subordinated lien and permanent charge for any Assessment is extinguished by foreclosure of any Mortgage, then the amount or amounts otherwise secured thereby which cannot otherwise be collected will be deemed a Common Expense of the Association collectible from all Owners, including the person who acquires title through the foreclosure sale.

(d) Collection and Foreclosure of Lien.

The Association may institute suit to collect unpaid Assessments, as well as costs of collection, and to foreclose its lien docketed in the ROD. The equitable charge and lien provided for herein is in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Unit, vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such Assessments as a debt and/or to foreclose the aforesaid lien in like manner as a mortgage of real property. The Association will have the power to bid on the Unit at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the same.

7.5 Assessing Declarant's Properties.

Anything contained herein to the contrary notwithstanding, and as provided in section 4.4(b) above, Declarant will be exempt from the payment of Assessments, including Special Assessments, with respect to any Unit owned by the Declarant.

7.6 Date of Commencement of Assessments.

The Assessments established under this Article VII will commence on the date a Unit is conveyed. The Assessments due with respect to a Unit will be adjusted according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such property is first conveyed.

(a) Working Capital Collected At Initial Closing.

Notwithstanding anything to the contrary in this Declaration, a working capital fund will be established for the Association by collecting from each Owner who acquires title to his Unit from the Declarant a working capital amount equal to 2/12ths of the Annual Assessment then in effect, which Assessment will be due and payable, and will be transferred to the Association, at the time of transfer of each Unit by the Declarant to any other Owner.

SUCH SUM IS AND WILL REMAIN DISTINCT FROM THE ANNUAL ASSESSMENT AND WILL NOT BE CONSIDERED ADVANCE PAYMENT OF THE ANNUAL ASSESSMENT. The working capital receipts may be used by the Association in covering operating expenses as well as any other expense incurred by the Association pursuant to this Declaration and the Bylaws.

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Article VIII
Alternative Dispute Resolution and Litigation

8.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes.

The Declarant, the Association, Owners, and any person not otherwise subject to the Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes between and among themselves involving this Declaration or the Property, and to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances and disputes (including those in the nature of counterclaims or cross-claims) between Bound Parties involving the Declaration or the Property, including without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement thereof (collectively "Claims"), except for "Exempt Claims" under Section 8.2, are subject to the procedures set forth in Section 8.3.

8.2 Exempt Claims.

The following Claims ("Exempt Claims") are exempt from the provisions of Section 8.3:

(a) any suit by the Association against a Bound Party to enforce any Assessments or other charges hereunder; and

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and other relief the court may deem necessary in order to maintain the status quo and preserve any enforcement power of the Association hereunder until the matter may be resolved on the merits pursuant to Section 8.3 below; or

(c) any suit between Owners which does not include the Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Declaration and the Property; or

(d) any suit in which an indispensable party is not a Bound Party; or

(e) any suit which otherwise would be barred by any applicable statute of limitation; or

(f) any suit involving a matter that is not an Exempt Claim under sub-Sections (a) through (e) above, but as to which matter the Bound Party against whom the Claim is made waives the mandatory provisions of Section 8.3 below.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 8.3, but there is no obligation to do so.

8.3 Mandatory Procedures for Non-Exempt Claims.

Any Bound Party having a Claim ("Claimant") against a Bound Party involving this Declaration or the Property, or all or any combination of them ("Respondent"), other than an Exempt Claim under Section 8.2 above, will not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of the Claim until it has complied with the procedures set forth in Exhibit "C" to this Declaration, and then only to enforce the results hereof:

8.4 Litigation.

No judicial or administrative proceeding with an amount in controversy exceeding $75,000.00, will be commenced or prosecuted by the Association unless approved by 75% or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members called for the purpose of approving the proceeding, which percentage will also constitute the quorum required for any such meeting.

This Section will not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitations, the foreclosure of liens); (b) the imposition and collection of Assessments; (c) proceedings involving challenges to ad valorem taxation; (d) counterclaims brought by the Association in proceedings instituted against it; or (e) actions brought by the Association to enforce written contracts with its suppliers and service providers. This Section will not be amended unless the amendment is approved by the requisite percentage of votes of Members, and pursuant to the same procedures, necessary to institute proceedings as provided above.

This provision will apply in addition to the mandatory dispute resolution provisions of this Article VIII and the procedures therefor set forth in Exhibit "C" to this Declaration, if applicable.

Any such action in law or equity to compel compliance with this Declaration or to prevent a violation, or any suit involving a matter that is an Exempt Claim under Section 8.2 above brought by an Owner against a Kings Ridge Authority shall be tried non-jury and each Owner, the Declarant and the Association expressly waive all resort to trial-by-jury of any and all issues otherwise so triable.

8.5 Miscellaneous Alternative Dispute Resolution Provisions.

(a) Conflicting Provisions.

Any conflict or discrepancy between the terms and conditions set forth in this Article VIII and the procedures set forth in Exhibit "C" to this Declaration and any term, condition or procedure of the American Arbitration Association, or any remedy allowed at law or in equity, the terms, conditions, procedures and remedies set forth herein and in Exhibit "C" to this Declaration will control.

(b) TIME IS OF ESSENCE.

All periods of time set forth herein or calculated pursuant to provisions of this Article VIII will be strictly adhered to, TIME BEING OF THE ESSENCE hereof.

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Article IX
General Provisions

9.1 Amendments.

(a) Amendments by Declarant.

During the Declarant Control Period, the Declarant may amend this Declaration without the approval of any Owner or holder of any Mortgage by an instrument recorded in the ROD; provided, however, that, (A) in the event that such amendment has a material adverse effect upon any Owner's rights hereunder or adversely affects the title to any Unit, such amendment will be valid only upon the written consent thereto by a majority in number of the then existing Owners affected thereby; and (B) in the event that such amendment would materially and adversely affect the security title and interest under any Mortgage, such amendment will be valid only upon the written consent thereto by the holder of such Mortgage so affected.

Anything contained herein to the contrary notwithstanding, the Declarant may amend this Declaration in its sole discretion and without the consent of any person in order to add additional property to the plan and operation of this Declaration and further provided in Section 1.4 above. No action may be brought more than twelve (12) months following the recording of an amendment under this subparagraph (a) asserting any claim that such amendment has a material adverse affect under clauses (A) and/or (B) of the preceding paragraph.

Furthermore, following the Declarant Control Period, this Declaration may be amended solely by the Declarant if such amendment is necessary, in the reasonable determination of the Declarant, (i) to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule, or regulation or any judicial determination which will be in conflict therewith, (ii) to enable any reputable title insurance company to issue title insurance coverage with respect to any properties subject to this Declaration, (iii) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any properties subject to this Declaration, or (iv) to enable any governmental agency or reputable private insurance company to insure Mortgages on the properties or other improvements subject to this Declaration.

Each Owner by acceptance of a deed or other conveyance of a Unit agrees to be bound by amendments permitted by this Section. If requested by the Declarant, each Owner will sign its consent to such amendment.

(b) Amendments by the Association.

Amendments to this Declaration, other than those authorized by Section 9.1(a) above, must be approved by sixty-seven percent (67%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members called for the purpose of approving a proposed amendment, which percentage will also constitute the quorum required for any such meeting; provided, however, (i) that any amendment which materially and adversely affects the security title and interest of the holder of any Mortgage must be approved by such Mortgage holder; and (ii) during the Declarant Control Period, such amendment must be approved by Declarant.

Anything contained in this Section to the contrary notwithstanding, no amendment under this Declaration shall be made, or any vote therefor effective, if the result or effect thereof would have a material adverse effect upon Declarant or any right, limitation, approval or easement of Declarant without the prior written approval of the Declarant.

9.2 Duration of Declaration.

All covenants, restrictions and affirmative obligations set forth herein shall run with the land and shall be binding on all parties and persons claiming under them to specifically include, but not be limited to, the successors and assigns, if any, of Declarant for a period of fifty (50) years from the execution of this Declaration. This Declaration will be automatically renewed for successive ten (10) -year periods.

The number of ten (10)-year renewal periods will be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10) -year renewal period for an additional ten (10) -year period; provided, however, that there will be no renewal or extension of this Declaration, if, during the last year of the initial fifty (50) -year period or the last year of any ten (10) -year renewal period, 75% or more of the votes of all Owners, at a duly held meeting of Owners called for the purpose of approving the proceeding, which percentage will also constitute the quorum required, approve terminating this Declaration at the end of the then current term.

9.3 Remedies in the Event of Violation or Breach.

In the event of a violation or breach of any of the restrictions contained herein by an Owner, its agents, successors, assigns, guests or invitees, Declarant shall have the right, but shall not be obligated, to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event, and Declarant shall have the right to recover all costs and expenses of suit in such action, including reasonable attorneys' fees.

In addition to the foregoing, Declarant, its successors and assigns shall have the right, but not the obligation, whenever there shall have been built on a Unit any structure which is in violation of these restrictions, to enter upon said Unit where such violation exists and summarily abate or remove the same at the expense of the Owner if after thirty (30) days' written notice of such violation, it shall not have been corrected by the Owner. Any such entry or abatement or removal shall not be deemed a trespass.

The failure to enforce any rights, reservations, restrictions or conditions contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach, or as to a breach occurring prior to or subsequent thereto and shall not bar or affect its enforcement.

The costs and expenses incurred in enforcing this Declaration may be assessed against the defaulting Owner and Unit (an "Assessment").

9.4 Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration may be transferred in whole or in part to other third parties; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration. No such transfer or assignment shall be effective unless it is in a written instrument Declarant signs and records in the ROD. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

9.5 How Notice Given.

Any notice required to be sent to an Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the last known address of the person or entity who appears as owner in the public records of Aiken County, South Carolina, as applicable, on the first day of the calendar month in which said notice is mailed. Notice to one (1) of two (2) or more co-owners of a Unit shall constitute notice to all co-owners.

9.6 Severability.

Should any covenant or restriction herein contained, or any paragraph, sentence, clause, phrase, or term herein be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of the highest court or other tribunal which considers such matters and has jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable.

9.7 Interpretation.

In all cases, the provisions of this Declaration shall be given that reasonable interpretation or construction which will best effect consummation of the general plan of land use restrictions and affirmative obligations of the Property, which will carry out the intent of the Declarant as expressed in the recitals of this Declaration, and which will preserve the Property as a situs for an attractive, well maintained residential property.

9.8 No Waiver.

Failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provisions hereof.

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IN WITNESS WHEREOF, the undersigned, Declarant herein, has hereby caused this instrument to be executed this 15th day of August, ~~2006~~. 2007.

ATLANTIC COAST PROPERTIES, INC., a South Carolina corporation

By: ______________________

Name: Jerry M Holmes

Title: President

STATE OF SOUTH CAROLINA
COUNTY OF Aiken

PERSONALLY appeared before me the undersigned witness who made oath that (s)he saw the within Atlantic Coast Properties, Inc., a South Carolina corporation, by Jerry M Holmes, its President, sign, seal and as its act and deed, deliver the within written instrument and that (s)he with the other witness witnessed the execution thereof.

SWORN TO before me

this 15th day of August, ~~2006~~. 2007

Notary Public for the State of South Carolina

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NPMB1:14761.4-RD-(BFK) 900000-00241

EXHIBIT "A"

Plat of Kings Ridge – Phase II

ALL THOSE certain pieces, parcels and lots of land shown and designated on a plat entitled "Kings Ridge, Atlantic Coast Properties, Tracts 49 – 66" prepared by Carolina Engineering Services, Inc. for Atlantic Coast Properties, recorded September 10, 2007 in the Aiken County Office of Register of Deeds in Book PL53, Page 80-82 (the "Survey").

EXHIBIT "B"

Association Bylaws
(Attached)

BYLAWS

OF

THE KINGS RIDGE
HOMEOWNERS' ASSOCIATION

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Article / Section **Page**

BYLAWS

OF

THE KINGS RIDGE HOMEOWNERS' ASSOCIATION

Article I
NAME AND LOCATION

1.1 Name and Location.

The name of the corporation is The Kings Ridge Homeowners' Association, hereinafter referred to as the "Association." The principal office of the Association shall be located at the Property, or at such other place as may be designated by the Board.

Article II
DEFINITIONS

2.1 Incorporation.

The definitions contained in the Declaration are incorporated by reference herein.

(a) The Declaration.

"Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions and Easements for Kings Ridge recorded in the Register of Deeds office for Aiken County, South Carolina, and subsequent amendments thereto.

Article III
MEETING OF MEMBERS AND VOTING

3.1 Annual Meeting.

The first meeting of the Members, whether an annual or a special meeting, shall be held on such day and at such time as the Board, upon majority vote, shall determine and which shall occur not more than twelve (12) months following the date of the close of the sale of the first Unit in the Property. Subsequent annual meetings of the Members shall be held thereafter at an hour and place within thirty (30) days of the same month and day of such first meeting, as set by the Board.

3.2 Special Meetings.

Special meetings of the Members shall be promptly scheduled at any time by the Board upon vote of a majority of the Board of Directors or upon written request of the President. A special meeting of the Members shall be called upon written demand delivered to the Secretary by the Members representing five percent (5%) of the total voting power of the Association, notice of which shall be by written notice to all Members within thirty (30) days of the Secretary's receipt of the demand. For purposes of determining the five percent (5%), the record date shall be thirty (30) days before delivery of the written demand. Upon the failure of the Association to send notice of a special meeting within thirty (30) days following delivery of written demand as aforesaid, any Member signing the demand may set the time and place of the special meeting and give notice thereof to all Members in accordance with the South Carolina Nonprofit Corporation Act.

3.3 Notice and Place of Meetings.

Unless otherwise provided in the Declaration, the Articles of Incorporation, in these By-Laws, or in the South Carolina Nonprofit Corporation Act, written notice of each meeting of the Members, annual or special, shall be given by, or at the direction of, the Secretary, by mailing a copy of such notice, first class mail, postage prepaid, at least thirty (30) but not more than sixty (60) days before such meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. In the case of written demand of Members representing five percent of the total voting power of the (5%) Association, written notice of such meeting shall be given not more than thirty (30) days after written demand is delivered to the Association. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting, and shall provide for voting by proxy. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal: (a) removing a Director without cause; (b) filling vacancies in the Board of Directors by the Members; or (c) amending the Articles of Incorporation. Meetings shall be held within the Property or at a meeting place within the same county, as close to the Property as possible.

Notice of a meeting of Members need not be given to any Member who signs a waiver of notice, in person or by proxy, either before or after the meeting. The waiver must be delivered to the Association for inclusion in the minutes or filing with the corporate records. Attendance of a Member at a meeting, in person or by proxy, shall of itself constitute waiver of notice, except when the Member attends a meeting solely for the purpose of stating his objection, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. Objection by a Member shall be effective only if written objection to the holding of the meeting or to any specific action so taken is filed with the Secretary of the Association.

3.4 Quorum.

Unless otherwise provided herein, in the Declaration, the Articles of Incorporation, the South Carolina Nonprofit Corporation Act, the presence of Members representing one-third (⅓) of the votes of all Members, in person or by proxy, shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum of one-third (⅓) of the votes of all Members is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough Members to leave less than such required quorum, provided that Members representing twenty percent (20%) of the total votes of the Association remain present in person and/or by proxy, and provided further that any action taken shall be approved by a majority of the Members required to constitute such quorum. If the required quorum is not present, another meeting may be called, not less than ten (10) nor more than sixty (60) days following the first meeting, and the required quorum at the subsequent meeting shall be the Members present, in person or by proxy, and entitled to vote. Unless otherwise provided, any reference hereafter to "votes cast" at a duly called meeting shall be construed to be subject to the quorum requirements established by this Section 3.4. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed in Section 3.3.

3.5 Ballots and Representative Voting.

(a) Voting Referendum; Written Ballots.

Any vote of Members on a matter that would be cast at an annual, regular or special meeting may be taken, without a meeting, by a Referendum or written ballot delivered to every Member by the Association. The ballot shall set forth the matter to be voted upon and provide thereon a place to vote for or against such matter. Approval by written ballot without a meeting shall be effective only when the number of votes cast by ballot equals or exceed the quorum required to be present had the matter been considered at a meeting, and the number voting for the matter equals or exceeds the number of votes required to approve it had the matter been considered at a meeting at which the requisite quorum is present. A solicitation of votes by ballot shall (i) indicate the record date for Members eligible to vote; (ii) indicate the number of returned ballots voting for or against the matter that is required to satisfy the quorum requirement; (iii) state the required number of votes or percentage voting in favor of the matter required to approve it (except in the case of election of directors, which shall be by plurality); and (iv) state the date and time by which a Member's completed ballot must be received by the Secretary in order to be counted in the vote to be taken. A ballot, once delivered to the Secretary, may not be revoked. A Member's signed ballot shall be delivered to the Secretary by hand delivery, by U.S. mail, or by such other means as shall be permitted under South Carolina law, including, but not limited to and if allowed, overnight courier service, facsimile and e-mail transmission, internet form submission, or by any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

(b) Proxies.

At all meetings of Members, each Member may vote in person or by proxy. The appointment form of proxy shall be in writing and received by the Secretary before the appointed time of the meeting. Every proxy appointment shall automatically cease upon conveyance by the Member of his Unit, or upon receipt of written notice by the Secretary of the death or judicially declared incompetence of a Member prior to the counting of the vote, upon revocation of the appointment of the proxy in accordance with the South Carolina Nonprofit Corporation Act, or upon the expiration of eleven (11) months from the date of the proxy. Unless the proxy appointment form otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. Any proxy appointment form distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon set forth in the notice of the meeting. The appointment shall provide that, where the Member specifies a choice, the vote shall be cast by the proxy in accordance with that choice. The form shall also identify the person or persons acting as the proxy and the length of time it will be valid. In addition, voting by a proxy shall comply with any other applicable requirements of the South Carolina Nonprofit Corporation Act. The Member's signed proxy appointment form shall be delivered to the Secretary by hand delivery, by U.S. mail, and by such other means as shall be permitted under South Carolina law, including, but not limited to and if allowed, overnight courier service, facsimile and e-mail transmission, internet form submission, or by any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

3.6 Membership and Voting.

Membership in the Association will be as set forth in the Declaration and in the Articles of Incorporation. Except as otherwise provided in the Declaration, the Articles of Incorporation, these By-Laws, the South Carolina Nonprofit Corporation Act, any action by the Association which must have the approval of the Members before being undertaken shall require voting approval by a majority of the votes cast by Members present at which the required quorum is present. An abstention shall be counted as a negative vote in calculating the majority. Members are divided into Class A and Class B Members for the sole purpose of computing voting rights and shall not vote as a class. Owners of Units in all phases shall have the same voting rights.

3.7 Eligibility to Vote.

Voting rights attributable to Units shall not vest until the Association has levied Assessments against those Units. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Units and not subject to any suspension of voting privileges as a result of disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with Section 3.8. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing.

3.8 Record Dates.

(a) Record Dates Established by the Board.

For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, in the South Carolina Nonprofit Corporation Act. The record dates established by the Board pursuant to this Section shall be as follows:

(b) Record Date for Notice of Meetings.

In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than ninety (90) nor less than ten (10) days before the date of the meeting;

(i) Record Date for Voting.

In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than sixty (60) days before the date of the meeting.

(ii) Record Date for Action by Written Ballot Without Meeting.

In the case of determining Members entitled to cast written ballots, the record date shall be no more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and

(iii) Record Date for Other Lawful Action.

In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than sixty (60) days prior to the date of such other action.

(iv) "Record Date" Means as of the Close of Business.

For purposes of this subparagraph A, a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

(c) Failure of Board to Fix a Record Date.

If the Board, for any reason, fails to establish a record date, rules set forth in the South Carolina Nonprofit Corporation Act shall apply.

3.9 Conduct of Meetings.

Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Except as otherwise provided by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with the South Carolina Nonprofit Corporation Act. No Member of the Association shall have any right as an Association Member to attend any meeting of the Board, except such meetings of the Board as the Board of Directors shall, in the exercise of its sole discretion, open to the membership or any other person. In any matter relating to the discipline of an Association Member, the Board shall always meet in closed session if requested by that Member, and the Member shall be entitled to attend such closed session.

Article IV
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

4.1 Number

The affairs of the Association shall be managed by a Board of Directors, all of whom must be Members of the Association, or an officer, director, employee or agent of a Member, including Declarant. The initial Board of Directors shall consist of three (3) Directors who shall be appointed by the Declarant. The Declarant shall have the sole right to appoint and remove any member or members of the Board of Directors of the Association pursuant to the Declaration until the expiration of the Declarant Control Period. Within sixty (60) days after the expiration of the Declarant Control Period, the Members shall elect five (5) Directors. The Association shall either call, and give not less than thirty (30) days' and not more than sixty (60) days' notice of, such special meeting of the Members to elect the Board of Directors, or the date on which the Association shall count the written ballots distributed to the Members with such notice for the election of the Board of Directors. Each year thereafter, the Members shall elect such number of Directors as shall exist whose terms are expiring.

4.2 Term of Office.

The election of Directors shall be by plurality, the number of nominees equal to the number of vacancies to be filled receiving the greatest number of votes being elected. However, at the meeting of the Association following expiration of the Declarant Control Period held to elect five (5) Directors or the date following expiration of the Declarant Control Period when written ballots are to be counted for the election of such Directors pursuant to Section 4.1, the two (2) nominees receiving the highest number of votes will each be elected for a term of two (2) years, and the next three (3) nominees receiving the highest number of votes will each be elected for a term of one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve for a term of two (2) years. Unless vacated sooner, each Director shall hold office until the Director's term expires and a successor is elected.

4.3 Removal; Vacancies.

A Director appointed by the Declarant may only be removed by the Declarant, otherwise, a Director may be removed from office, with or without cause, at any regular or special meeting of the Members by sixty-seven percent (67%) of the votes of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any removed Director may be elected at the same meeting at which the vacancy is created by the removal of the Director. A Director whose removal is proposed to be voted upon at any meeting shall be given notice of the proposed removal not less than 10 days prior to the date of the meeting and shall be given an opportunity to be heard at the meeting. In the event of death or resignation of a Director, the vacancy shall be filled by majority vote of the Board at a duly held meeting, or by the sole remaining Director. A successor Director shall serve for the unexpired term of his or her predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

4.4 Compensation.

No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for his actual expenses, if reasonable, that are incurred in the performance of his or her duties, including, but not limited to, travel expenses.

4.5 Indemnification of Corporate Agents.

The Association shall indemnify any present or former Director, officer, employee or other agent of the Association, including any DRC committee members, to the fullest extent authorized under the South Carolina Nonprofit Corporation Act, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was not entitled to indemnification under this provision.

Article V
NOMINATION AND ELECTION OF DIRECTORS

5.1 Nomination.

Nomination for election to the Board of Directors may be made by a Nominating Committee established by the Board of Directors, otherwise upon motion or other procedure adopted therefor by the Board. Notice to the Members of the meeting shall include the names of all those who are nominees at the time the notice is sent. Nominations to be placed on the ballot may also be solicited by the Nominating Committee or the Board from the membership, and if the election is to take place at a meeting and not solely by written ballot, nominations may also be made from the floor at the meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. A Nominating Committee, if utilized, shall be appointed by the Board of Directors not less than sixty (60) days prior to the meeting of the Members at which the election is to be held, or if the election is to take place solely by written ballot not less than sixty (60) days prior to the date set on the ballot as the election date when ballots are to be counted, and shall serve until the close of the election. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

5.2 Election.

The first election of the Board shall be conducted as set forth in Section 4.1. At such election the Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. No cumulative voting shall be permitted. Voting for Directors at a meeting shall be by secret written ballot. Voting for Directors may also be conducted by written ballot pursuant to Section 3.5(a).

Article VI
MEETINGS OF DIRECTORS

6.1 Regular Meetings.

Regular meetings of the Board of Directors shall be held at least annually at such place within the Property, and at such hour as may be fixed from time to time by resolution of the Board. If a larger meeting room is required than exists within the Property, the Board shall select a room as close as possible to the Property. Should a regularly scheduled meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, excluding Saturday and Sunday.

6.2 Special Meetings.

Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President or Secretary of the Association, or by any two (2) Directors. Notice of the special meeting shall specify the time and place of the meeting and the nature of the special business to be considered.

6.3 Quorum.

A majority of the Directors then in office (but not less than two (2)) shall constitute a quorum for the transaction of business. Every act performed or decisions made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for that meeting.

6.4 Executive Session.

The Board may, with approval of a majority of the Directors present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel and matters involving contracts of which the Association is a party, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

6.5 Telephone Meetings.

Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another, and all such Directors shall be deemed to be present in person at such meeting. An explanation of the action shall be filed with the minutes of the proceedings of the Board.

6.6 Waiver of Notice.

The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (A) a quorum is present, and (B) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minute. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

6.7 Notice of Adjourned Meeting.

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

6.8 Action Without Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

6.9 Notices Generally.

Notice of any meeting of the Board of Directors, whether regular or special, shall be given to each Director by one (1) of the following methods; (A) by personal delivery; (B) written notice by first class mail, postage prepaid; (C) by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; (D) by telegram, charges prepaid; or (E) by facsimile transmission to the fax number of the Directors or to e-mail address of the Directors, with proof of transmission and receipt thereof being retained in the minutes of the meeting. All such notices shall be given or sent to the Director's address, telephone number, fax number or e-mail address as shown on the records of the Association. Such notice shall be shall be sent to all Directors not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided, however, notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, telegraph, facsimile transmission or e-mail shall be delivered, telephoned, given to the telegraph company, faxed or e-mailed, as the case may be, at least seventy-two (72) hours before the time set for the meeting. Notice of any meeting need not be given to any Director who has signed a waiver of notice or written consent to holding of the meeting.

Article VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Duties.

It shall be the duty of the Board of Directors to:

(a) Maintenance. Perform the maintenance described in the Declaration;

(b) Insurance. Maintain insurance as required by the Declaration;

(c) Discharge of Liens. Discharge by payment, if necessary, any lien against the Common Areas and assess the cost thereof to the Member or Members responsible for the existence of the lien (after notice and hearing as required by these Bylaws);

(d) Assessments. Fix, levy, collect and enforce Assessments as set forth in the Declaration;

(e) Expenses and Obligations. Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(f) Records. Cause to be kept minutes of annual meetings of Members and to present such minutes to the Members at the next annual meeting of the Members; minutes of any special meeting when such statement is requested in writing by one-fourth (3) of the Class A Members; and to keep adequate and correct books and records of account, minutes of proceedings of its Board and committees, and a roll of its Members giving their names and addresses and classes of membership;

(g) Supervision. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(h) Review of Financial Records. Review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, and an income and expense statement for the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" shall mean monies that the Association's Board has identified for use to defray the future repair or replacement of, or additions to, these major components, which the Association is obligated to maintain;

(i) Reserve Account Withdrawal Restrictions. Require that at least two (2) signatures are needed for the withdrawal of monies from the Association's reserve accounts, at least one (1) of whom shall be a member of the Board. One (1) signature may be that of the Association's manager or such manager's designee; and

(j) Reserve Account Fund Management. Not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

7.2 Powers.

The Board of Directors shall have power to:

(a) Manager. Employ a manager as provided in the Declaration;

(b) Adoption of Rules. Adopt rules in accordance with the Declaration, including rules setting aside Common Area parking spaces as handicap parking only, and adopt rules limiting the number of cars that will be permitted to be parked in the Common Area parking spaces;

(c) Assessments, Liens and Fines. Levy and collect Assessments and impose fines as provided in the Declaration;

(d) Enforcement. Enforce these Bylaws and/or the Declaration;

(e) Contracts. Contract for goods and/or services in accordance with the Declaration;

(f) Appointment of Trustee. Appoint an insurance trustee;

(g) Borrowings. Borrow money (i) for the purpose of improving the Property, or any portion thereof, (ii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Property, (iii) for providing services authorized herein, and, (iv) to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association will be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given, and any security interest given by the Association is subject to approval of Members as set forth in the Declaration;

(h) Other Powers. In addition to any other power contained herein or in the Declaration, exercise the powers granted to a nonprofit mutual benefit corporation as enumerated in the South Carolina Nonprofit Corporation Act; and

(i) Delegation. Delegate its duties, powers and authorities provided herein and under the South Carolina Nonprofit Corporation Act to committees, officers or employees of the Association or to a manager employed by the Association. The Board may not, however, delegate its authority to procure insurance, make capital expenditures for additions or improvements chargeable against the reserve funds; to conduct hearings concerning compliance by an Owner or his tenant, lessee, guest or invitee with the Declaration or rules and regulation promulgated by the Board, or to make a decision to levy monetary fines, impose Special Assessments against individual Units, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline following any such hearing; to make a decision to levy Annual or Special Assessments; or to make a decision to bring suit, record a claim of lien, or institute foreclosure proceedings for default in payment of Assessments. Any such delegation shall be revocable by the Board at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board.

7.3 Prohibited Acts.

The Board shall not take any of actions prohibited of it under the Declaration except with the vote or written consent of a majority of the Members other than Declarant.

Article VIII
OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers.

The officers of this Association shall be a President and Secretary, who shall at all times be members of the Board of Directors, a Vice President, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

8.2 Election of Officers.

The Declarant shall have the sole right to appoint and remove officers during the Declarant Control Period. Thereafter, all officers shall hold office at the pleasure of the Board.

8.3 Term.

The Board shall elect the officers of this Association annually and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

8.4 Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

8.5 Resignation and Removal.

Any officer may be removed from office, with or without cause, by the Board, but not from the Board, if the officer is also a Board member. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.6 Vacancies.

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

8.7 Duties.

The duties of the officers are as follows

(a) President.

The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes. The President shall have the general powers and duties of management usually vested in the office of the President of a South Carolina Nonprofit Corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

(i) Execution and Recording of Amendment of Declaration.

Any amendment of the Declaration approved by the Association Members pursuant to Section 9.1(b) of the Declaration will be evidenced by the sworn statement of the President of the Association attached to or incorporated in the amendment executed by the President on behalf of the Association, which sworn statement will state unequivocally that the required approvals under such section were obtained.

(b) Vice President.

The Vice President shall act in the place of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary.

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with the addresses, and shall perform such other duties as required by the Board. The ministerial functions of the Secretary in recording votes, keeping minutes, sending notices, and keeping the records of names and addresses of Members may be delegated to an Association manager.

(d) Treasurer.

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; shall keep proper books of account; and shall prepare and shall distribute budgets and statements. The ministerial functions of the Treasurer in sending Assessment notices, receiving and depositing Assessments, keeping books and ledgers of account, and preparing and distributing budgets and statements may be delegated to an Association manager.

Article IX
COMMITTEES

9.1 Appointment.

A Design Review Committee may be appointed as provided in the Declaration, and a Nominating Committee may be, in the discretion of the Board, appointed as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (A) take any final action on matters which, under the South Carolina Nonprofit Corporation Act also requires Members' approval; (B) fill vacancies on the Board of Directors or in any committee; (C) amend or repeal Bylaws or adopt new Bylaws; (D) amend or repeal any resolution of the Board of Directors; (E) appoint any other committees of the Board of Directors or the members of those committees; (F) approve any transaction to which the Association is a party and in which one (1) or more Directors or committee members have a material financial interest.

Article X
BOOKS AND RECORDS

10.1 Inspection by Members.

The membership register (including names, mailing addresses, telephone numbers and voting rights), books of account and minutes of meetings of the Members, of the Board (including drafts and summaries), and of committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Property as the Board shall prescribe. Board minutes shall be available to Members within thirty (30) days of the meeting, and shall be distributed to any Member upon request and upon reimbursement of the costs in making that distribution.

10.2 Rules for Inspection.

The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made;

(c) Payment of the cost of reproducing copies of documents requested by a Member.

10.3 Inspection by Directors.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents, at the expense of the Association.

10.4 Documents Provided by Board.

Upon written request, the Board shall, within ten (10) days of the mailing or delivery of such request, provide an Owner with a copy of the governing documents of the Property, a copy of the most recent budget and statements of the Association, and a true statement in writing from an authorized representative of the Association as to the amount of the Association's current Annual and Special Assessments and fees, as well as any Assessments levied upon the Owner's interest which, as of the date of the statement, are or may be made a lien upon the Owner's Units. The Board may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

Article XI
MISCELLANEOUS

11.1 Amendments.

Prior to close of the sale of the first Unit, Declarant may amend these Bylaws. After sale of the first Unit these Bylaws may be amended in the same manner and subject to the same conditions as applies to an amendment of the Declaration under Section 9.1 thereof, or as otherwise provided in the South Carolina Nonprofit Corporation Act.

11.2 Conflicts.

In the case of any conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

11.3 Fiscal Year.

Unless directed otherwise by the Board, the fiscal year of the Association shall begin on the first day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

EXHIBIT "C"

1. Mandatory Procedures for Non-Exempt Claims. Any Claimant with a Claim against a Respondent shall comply with the following procedures.

(a) Notice. Within a reasonable time after the Claim in question has arisen, and in each event prior to the date when institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitation, Claimant will notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

(i) the nature of the Claim, including applicable date, time, location, persons involved, Respondent's role in the Claim and the provisions of the Declaration or other authority out of which the Claim arises:

(ii) what Claimant wants Respondent to do or not do to resolve the Claim; and

(iii) that Claimant wishes 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") will make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation, not later than 30 days following the Notice, *unless otherwise agreed by the Parties.*

(ii) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint an attorney licensed to practice law in the State of South Carolina to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes his or her efforts will be beneficial to the Parties. Such an attorney will have been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments and will not have a conflict of interest with any of the Parties.

(c) Final and Binding Arbitration.

(i) If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiation"), a Claimant will have 30 days within which to submit the Claim to binding arbitration under the auspices and the Commercial Arbitration Rules of the American Arbitration Association; and in accordance with the substantive and procedural laws of the state of South Carolina, except as said rules, procedures and substantive laws are applied otherwise as follows:

(ii) Unless the parties mutually set another date, within ten (10) days following Termination of Negotiation, Claimant and Respondent will jointly select one arbitrator, whose decision will be absolutely binding on all Parties; provided, however, if Claimant and

Respondent are unable to jointly select one arbitrator within said ten (10) -day period, or on or before any later day set by them by which to select an arbitrator, the arbitrator will be selected in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will be conducted in Aiken County, South Carolina before a neutral person who is a member of the Bar of the State of South Carolina, who has been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments, and who has no conflict of interest with any Party. The arbitrator may award any remedy or relief that a court of the State of South Carolina could order or grant, including, without limitation, specific performance of any obligation created under this Declaration, or the issuance of an injunction, as well as the imposition of sanctions for abuse or frustration of the arbitration process; provided, however, the arbitrator will have no authority to award punitive damages or any other damages not measured by the actual damages of the "Prevailing Party," as said term is hereinafter defined, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Declaration.

(iii) In the event Claimant does not submit the Claim to binding arbitration as aforesaid, the Claim is deemed abandoned, and Respondent is released and discharged from any and all liability to Claimant arising out of the Claim; provided, nothing herein will release or discharge Respondent from any liability to a person not a Party to the foregoing proceedings, or the mandatory requirements of this Paragraph 1(c) with respect to any subsequently arising new dispute or claim by the Claimant which is identical or similar to the Claim previously deemed abandoned under this Paragraph 1(c)(iii).

This Paragraph 1 is an agreement of the Bound Parties to arbitrate all Claims against Respondent, except Exempt Claims, and is specifically enforceable under South Carolina law. The arbitration award (the "Award") is final and binding on the Parties, and judgment upon the Award rendered by the arbitrator may be entered upon it in any court of competent jurisdiction.

2. Allocation of Costs of Resolving Claims.

(a) Costs of Notice and Negotiation. Each Party will bear all of its own costs incurred prior to and during the proceedings described in Paragraphs 1(a) and 1(b), including the fees of its attorney or other representative. Claimant and Respondent will share equally the costs and expenses of any attorney appointed by the Board pursuant to Paragraph 1(b), whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the Board is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses.

(b) Arbitration Costs. In the event the Claim proceeds to arbitration pursuant to Paragraph 1(c), the "Prevailing Party," as hereinafter defined, will receive from the non-Prevailing Party, all of its costs and expenses, including reasonable expert and attorney's fees, incurred from commencement of selection of the arbitrator under Paragraph 1(c) to the issuance of the Award. Furthermore, the non-Prevailing Party will pay all costs and expenses of the arbitration, including the costs and expenses of any attorney appointed by American Arbitration Association pursuant to Paragraph 1(c), whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the American Arbitration Association is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses. The "Prevailing Party" will be determined as follows:

(i) Not less than ten (10) days prior to the first day of the proceeding, a Party or Parties may file and serve on the other Party(ies) an offer of settlement, and within five (5) days thereafter the Party(ies) served may respond by filing and serving such Party(ies) its own offer of settlement. An offer of settlement will state that it is made under this paragraph and will specify the amount which the Party(ies) serving the settlement offer is/are willing to agree constitutes a settlement of all claims in dispute, including the Claim and all counterclaims.

(ii) An offer of settlement is considered rejected by the recipient unless an acceptance, in writing, is served on the Party(ies) making the offer prior to the first day of the proceeding.

(iii) If an offer of settlement is rejected, it may not be referred to for any purpose in the proceeding, but may be considered solely for the purpose of awarding fees, costs and expenses of the proceeding under Paragraph 1(c) and as provided in this paragraph.

(iv) If the Claimant makes no written offer of settlement, the amount of the Claim made or asserted by the Claimant during the action is deemed to be such Claimant's final offer of settlement hereunder.

(v) If the Respondent makes no written offer of settlement, the final offer of settlement by the Respondent will be the amount asserted during the action to be due in satisfaction of the Claimant's claims, otherwise the Respondent's offer of settlement hereunder is deemed to be zero.

(vi) If the respondent asserts a counterclaim, then offers of settlement shall take into consideration such counterclaim in the manner above provided. Furthermore, any Award shall also take into account such counterclaim.

(vii) The Party(ies) whose offer, made or deemed made, is closer to the Award granted in the proceeding is considered the "Prevailing Party" hereunder. If the difference between Claimant's and Respondent's offers and the Award is equal, neither Claimant nor Respondent is considered to be the Prevailing Party for purposes of determining the award of fees, costs and expenses of arbitration.

3. Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation in accordance with Paragraph 1(b) and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party thereafter fails to comply with the Award, then any other Party may file suit or initiate administrative proceedings to enforce the agreement or Award without the need to again comply with the procedures set forth in Section 8.3 of the Declaration. In such event, the Party taking action to enforce the agreement or Award is entitled to recover from the noncomplying Party (or if more than one noncomplying Party, from all the Parties jointly and severally) all costs incurred in enforcing the agreement or Award, including, without limitation, attorney's fees and court costs.