

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS
IS SUBJECT TO ARBITRATION PURSUANT TO THE
SOUTH CAROLINA UNIFORM ARBITRATION ACT

**DECLARATION OF COVENANTS,
RESTRICTIONS AND EASEMENTS
FOR COLONY NORTH**

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR COLONY NORTH (this "Declaration") is made as of the ____ day of July, 2007, by Four-M Family Limited Partnership (hereinafter referred to as "Declarant").

Declarant is the owner of certain real property in Charleston County, South Carolina, which is more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property").

Declarant intends to develop on the Property a development to be known as Colony North (hereinafter referred to as the "Development"). Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within the Property now or hereafter made subject to this Declaration, by the recording of the Declaration and amendments thereto. Declarant also desires to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property that is now or hereafter subjected to this Declaration and certain other properties described in the Declaration.

Declarant also hereby reserves the right to annex additional land adjacent and contiguous to the Property to become subject to this Declaration, or assign its right to annex additional land, which land may be or may not be owned by Declarant and may be annexed separately or one or more of which may be annexed collectively. The tracts of land that would be annexed will be shown or described on one or more additional exhibits to be added by amendment to this Declaration.

Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Area (as hereinafter defined), to administer and enforce covenants and restrictions applicable to the Development, and to collect and disburse the assessments and charges hereinafter created, and Declarant has therefore incorporated under South Carolina law as a non-profit corporation, Colony North Management Group, Inc., for the purpose of exercising the aforesaid functions.

Legacy Homebuilders, Inc. and Capitol City Homes of Charleston, Inc., as adjoining landowners, desire to consent to the application of this Declaration to their respective portions of the Property owned by them and hereby subject their respective portions of the Property owned by them to the provisions and the plan and operation of this Declaration.

The Declarant hereby declares, and the adjoining landowners hereby consent, that all of the real property within the Property shall be held, sold and conveyed subject to this Declaration, which is for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property. The covenants, restrictions and easements set forth herein shall run with the Property, and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, and shall, subject to the limitations herein provided, inure to the benefit of each Owner, his heirs, grantees, devisees, successors and assigns and to the benefit of the Association.

ARTICLE I DEFINITIONS

The following words, when used in this Declaration, shall have the following meanings:

1.01 ACC: "ACC" shall mean and refer to the Architectural Control Committee of the Association.

1.02 Architectural Guidelines: "Architectural Guidelines" shall have the meaning as defined in Section 5.03.

1.03 Assessment: "Assessment" or "Assessments" shall mean and refer to that monetary amount established by the Board of Directors for common expenses as provided for herein or by a subsequent amendment, which shall be used for the purpose of administering the Association and for managing, operating, improving, maintaining, preserving and replacing the Common Areas.

1.04 Association: "Association" means Colony North Management Group, Inc. (a non-profit, non-stock membership corporation organized under the South Carolina Nonprofit Corporation Act of 1994, as amended), its successors and assigns.

1.05 Board: "Board" means the Board of Directors of the Association.

1.06 Builder: "Builder" or "Builders" shall mean and refer to any persons, firms or entities to whom or which Declarant conveys one or more Lots within the Property for the purpose of constructing a Dwelling thereon. "Builder" or "Builders" shall also mean and refer to Legacy Homebuilders, Inc., Capitol City Homes of Charleston, Inc. and Lennar Carolinas, Inc. (or its affiliate) or any persons, firms or entities to whom or which any of them conveys one or more Lots within the Property for the purpose of constructing a Dwelling thereon.

1.07 By-Laws: "By-Laws" shall mean and refer to the By-Laws of the Association.

1.08 Commencement Date: "Commencement Date" shall mean and refer to the date on which the first lot is conveyed of record to an Owner other than Declarant or a Builder.

1.09 Common Area: "Common Area" or "Common Areas" shall mean and refer to any and all real property (including easements, licenses or land subject to a use agreement or lease), together

with any improvements thereon, shown on any recorded subdivision plat of the Property, with the exception of any Lots, as said term is defined in this Declaration, and any public street rights-of way as same are shown on any recorded subdivision plat of the Property. Except as otherwise provided in this Declaration, the Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use as set forth herein.

1.10 Controlling Interest: "Controlling Interest" means and refers to the designation of the Declarant as the Class B Member as defined pursuant to Article III, 3.03(b) herein.

1.11 Declarant: "Declarant" shall mean and refer to Four-M Family Limited Partnership. It shall also mean and refer to any person, company or entity to whom or which Declarant shall assign or delegate the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the RMC Office for Charleston County, South Carolina. Upon such assignment of Declarant's rights to a successor Declarant, all rights and obligations of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the Property, and any additional real property now or hereafter subjected to this Declaration, there shall be only one person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one time.

1.12 Declaration: "Declaration" shall mean and refer to this Declaration of Covenants, Restrictions and Easements for Colony North and all amendments and supplements hereto filed of record in the Register of Mesne Conveyances for Charleston County, South Carolina.

1.13 Development: "Development" shall mean and refer to the Property subject to this Declaration and all improvements located or constructed thereon, and being a part of the overall plan and scheme, from time to time existing hereunder, for the real estate development known as "Colony North."

1.14 Due Date: "Due Date" shall mean and refer to the date annual Assessments are due pursuant to Section 4.06 below.

1.15 Dwelling: "Dwelling" shall mean and refer to a building and the Lot within the Property which is designated and intended for use and occupancy as a residence by a single family, whether by the Owner of such Dwelling or by tenants or lessees of such Owner.

1.16 Improvements: "Improvements" shall have the meaning as defined in Section 5.03.

1.17 Lot(s): "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded subdivision plat of the Property, with the exception of any Common Area owned in fee by the Association and any public street rights-of-way shown on such recorded plat. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of new subdivision plats, any newly-platted Lot shall thereafter constitute a Lot.

1.18 Member: "Member" shall mean and refer to every person or entity who or which holds

membership in the Association.

1.19 Membership: "Membership" shall mean and refer to the collective total of all Members of the Association.

1.20 Occupant: "Occupant" shall mean and refer to any person occupying all or any portion of a Dwelling located within the Development for any period of time, regardless of whether such person is an invitee, tenant or the Owner of such property.

1.21 Owner: "Owner" means the record owner (including Declarant), whether one or more persons or entities, of fee simple title to any Lot; provided, however, that where fee simple title has been transferred and is being held merely as security for the repayment of a loan, the person or entity who would own the Lot in fee simple if such loan were paid in full shall be considered the Owner.

1.22 Property: "Property" shall mean and refer to the real property subjected to this declaration, said property being more particularly described on Exhibit "A" attached hereto.

1.23 Restriction: "Restriction" or "Restrictions" shall mean and refer to all covenants, restrictions, easements, charges, liens and other obligations created or imposed by this Declaration.

1.24 Right of Abatement: "Right of Abatement" shall have the meaning as defined in Section 7.02.

1.25 Structure: "Structure: shall mean and refer to:

(a) Any thing or object the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration and not limitation, any building or part thereof, garage, porch, shed, greenhouse or bathhouse, coop or cage, covered or uncovered patio, swimming pool, dock, fence, curbing, paving, wall, tree, shrub (and all other forms of landscaping), sign, signboard, temporary or permanent living quarters or any other temporary or permanent improvement to such Lot;

(b) Any excavation, grading, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any Lot, or which affects or alters the flow of any waters in any natural or artificial creek, stream, wash or drain, and channel from, upon or across any Lot; and

(c) Any change in the grade at any point on a Lot of more than eighteen (18) inches, whether or not Subsection (b) of this Section applies to such change.

ARTICLE II
COMMON AREA

2.01 Conveyance of Common Area:

(a) The Declarant may from time to time convey to the Association (or enter into use agreements with the Association) or grant easements to the Association, at no expense to the Association and in accordance with this Section, real and personal property for the common use and enjoyment of the Owners (such real and personal property is hereinafter collectively referred to as "Common Area") and, to the extent set forth in this Declaration, the general public. The Association hereby covenants and agrees to accept from the Declarant all such conveyances of Common Areas. Notwithstanding the foregoing to the contrary, Declarant agrees to complete conveyance of all Common Areas to the Association no later than the date that Declarant no longer has the Controlling Interest.

(b) The Declarant may convey Common Areas to the Association for scenic and natural area preservation and for general recreational use. The Declarant may reasonably modify, alter, increase, reduce and otherwise change the Common Areas contemplated to be conveyed to the Association at any time prior to conveyance of such Common Area to the Association.

(c) In addition to any Common Areas, the Declarant may convey to the Association in accordance with this Section such other real and personal property as the Declarant may determine to be necessary or proper for the completion of the Development.

(d) Notwithstanding any legal presumption to the contrary, so long as Declarant owns any Lots within the Property, Declarant reserves an easement over and across any Common Area deeded to the Association for the purpose of constructing and maintaining any improvements on the Common Area as it deems necessary or advisable, provided that any such improvements must comply with the requirements of the appropriate governmental authority. Any improvements placed on the Common Area by Declarant shall become the property of the Association upon completion of such improvements.

(e) Drainage ways may be included in the Common Areas that may be conveyed by Declarant and which shall be accepted by the Association. Declarant shall not be required to make any improvements or repairs whatsoever to any Common Area to be conveyed and accepted pursuant to this Section including, without limitation, dredging or otherwise removing silt from any lake or body of water that may be conveyed.

2.02 Right to Enjoyment: Every Owner shall have a right and easement to use and enjoy the Common Areas, which right shall be appurtenant to and shall pass with the title to every Lot upon transfer; provided, however, that no Owner shall do any act which interferes with the free use and enjoyment of the Common Areas by all other Owners. The Association may permit persons who are not Owners of Lots to use and enjoy part of all of the Common Area subject to such limitations, and

upon such terms and conditions, as it may from time to time establish. The right and easement of enjoyment granted or permitted by this Section is subject to suspension by the Association as provided below. It is the intent of the Declarant that the Common Area be preserved for the perpetual benefit of the Owners.

2.03 Rights of the Association: The rights and privileges conferred in this Article shall be subject to the right, and where applicable, the obligation, of the Association acting through the Board to:

- (a) Adopt, promulgate and enforce rules and regulations relating to the use, operation and maintenance of the Common Area;
- (b) Borrow money for the purpose of carrying out the activities of the Association, including the acquisition, construction, improvement, equipping and maintenance of Common Areas, and in aid thereof to encumber by mortgage or other security interest any or all of the Association's property including Common Areas and revenues from assessments, user fees and other sources; and provided, however, that during the period when the Declarant has the Controlling Interest, the Association shall not deed, grant, or convey to anyone any mortgage or other security interest on or in Common Areas constituting real estate without approval by Declarant. Notwithstanding the foregoing to the contrary, should the Association desire to encumber the Common Areas by mortgage or other security interest, such financing shall require a two-thirds vote (2/3) of all Members and the rights of any such lender or mortgagee shall be subordinate to the property rights of the Members and the Association as set forth herein.
- (c) Grant easements or rights-of-way over Common Areas to any municipality or other governmental body, agency or authority, to any quasi-public agency, or to any utility company or cable television system;
- (d) Suspend the voting rights of any Member as provided below and the right of enjoyment granted or permitted by this Article;
- (e) Enforce all applicable provisions of valid agreements of the Association relating to the Common Area or any part thereof; and
- (f) Maintain any and all landscaping treatments previously installed by the Declarant, to the extent that such landscaping is not otherwise maintained by the appropriate county and/or municipal entity having jurisdiction over the roads serving the Property.
- (g) Maintain any and all lakes or marsh areas on the Property to include, but not be limited to, silt removal, PH control for fish, plants and algae.

- (h) the right of the Association to exchange all or part of the Common Area for other property and consideration of like value and utility, provided, however, that, after the Declarant no longer maintains its Controlling Interest, any such dedication shall require the assent of the Members, and further provided that, if the Board of Directors of the Association determines, in its sole discretion, that such exchange is necessary to cure an encroachment or setback violation on any Lot, the Board may effect such exchange without the consent of or approval by the Members.
- (i) the right of the Association to expand or add to the Common Area and to improve maintain and operate the Common Area.

2.04 Conveyance of Common Area by Declarant to Association: The Declarant may transfer or convey to the Association any personal property and any improved or unimproved property, leasehold, easement or other property interest which is or may be subjected to the terms of this Declaration. Such conveyance shall be accepted by the Association, and the Property shall thereafter be Common Area to be maintained by the Association for the benefit of all of its Members. Lakes and drainage ways, if any, may, without limitation, be included in the Property that may be conveyed by Declarant and which shall be accepted by the Association.

2.05 Types of Common Area: At the time of the conveyance of any real property or grant of easement by the Declarant to the Association to be used as Common Area, the Declarant shall designate in the deed of conveyance or easement that such real property is to be Common Area, and further may designate in the deed of conveyance or easement the specific or general purpose or purposes for which such real property or any portion thereof may be used, and in such event, such real property or portion thereof shall not be used for any different purpose or purposes without the prior written consent of the Declarant and a two thirds (2/3) vote of the Members of the Association.

2.06 Delegation of Use: Any Owner may delegate to the members of his family or his tenants who reside on a Lot, in accordance with the By-Laws, his right to use and enjoy the Common Area as follows:

(a) Family. The right and easement of enjoyment and access granted to every Owner hereunder may be exercised by members of the Owner's family who occupy the residence of the Owner within the Property as their principal residence in Charleston County, South Carolina.

(b) Tenants: Contract Purchasers. The right and easement of enjoyment and access granted to every Owner hereunder may be delegated by such Owner to his tenants or contract purchasers who occupy a residence within the Property, or a portion of said residence, as their principal residence in Charleston County, South Carolina.

(c) Guests. The right and easement of enjoyment and access granted to every Owner hereunder may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors.

(d) Suspension of Rights. The rights of any delegate of an Owner shall be suspended by, upon and during suspension of such Owner's rights as provided in this Declaration.

2.07 Maintenance: The Association shall maintain and keep in good repair the Common Areas. This maintenance shall include, without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and improvement situated on the Common Areas. In addition, the Association shall maintain grass and other landscaping located along roads, drainage areas, lakes or marsh areas, if any, or in dedicated rights of way which were installed by Declarant, to the extent permitted by the applicable governmental authority, and shall maintain all entry features for the Development. On drainage ways that abut adjoining property, the Association will share in the cost of their maintenance with the adjoining property; such Owner will be responsible for maintaining the area along the water line. The Association shall likewise: (i) keep Common Area free of impediments to its use by the Owners, subject to the provisions of this Declaration; (ii) procure and maintain adequate liability insurance covering the Association and its Members, directors and officers, against any loss or damage suffered by any person, including the Owner of the Lot upon which Common Area lies, if applicable, resulting from use of the Common Area, and adequate hazard insurance covering the real and personal property owned in fee by the Association; and (iv) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association.

2.08 Regulation of Common Area. The Association may adopt and promulgate rules and regulations governing the use of the Common Area by Owners and their family, guests and invitees. No Owner or other permitted user shall use the Common Area or any portion thereof in violation of the rules and regulations contained in this Declaration or subsequently adopted by the Association.

Without limiting the generality of the foregoing, no Owner or tenant, guest or invitee of an Owner shall, without the specific prior written consent of the Association: (i) damage or waste the Common Area or improvements thereon or remove any trees or vegetation therefrom; (ii) erect any gate, fence, structure or other improvement or thing on the Common Area; (iii) place any garbage receptacle, trash or debris on Common Area; (iv) fill or excavate any part of the Common Area; (v) landscape or plant vegetation on Common Area; or (vi) use the Common Area or any part thereof in a manner inconsistent with or in any way interfering with the rights of other Owners.

2.09 Rights and Responsibilities of the Lot Owners as to Common Area Easements. Each Owner of a Lot upon which a Common Area easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area easement.

2.10 Declarant's and Association's Right of Entry. The Declarant and the Association and the employees, agents, contractors and subcontractors of each, shall have a non-exclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area easement for the purposes of: (i) installing and maintaining subdivision entrance signs, features, fencing and landscaping; and (ii) making such improvements to the Common Area; and (iii) maintaining the Common Area easement in its natural or improved state.

2.11 Other Property. The Association shall also have the right, but not the obligation, to maintain and provide services for other property not owned by the Association, whether located within or without the boundaries of the Development, and to enter into easements and agreements to share costs regarding such property where the Board has determined that this would benefit the Owners.

ARTICLE III COLONY NORTH MANAGEMENT GROUP, INC.

3.01 Purposes, Powers and Duties of the Association: The Association shall be formed as a non-profit civic organization for the sole purpose of performing certain functions for the common good and general welfare of the Members. The Association shall have no power or duty to do or perform any act or thing other than those acts and things which will promote in some way the common good and general welfare of the Members. To the extent, and only to the extent, necessary to carry out such purpose, the Association (a) shall have all of the powers of a corporation organized under the South Carolina Nonprofit Corporation Act of 1994, as amended and (b) shall have the power and duty to exercise all of the rights, powers, and privileges and to perform all of the duties and obligations of the Association as set forth in this Declaration. The following shall also apply:

(a) Responsibilities. The Association, subject to the rights of the Declarant, shall be responsible for the exclusive management and control of the Common Area and shall keep the Common Area in good, clean and proper condition, order and repair. The Association shall be responsible for the payment of all costs, charges and expenses incurred in connection with the operation, administration and management of the Common Area and the performance of its other obligations hereunder. The Association shall operate and maintain areas designated by the Declarant as Common Areas, whether or not title to such areas has been formally conveyed to the Association. The Association shall also be responsible for enforcement of the covenants and restrictions contained in this Declaration.

(b) Manager. The Association may employ and pay for the services of a person or entity, including the Declarant (the "Manager"), to assist the Association in managing its affairs and carrying out its responsibilities hereunder and such other persons or entities, including attorneys and accountants, as the Association deems necessary or advisable, whether such persons or entities are engaged, furnished or employed by the Manager or directly by the Association. The Association may enter into a management agreement for such management services upon such terms as the Board of Directors may deem appropriate. The payment of management fees due to the Declarant may, at Declarant's option, be deferred until such later date as Declarant, in its sole discretion, deem appropriate. Furthermore, any management fees due to Declarant may, at Declarant's option, be credited against any assessments due or to be coming due from the Declarant. Declarant shall, while it maintains its Controlling Interest, hire the Manager and has hired Pluff Mud Properties of Charleston, Inc., or its affiliate, to be Manager for a one (1) year period, with the option of the Manager to renew such employment for two (2) successive one-year terms thereafter. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest,

will be deemed to ratify such management agreement.

(c) Personal Property for Common Use. The Association may acquire and hold tangible and intangible personal property and may dispose of the same by sale or otherwise, subject to such restrictions, if any, as may from time to time be provided in the Bylaws of the Association.

(d) Insurance: Bonds. The Association shall procure and maintain adequate liability insurance covering the Association. The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers', directors' and employees' liability insurance, and such other insurance as it deems necessary or advisable. The premiums for such insurance shall be a common expense paid from the annual assessments as provided in this Declaration. The Association may cause any or all persons responsible for collecting and disbursing monies of the Association to be bonded.

(e) Implied Rights. The Association may exercise any other right or privilege and take any action authorized by this Declaration, the Association's Bylaws, or the South Carolina Nonprofit Corporation Act of 1994, as from time to time amended, and every other right or privilege reasonably necessary to effectuate the exercise of any right or privilege or the taking of any action authorized herein or therein.

(f) Declarant's Reserved Rights; Association's Obligation of Cooperation. The Association shall accept conveyance of any Common Area conveyed to it, in fee or by easement, by Declarant or, at the request of Declarant, by an owner of any property within or to be annexed into the Property and, upon request of Declarant and without further consideration, shall execute any document necessary to evidence such acceptance.

Until such time as Declarant and Builders have completed all of the contemplated improvements and have sold all of the Lots within the Development:

(a) Declarant shall have the right to alter the boundaries of the Common Area, whether or not it has been previously deeded to the Association, provided that such alteration does not substantially, materially and adversely affect the function and use of the Common Area. The Association and each Owner hereby irrevocably appoints the Declarant as his attorney-in-fact to execute and/or deliver any documents, plats, deeds, or other written matters necessary or convenient to accomplish the addition of Common Area or the Property, or both, to create easements as deemed necessary by Declarant, and to adjure the boundary or boundaries of the Common Area.

(b) Neither the Association nor its Members, nor the use of the Common Area by the Association and its Members, shall interfere with or impede the completion of the improvements or the marketing and sale by the Declarant and the Builder of Lots and Dwellings.

(c) Declarant and each Builder shall have the right to make such use of Lots and the Common Area as may facilitate completion of development and sale of Lots and Dwellings by the

Declarant and the Builders. Without limiting the foregoing, Declarant shall have the right to maintain or permit, in its sole discretion, the Builders or others to maintain sales offices, model Dwellings, administrative offices, and construction offices (which may be trailers or temporary or permanent buildings), or any or all of same, on Lots or the Common Area. Declarant and the Builders shall also have the right to erect and maintain signs on Lots and/or the Common Area, to bring prospective purchasers upon the Common Area, to use the Common Area for sales and marketing activities for the Development, to grant the right to use the Common Area to a prospective purchaser or any other individual or group, in Declarant's sole discretion, and to conduct any and all other marketing activities deemed appropriate by the Declarant, and to permit the Builders and others to exercise such rights in conjunction with or separate from the Declarant.

(d) Subject to the provisions of this Declaration, Declarant shall have the right, but not the obligation, to loan money to the Association in such amounts and upon such terms and conditions as to which the Declarant may agree. Payments due to the Declarant under any such loans may, at Declarant's option, be credited against any assessments coming due at any time from the Declarant.

(e) In addition to all other rights of the Declarant, no amendment shall be made to this Declaration, and no rule or regulation shall be adopted, interpreted or enforced by the Association, so as to modify the assessments or other charges applicable to the Declarant or a Builder or assessed against the Lots owned by either, or which shall restrict, impair, or, in Declarant's sole judgment, materially adversely affect the activities of the Declarant or the Builders with regard to construction, use of Common Area and delegation of the right to use the Common Area, or the marketing and sale of Lots by the Declarant and Builders, whether or not such activities are enumerated in the preceding paragraphs, without the express prior written consent of Declarant.

In exercising any of the rights provided or granted under this Article, neither Declarant, nor the Association shall revoke, modify or amend this Declaration in a manner that reduces the size of the Common Area to less than, the area required by the appropriate governmental authority as of the date of this Declaration.

3.02 Membership in the Association: Every Owner of a Lot shall automatically be a member of the Association and such membership shall terminate only as provided in this Declaration. For purposes of voting, there shall be two (2) classes of members as set forth below.

3.03 Voting Rights: The voting rights of the Membership shall be appurtenant to the ownership of the Lots and may not be separated from ownership of any Lot.

(a) Each Owner of a Lot, with the exception of Declarant, shall be a Class A Member and shall be entitled to one (1) Class A vote per Lot owned by such Owner. Where such Owner is a group or entity other than one individual person, the vote on behalf of such Owner shall be exercised only by such individual person as shall be designated in a proxy instrument duly executed by or on behalf of such group or entity and delivered to the secretary of the Association.

(b) The Declarant shall be the sole Class B Member and shall be entitled to three (3) votes

for each Lot owned; provided, however, in no event shall the Class B Member have less than the total number of Class A votes plus one (1). The Class B Membership shall cease and be converted to Class A Membership at such time as the earlier of the following:

1. December 31, 2018; or
2. When, in its discretion, Declarant so determines.

(c) Notwithstanding any other provision of this Declaration or the Bylaws of the Association, the vote as expressed by the Owners of Lots which are leased (or rented to or otherwise occupied by persons) other than the Owner shall not be entitled to any weight greater than forty-nine (49) percent on any matter pending before the Association.

3.04 Board of Directors: The affairs of the Association shall be managed by a Board of Directors which shall be appointed by the Declarant until Declarant's Controlling Interest expires or Declarant voluntarily relinquishes such interest, after which the Board of Directors shall be elected by the Members. The number of Directors and the method of election of Directors shall be as set forth in the By-Laws of the Association. Notwithstanding the foregoing to the contrary, there shall be at least five (5) members of the Board of Directors who shall serve until such time as their successors are duly elected and agree to serve. The directors shall have annual meetings and other such meetings as may be called for at the request of the president of the Association, by a majority of the directors, or as called for in the Bylaws.

3.05 Suspension of Membership: The Board may suspend the voting rights of any Member and the right of enjoyment of the Common Areas of any person who:

- (a) Shall be subject to the Right of Abatement, as defined below;
- (b) Shall be delinquent in the payment of any assessment levied by the Association pursuant to the provisions hereof; or
- (c) Shall be in violation of any of the rules and regulations of the Association relating to the use, operation and maintenance of Common Areas.

Such suspension shall be for the balance of the period in which said Member or person shall remain in violation, breach or default, as aforesaid, except that in the case of a violation described in Subsection (c) above, the suspension may be for a period not to exceed sixty (60) days after the cure or termination of such violation. No such suspension shall prevent an Owner's ingress or egress from his Lot.

3.06 Termination of Membership: Membership shall cease only when a person ceases to be an Owner.

3.07 Voting Procedures: The procedures for the election of Directors of the Association and the resolution of such other issues as may be brought before the Membership of the Association shall

be governed by this Declaration, the South Carolina Nonprofit Corporation Act of 1994, as amended, the Articles of Incorporation of the Association, and the By-Laws of the Association, a copy of which is attached hereto as Exhibit "B", as each shall from time to time be in force and effect.

3.08 Control by Declarant:

(a) Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the By-Laws of the Association, Declarant, for so long as it retains a Controlling Interest hereby retains the right to appoint and remove any or all members of the Board, and any officer or officers of the Association. Each of Legacy Homebuilders, Inc., Capitol City Homes of Charleston, Inc. and Lennar Carolinas, Inc. (or its affiliate) shall be entitled to appoint a nominee who shall be eligible to serve on the Board of Directors; the Declarant agrees that should such nominations occur that it will appoint at least two (2) of such nominees to the Board (if the Board consists of 7 or more members, all 3 shall be appointed). Except as expressly stated herein, each Owner by acceptance of a deed to or other conveyance of a Lot vests in Declarant such authority to appoint and remove directors and officers of the Association as provided in this Section. The Association may exercise any other right or privilege given to it expressly by this Declaration or by law and any other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

(b) Upon the expiration of Declarant's Controlling Interest, the Board of Directors shall be elected by the Members, including Declarant if Declarant then owns one or more Lots; and a special meeting of the Association shall be called at such time. At such special meeting, the Members shall elect a new Board of Directors which shall undertake the responsibilities of the Board and Declarant shall deliver the books, accounts, and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period which Declarant has in its possession or control.

3.09 Electronic Bundling Services. The Declarant will allow YRT2, Inc. to offer various electronic bundling services to the Owners of the lots in the Development. The Association hereby covenants and agrees that it will not enter into a separate agreement for bundled phone, video, data, or security services for a period that is twelve (12) years from the date of the recording of this Declaration.

ARTICLE IV ASSESSMENTS

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

(a) To pay to the Association the annual assessments which may or shall be levied by the

Association pursuant to this Declaration against all Lots owned by him.

- (b) To pay to the Association any special assessments for capital improvements and other charges which may or shall be levied by the Association pursuant to this Declaration against all Lots owned by him.
- (c) That there is hereby created a continuing charge and lien upon all Lots owned by him against which all such assessments are made to secure payment of such assessments and any interest thereon as provided herein and costs of collection including reasonable attorneys' fees.
- (d) That such continuing charge and lien on such Lot binds such Lot in the hands of the then Owner, and the Owner's heirs, devisees, legal representatives, successors and assigns. Such charge and lien is superior to any and all charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon such Lots whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, or other instrument, except (i) such liens for taxes or other public charges as are by applicable law made superior, and (ii) all mortgages given to secure a loan the proceeds of which are used (1) to purchase a Lot or Lots (together with any and all Structures which may from time to time be place or located thereon) or (2) to finance the construction, repair, or alteration of any or all Structures which may from time to time be placed or located thereon or (3) any first mortgage used to refinance outstanding mortgages.
- (e) Sale or transfer of a Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessment which became due prior to the date of such conveyance. No such sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof; but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage.
- (f) That all annual, special and specific assessments (together with interest thereon as provided in and costs of collection including reasonable attorneys' fees) levied against any Lot owned by him during the period that he is an Owner shall be (in addition to being a continuing charge and lien against such Lot) a personal obligation which will survive any sale or transfer of the Dwelling owned by him; provided, however, that such personal obligation for delinquent assessments shall not pass to an Owner's successor in title unless expressly assumed by such successor; however, the unpaid assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made.

4.02 Purpose of Assessments: The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Development

and, in particular, for: (i) acquisition, improvement and maintenance of properties, services and facilities related to the use and enjoyment of the Common Areas; (ii) repair and reconstruction of improvements on, the Common Areas, including, without limitation, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) payment of taxes and public assessments levied against the Common Areas owned by the Association in fee; (iv) procurement and maintenance of insurance in accordance with the provisions of this Declaration; (v) employment of attorneys, accountants and other persons or firms to represent the Association when necessary; (vi) payment of principal and interest on funds borrowed for Association purposes; (viii) such other needs as may arise; and (ix) payment for the maintenance and operation of street lights.

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

4.04 Annual Assessment: The Assessments shall be determined on a calendar year basis. On or before November 1 each year, the Board of Directors of the Association shall prepare or cause to be prepared an operating budget for the upcoming calendar year. The budget shall itemize the estimated expenses of the Association for such calendar year, anticipated receipts (if any), and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the Assessments for the upcoming fiscal year and as the major guideline under which the Association shall be operated during such annual period. In the event the Board fails for any reason to adopt a budget for the succeeding year, then and until such time as it is adopted, the budget and annual Assessments in effect for the then current year shall be increased in proportion to the percentage increase, if any, for the then current year, in the Consumer Price Index (all Urban Consumers, United States City Average, All Items 1982=100), or its successor index, and such increased budget shall be the budget for the succeeding year, until a new budget is adopted. Declarant shall estimate the budget for the first year of the Association. At least ten (10) days prior to the annual meeting of the Association, the Board of Directors shall cause a financial statement of the Association to be prepared and distributed to the members. Notwithstanding the increase requirement above, for so long as the Declarant has the Controlling Interest, the Board of Directors, in its sole discretion, shall have the authority to adopt an annual budget.

4.05 Special Assessments: In addition to the annual Assessments authorized by this Article, the Association may levy, in any calendar year and with such frequency as the Association shall deem necessary, special Assessments for the purpose of paying, in whole or in part, any unanticipated operating expenses, as well as the cost of any construction, reconstruction, repair or replacement of a capital improvement on the Common Area. Such special Assessments may be levied by the Board in any calendar year without the approval of the Members, which special Assessments in the aggregate do not exceed an amount equal to the annual Assessment then in effect. Special assessments exceeding said amount shall require the approval of two thirds (2/3) of

the Members of the Association who are present in person or by proxy at a meeting of Members duly held in accordance with the provisions of the By-Laws of the Association and this Declaration.

4.06 Assessment Procedure: The annual Assessment shall be due and payable on January 1 of each year (such date is hereinafter referred to as the "Due Date"). The Board shall cause the Association to send to each Owner at least thirty (30) days in advance of the Due Date written notice setting forth the amount of the annual Assessment and the Due Date. The Board may establish reasonable payment procedures to allow or require payment of the annual Assessment in installments during the calendar year. The Board may also establish payment procedures for payment of any special Assessments for capital improvements which may be levied in accordance with the provisions of this Article.

4.07 Uniform Rate of Assessment: Both annual and special Assessments must be fixed at a uniform rate for all Lots.

4.08 Effect of Non-Payment of Assessments: Any Assessment not paid within ten (10) days after the Due Date shall incur such late charge as the Board of Directors may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the Due Date at the rate of fourteen (14%) per annum or the highest rate allowed by law, whichever is less or at such rate as the Board may from time to time establish. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, reasonable attorneys' fees, and the costs of such action or foreclosure shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

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

4.10 Approval by Declarant: Notwithstanding anything to the contrary contained herein, no special assessment shall be made without the Approval of Declarant for so long as Declarant has a Controlling Interest.

4.11 Specific Assessments: The Board shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future. The Board may specifically assess Owners for the following expenses, except for

expenses incurred for maintenance and repair of items which are the maintenance responsibility of the Association as provided herein:

- (a) Expenses of the Association which benefit less than all of the Lots, which may be specifically assessed equitably among all of the Lots which are benefited according to the benefit received;
- (b) Expenses incurred by the Association in performing the duties of an Owner to maintain his lot and any improvements thereon; and
- (c) Reasonable fines as may be imposed in accordance with the terms of the Declaration and By-Laws.

4.12 Declarant's and Builder's Assessments. Notwithstanding any other provision of this Declaration, the Articles of Incorporation or the Bylaws of the Association, the Declarant and Builders shall not be obligated for, nor subject to, any annual or special Assessment for any Lot or other property that it owns within the Property, provided, however, that the Builders shall be responsible for paying for each Lot owned by a Builder which contains a Dwelling for which a certificate of occupancy has been issued, an assessment equal to twenty-five percent (25%) of the annual assessment in effect for Class A Lots, as the same may change from time to time, computed on a 365 day year and prorated for the number of days from the date of the issuance of the certificate of occupancy until the sale of such Lot. Upon sale of such Lot by a Builder to any other person or entity, such Lot shall be assessed at Class A rate, commencing on the first day of the month after title to such Lot is transferred to such third party. Notwithstanding any other provision of this Declaration, a Lot owned by a Builder which contains a Dwelling occupied as a residence (but not as a model or sales center) shall be assessed at the rate applicable to Class A Lots.

4.13 Exempt Property. All property dedicated to and accepted by a public authority and all property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of South Carolina shall be exempt from the Assessments created herein. Notwithstanding the foregoing, no land or improvements devoted to dwelling use shall be exempt from said Assessments.

ARTICLE V GENERAL COVENANTS AND RESTRICTIONS

5.01 Application: The covenants and restrictions contained in this Article shall pertain and apply to all Lots and to all Structures erected or placed thereon.

5.02 Restriction of Use: Lots may be used for single-family residences only and for no other purpose and no trade, business, profession or other type of commercial activity shall be carried on upon any Lot, except that the Declarant, the Builders, real estate brokers, Owners and their agents may show Lots for sale or lease. Notwithstanding the foregoing, the Declarant and each Builder and the agents and employees of each, shall have the right to: (i) use Lots and improvements erected thereon for sales offices, field construction offices, storage facilities, and its own general business

offices; (ii) maintain fluorescent-lighted or spot-lighted model homes which may be open to the public for inspection 7 days per week for such hours as the Declarant or Builder deems appropriate or necessary; (iii) conduct any other activities on Lots to benefit sales efforts; and (iv) use the parking facilities on the Common Area for parking for its employees and invitees.

5.03 Architectural Approval: The ACC shall have the sole and absolute right to determine the style and appearance of the Dwellings, all Structures and all Improvements (as hereinafter defined) including, but not limited to, fences, walls, buildings, garages, mailboxes, lawn decorations, structures of any type or color thereof, landscaping, grading, filling, excavation of dirt, patio covers and trellises, sidewalks, plans for off-street parking of Vehicles and utility layout, and any other improvements to be built or constructed on any Lot (hereinafter individually and collectively referred to as "Improvements"). No such Dwellings, Structures or Improvements shall be commenced, nor shall a building permit be applied for or obtained until the plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the ACC composed of three (3) or more persons appointed by the Board of Directors of the Association. If the ACC fails to approve or disapprove such proposed Dwelling, Structures and/or Improvements within sixty (60) days after complete plans and specifications have been received by it, approval will not be required, and this Article shall be deemed to have been complied with. The Association shall have the right to charge a reasonable fee, not to exceed \$25.00, for receiving and processing each application. The ACC has approved the standard plans and specifications for proposed Dwellings of the following Builders: Legacy Homebuilders, Inc., Capitol City Homes of Charleston, Inc. and Lennar Carolinas, Inc. (or its affiliate).

After occupancy of a Dwelling as a residence pursuant to a certificate of occupancy or other similar certificate issued by the appropriate governmental authority, no Improvements or Structures (including, without limitation, replacement of any previously existing Improvements) shall be commenced, erected or maintained upon the Lots, nor shall any exterior addition to or change or alteration thereof be made (including, without limitation, changing materials or color of any exterior portion of any such Improvements), nor shall a building permit for such Improvements or change be applied for or obtained, until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by the ACC. If the ACC fails to approve or disapprove such proposed Improvements within sixty (60) days after complete plans and specifications have been received by it, approval will not be required, and this Article shall be deemed to have been complied with. The Association shall have the right to charge a reasonable fee, not to exceed \$25.00, for receiving and processing each application.

The Declarant and, after the Declarant no longer has the Controlling Interest or nor longer owns any Lot within the Development, the Association, shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design and construction technique. The ACC shall approve any Dwellings, Structures or Improvements which it determines,

in its sole discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Property.

Neither the Declarant, the Association, the Board of Directors, the ACC, nor any member or employee of any of them, shall have any liability to any person or entity by reason of any acts taken or omitted by them, or any of them, in good faith pursuant to this Article. Neither Developer nor any member of the ACC shall be responsible or liable in any way for any defects in any plans or specifications approved by the ACC, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant nor any member of the ACC shall be liable for damages to anyone submitting plans or specifications for approval under this Section, or to any owner of property affected by this Declaration by reason of mistake in judgment, negligence, or non-feasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications to the ACC for approval agrees, by submission of such plans and specifications, and every Owner of any Lot agrees, that he will not bring any action or suit against Declarant, or any member of the ACC, to recover for any such damage.

5.04 Variances. The ACC may recommend to the Board, and the Board may, by the vote or written consent of a majority of the members thereof, allow reasonable variances as to the covenants, conditions or restrictions contained in this Declaration, on such terms and conditions as it shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Property. Variances contained in plans that are inadvertently approved by the ACC as part of the proposed improvements shall not be considered as having been approved unless specifically approved by the Board in accordance with the provisions of this Section.

5.05 Building Construction. Not more than one single-family dwelling, not to exceed two (2) stories in height, shall be erected on any lot unless otherwise approved, in writing, by the ACC. During the course of construction, all construction debris must be removed within forty-eight (48) hours. In the event construction debris is not removed within forty-eight (48) hours, the Declarant shall have the right, but not the obligation, to have the debris removed and to have a lien upon the property of the Owner for failure to abide by this Restriction. No pre-lived in, completed modular units or mobile homes will be allowed.

5.06 Setbacks and Building Lines:

(a) Setbacks. All setback and building lines shall conform to the regulations and guidelines established by the City of North Charleston, South Carolina or any other applicable governing body. Variances may be granted or allowed, so long as said variances are approved by the City of North Charleston and the Declarant and after the Declarant no longer has the Controlling Interest or owns any Lot within the Development, the ACC.

(b) Walls and Fences. All walls, fences, planters and hedges shall be controlled strictly for compliance with this Declaration and architectural standards established by the Declarant or

the ACC.

No wall, fence, planter or hedge in excess of two (2) feet in height shall be erected or maintained on a side lot line forward of a point located three (3) feet back from the front exterior corners of the main residential structure located on a Lot. For the purpose of this provision the front wall of the main residential structure excludes bay or box windows, chimney structures or any other similar appendage.

No perimeter wall, fence, or hedge in excess of six (6) feet in height shall be erected and maintained on a side lot line from a point located three (3) feet back from the front exterior corner of the main residential structure, backward to the rear property line on a Lot and along the rear property line of the Lot.

On corner lots, side yard fences must be set back from the side property line a minimum of one-half (1/2) of the side building line setback shown on the plat.

The design and materials of all fences shall be approved by the ACC prior to construction pursuant to the approval requirements of this Article V of this Declaration.

Violators of this provision will be given thirty (30) days written notice by certified mail, return receipt requested, to comply. The thirty (30) day notice period begins on the date the notice is written. Any certified mail not accepted, refused or unclaimed shall be deemed served as of the date the notice is written. After expiration of the notice period, the ACC and/or the Association may take action to correct the violation at the sole cost and expense of the Owner. The Declarant and after the Declarant no longer has the Controlling Interest or owns any Lot within the Development, the ACC, in its discretion, may allow fences in the front portion of any of the Lots that may be used for the construction of model homes or sales offices for any Builders or real estate agencies, as the case may be.

(c) Resubdivision or combining of Lots: Except for the initial creation of Lots by Declarant (including Declarant's right to reconfigure Lots at any time in its sole discretion) Lots may not be subdivided or combined.

(d) Terraces, Eaves: Terraces, stoops, eaves, wing-walls, and steps extending beyond the outside wall of a Dwelling, shall not be considered as a part of the Dwelling.

5.07 Building Requirements: The enclosed heated areas of the Dwelling, exclusive of garages, shall conform to the regulations and guidelines established by the Declarant, the Association (or ACC), the City of North Charleston, South Carolina, or any other applicable governing body.

5.08 Obstructions to View at Intersections: No object or thing (including, but not limited to lower branches of trees) which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways within the triangular area formed by the junction of street curb lines and a line

connecting them at points twenty-five (25) feet from the junction of the street curb lines (or extensions thereof) shall be placed, planted or permitted to remain on any corner lots.

5.09 Completion of Construction: A Dwelling must be completed within one (1) year from the date of commencement of construction. "Completed" shall mean the Dwelling is ready for occupancy as a residence pursuant to a certificate of occupancy or other similar certificate issued by the appropriate governmental authority and all landscaping and other Structures and Improvements are likewise completed.

5.10 Animals: No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot, except that a reasonable number of cats, dogs, and other household pets may be kept provided they are kept within the Dwelling and are not kept, bred, or maintained for any commercial purposes or become a nuisance to the Development. No person owning or having custody of an animal shall allow the animal to stray or go upon another Owner's Lot without the consent of such other Owner. No animals shall be permitted on or in the Common Area at any time except as permitted by the rules and regulations of the Association or by applicable law. All animals shall be on a leash when outside the Owner's Dwelling or the fenced-in area of the Lot. It shall be considered a nuisance if an animal is allowed to go upon another Owner's Lot or to be upon the streets unless under leash or carried by the owner. It shall be the responsibility of each Owner to clean up after and properly dispose of all waste of such animals.

5.11 Offensive Activities: No noxious, offensive, illegal or immoral trade or activities shall be carried on upon any Lot or the Common Area, nor shall anything be done thereon which is or may become an annoyance or nuisance to or which may diminish or destroy the enjoyment of the Owners of other Lots.

5.12 Signs: No signs shall be displayed on any Lot with the exception of one "For Sale" or "For Rent" sign not exceeding 36" x 24" in size and signs of not more than ten (10) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election. The Association may develop uniform sign standards and specifications to which all Owners must adhere. No sign of any kind shall be displayed in or on the Common Area without the prior written consent of the Association. Notwithstanding the foregoing, Declarant and, with the consent of and upon such conditions as Declarant, in its sole discretion, might impose, a Builder shall have the right to erect and maintain signs of any type and size on any Lot which it owns and on the Common Area, in connection with the development and sale of the Property.

5.13 Nature Growth: Trees which have a diameter in excess or six (6") inches measured two (2') feet above ground level, and distinctive flora, shall not be intentionally destroyed or removed except with the prior approval, in writing, of the ACC. Each Owner shall plant and maintain at least 1 one inch caliber living tree in the front yard.

5.14 Antennae: No radio or other electrical towers, aerials, antennae, or other devices of any

type for the reception or transmission of radio broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by 37 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Association shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

An antenna permissible pursuant to rules adopted by the Association may be installed only if it is approved by the ACC pursuant to this Article V.

5.15 Vehicles. The term “Vehicles” as used herein, shall include, without limitation, motor homes, all terrain vehicles, boats, trailers, motorcycles, mini-bikes, motorized scooters, go-carts, trucks, campers, buses, vans and automobiles.

(a) No Vehicle used primarily for commercial purposes (other than those temporarily present on business) and no trailer (except boat trailers and camper trailers) may be parked within the Property. No unlicensed Vehicle or “junk car” shall be kept upon any portion of the Development, except in a garage. For the purpose of the preceding sentence, the term "kept" shall mean present for either a period of more than ten (10) hours or overnight, whichever is less. Such Vehicles identified must be removed by the Owner. The Association shall have the right to remove any such Vehicle if not removed by the Owner within ten (10) days of written notice and the costs of such removal shall be a specific assessment against such Owner. No boat or camper trailers shall be stored upon any portion of the Development unless enclosed in a garage so as not to be visible from the street .

5.16 Garbage and Refuse Disposal: Trash shall be kept in sanitary containers, place out of view from street and shall be placed on the street only on the morning of pick-up and be removed by 6:00 p.m. on the date of pick-up.

5.17 Utility Facilities: Declarant reserves the right to approve the necessary construction, installation and maintenance of utility facilities, including but not limited to water, cable TV, internet services and other telecommunication services, electrical service, telephone and sewerage systems. All residential utility service, telephone, television, internet and lines to Dwellings shall be underground and all fuel tanks, unless approved by the ACC, must be buried.

5.18 Outbuildings. No outbuildings of any type shall be placed upon a Lot whether stationary or permanent.

5.19 Use of Accessory Structures. No tent, shack, barn, car port, metal awnings, metal utility sheds or other building, other than a Dwelling and its garage, shall be erected on a Lot, and used temporarily or permanently as a residence, nor shall any such structure be used for any other purpose. Notwithstanding the foregoing, the Declarant and, with the approval of the Declarant, a Builder may use temporary buildings, offices or facilities in connection with the marketing, sale and

construction of a Dwelling.

5.20 Maintenance of Improvements. Each Owner shall maintain in good condition and repair all Structures and Improvements constructed upon such Owner's Lot, including, without limitation, the Dwelling. No Owner shall change the exterior design or color of the Dwelling on such Owner's Lot, including the roof thereof, except in compliance with this Article V.

5.21 Storage: Clothes Hanging. No Lot or Common Area shall be used for the storage of rubbish. Outside clothes hanging devices shall not be permitted.

5.22 Lawns. Each Lot on which there is a completed Dwelling shall be maintained in a neat condition by the Owner thereof. In this context, the word "Lot" shall include that portion of the property from the outside of the Dwelling on the applicable Lot to the adjacent paved road surface. "Neat" shall require, at a minimum, that the lawn be regularly cut and fertilized and that mulched areas be regularly re-mulched and kept weeded so that its appearance is in harmony with the Development. No Owner shall allow the grass on a Lot to grow to a height in excess of four (4) inches, measured from the surface of the ground. All improved Lots must have grass lawns; no gravel or similar type lawns are permitted.

5.23 Failure to Maintain. If an Owner fails to maintain the Lot or the improvements thereon, the Association, after giving such Owner at least ten (10) days' written notice, shall be authorized to undertake such maintenance at the Owner's expense. By accepting title to his Lot, each Owner shall be deemed to grant access upon the Owner's Lot and Dwelling for such purpose and such entry shall not constitute a trespass. If such maintenance is undertaken by the Association or Declarant, the charge therefor and all costs of enforcement and collection shall be secured by a lien against the Lot as provided in this Declaration.

5.24 Leased Dwellings. An Owner may lease or sublet his Dwelling; provided, however, that any lease or sublease must be in writing and contain the following provision:

"Tenant shall obey, adhere to and be bound by all provisions of the Declaration Of Covenants, Restrictions And Easements For Colony, recorded in the RMC Office for Charleston County, South Carolina. Tenant acknowledges that he has received of a copy such Declaration and the rules and regulations of the Association and is familiar with the provisions of same."

If an Owner fails to include said provision in any lease or sublease, it shall be conclusively deemed to be included and part of said lease or sublease.

5.25 Seasonal or Holiday Decorations. (e.g., Christmas trees and lights, pumpkins, Easter decorations) shall be removed from each Lot or Dwelling within a reasonable period of time after such holiday passes. The ACC has the sole discretion to determine what is a reasonable period of time for seasonal or holiday decorations to exist after the holiday passes and its determination shall be final.

5.26 Water Retention Areas. The Association shall be responsible for maintaining the portions of the storm water drainage system which are within the Common Area, including the water quality and quantity standards of the approved plans, to the extent required by law. A drainage easement is hereby dedicated to the Association for the purpose of maintaining the storm water system to meet water quality and quantity design standards of the approved plans and any future governmental laws, rules or regulations.

Each Owner of a Lot which borders a water retention area shall maintain any portion of that Owner's Lot lying within a retention area free of debris but shall not remove any wetlands species or do anything that would affect adversely water quality within the water retention area.

Swimming and bathing in water retention areas are prohibited. Docks or other structures shall not be erected in water retention areas without the prior written consent of the Association. All other uses of water retention areas shall be subject to the prior written approval of the Association and such rules and regulations as the Association may adopt from time to time.

ARTICLE VI EASEMENTS, ZONING AND OTHER RESTRICTIONS

6.01 Access and Utility Easements. Easements for the installation and maintenance of driveways, walkways, water, gas, telephone, internet or other telecommunication facilities, cable television and electric power transmission lines, sanitary sewer and storm water drainage facilities, and for other public utility installations are reserved as shown on the recorded plats of the Property or any portion thereof. The Association may reserve or grant easements over the Common Area as provided in this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period of thirty (30) years from the date hereof, Declarant reserves, for itself and its employees, agents, successors and assigns, an easement upon and a right of ingress, egress and regress on, over and under the Property for the purposes of constructing and maintaining water, sewer, gas, storm water drainage and retention, telephone, cable television, and electric, and other utility facilities to the extent required by any applicable governmental entity or deemed by the Declarant to be necessary or convenient for the development, use and enjoyment of the Property and the Common Area and for the conduct of construction, sales and marketing activities. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, Declarant shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. Declarant shall give reasonable notice of its intent to take such action to each Owner whose Lot is affected.

6.02 Easements for Governmental Access. An easement is hereby established over the

Common Area and every Lot within the Property for the benefit of applicable governmental agencies for installing, removing, and reading water meters, maintaining and replacing water and sewer facilities, and acting for other purposes consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection and the delivery of mail.

6.03 Owner's Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any Dwelling is located closer than five (5) feet from its Lot line, the Owner thereof shall have a perpetual access easement over the adjoining Lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of such Dwelling. Such work shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Lot to as nearly the same condition as that which existed prior to the commencement of the work as is reasonably practicable. No fence shall be erected within such area adjoining a Dwelling.

6.04 Association's Easement and Right of Entry. The Association, for itself and its employees, agents, contractors, subcontractors and invitees, shall have a perpetual access easement over each Lot to the extent reasonably necessary to perform the maintenance to be performed by the Association.

6.05 Easement Over Common Area. A perpetual, non-exclusive easement over the Common Area is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing access, ingress and egress to and from streets, parking areas and walkways serving the Property.

6.06 Zoning and Private Restrictions: None of the covenants, restrictions or easements created or imposed by this Declaration shall be construed as permitting any action prohibited by applicable zoning laws, or by the laws, rules or regulations of any governmental body. In the event of any conflict between such laws, rules or regulations and the covenants, restrictions and easements created or imposed by Declaration, the most restrictive provision shall govern and control.

ARTICLE VII ENFORCEMENT

7.01 Right of Enforcement: This Declaration and the Restrictions, easements, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration contained herein shall inure to the benefit of and shall be enforceable, by proceeding at law or in equity, by (i) the Declarant so long as it is an Owner, (ii) the Association, and (iii) each Owner, his heirs, devisees, legal representatives, successors and assigns. Further, the Board of Directors shall have the right to record in the appropriate land records a notice of violation of this Declaration or the Bylaws of the Association, or any rules, regulations, use restrictions, or design guidelines promulgated by the Association and to assess the cost of recording and removing such notice against the Owner in violation of the Declaration.

7.02 Right of Abatement:

(a) Except where different notice provisions are provided herein, in the event of a violation or breach of any Restriction or other provision contained in this Declaration, the Association shall give written notice by certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Owner shall fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the mailing of said written notice, then the Association shall have the Right of Abatement.

(b) The “Right of Abatement” means the right of the Association, through its agents and employees, to enter at all reasonable times upon any Lot, Dwelling, Improvement or Structure as to which a violation, breach or other conditions to be remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove, or repair such violation, breach or other condition which may exist thereon contrary to the provisions hereof, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions, provided such entry and such actions are carried out in accordance with the provisions of this Section, and with the costs thereof including the costs of collection including reasonable attorneys' fees, together with interest thereon at the lower of the highest rate permitted by law or fourteen (14%) percent to be a binding personal obligation of such Owner enforceable in law, as well as a lien on such Owner's Lot enforceable pursuant to the provisions hereof. Such lien shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Lot after such entry whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, or other instrument, excepting only (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the liens for assessment referred to above, and (iii) all mortgages given to secure a loan the proceeds of which are used (1) to purchase a Lot or Lots (together with any and all Structures which may from time to time be placed or located thereon) or (2) to finance the construction, repair, or alteration of any or all Structures which may from time to time be placed or located thereon or (3) to refinance outstanding mortgages..

7.03 Specific Performance: Nothing contained in this Declaration shall be deemed to affect or limit the rights of the Declarant, the Association or any Owner to enforce the Restrictions or other provisions contained in this Declaration by appropriate judicial proceedings or to recover damages. However, it is hereby declared that it may be impossible to measure accurately in money the damages which will accrue to a beneficiary hereof, its transferees, successors or assigns, by reason of a violation of, or failure to perform, any of the obligations provided by this Declaration; and therefore, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance, as well as any other relief available at law or in equity, to enforce the provisions hereof.

7.04 Collection of Assessments and Enforcement of Lien:

(a) If any assessment, interest, cost or other charge is not paid as required by this Declaration, the Association may bring either an action at law against the Owner personally obligated to pay the same, or an action to foreclose any lien created by this Declaration against the

Lot or Lots subject to the lien, or both, plus any interest thereon and costs of collection, including reasonable attorneys' fees.

(b) No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot. No diminution or abatement of assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility 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.

7.05 No Waiver: The failure of the Declarant, the Association, or the Owner of any Lot, his or its respective heirs, legal representative, devisees, successors and assigns, to enforce any Restrictions or other provisions contained in this Declaration herein contained shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

ARTICLE VIII DURATION AND AMENDMENT

8.01 Duration: The provisions of this Declaration, and any amendments thereto, are appurtenant to and shall run with and be binding upon the title to the Property, shall be binding upon and inure to the benefit of all Owners the Declarant, the Association and all mortgagees, and their respective heirs, executors, legal representatives, successors and assigns, and successors in title, and shall be and remain in effect for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or amended by a vote of the Owners as set forth below; provided, however, the rights and easements which are stated herein to have a longer duration shall have such longer duration. The number of ten (10) year renewal periods shall 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 shall be no renewal or extension of this Declaration if, during the last year of an initial period or the last year of any ten (10) year renewal period, seventy-five percent (75%) of the total votes of the Association are cast in favor of terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination shall be filed of record in the RMC Office for Charleston County, South Carolina, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes and, upon recordation, shall be binding on all Lots within the Property and the Owners thereof, without regard to whether the Owner of such Lot voted for or against such termination. Every purchaser or grantee of any interest in the Development, by acceptance of a deed or other conveyance thereof, thereby agrees that the provisions of this

Declaration shall run with the land and be binding upon the title to the land as provided hereby. No termination of this Declaration shall be enforceable or valid if the Declarant owns a Controlling Interest, unless Declarant consents in writing to the termination.

8.02 Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until that date which is twenty-one (21) years after the death of the last survivor of the now living descendants of Mrs. Barbara Bush, mother of President George W. Bush. In the event that any of the provisions hereunder are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then, in the event, such term shall be reduced to a period of time which shall not violate the rule against perpetuities or any other law of the State of South Carolina, and such provision shall be fully effective for said reduced period of time.

8.03 Amendments by Declarant: During any period in which Declarant retains a Controlling Interest, Declarant may amend this Declaration by an instrument in writing, filed and recorded in the Deed Book of the office of the RMC for Charleston County, South Carolina, without the approval of any Owner or mortgagee; provided, however, that (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Lot or of the Common Area as set forth in this Declaration or if such amendment adversely affects the title to any Lot, such amendment shall be valid only upon the written consent thereto by a majority of the then existing Members affected thereby, or (ii) in the event that such amendment would materially and adversely affect the security title and interest of any mortgagee, such amendment shall be valid only upon the written consent thereto of all such mortgagees so affected. Any amendment made pursuant to this Section shall be certified by Declarant as having been duly approved by Declarant, and such Members and mortgagees, if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself.

Notwithstanding anything to the contrary herein, Declarant for so long as it owns a Controlling Interest may unilaterally amend this Declaration or any other instruments relating to this Development (including without limitation the articles and bylaws of the Association) (i) if such amendment is necessary to bring any provision hereof or thereof into compliance with the provisions of any applicable governmental statute, rule or regulation or with any judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots subject to this Declaration, (iii) if such amendment is required by an institutional or governmental lender, purchaser or guarantor 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 loans secured by any property subject to this Declaration (iv) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration, or (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration.

8.04 Amendment by Association: Amendments to this Declaration, other than those

authorized above, shall be proposed and adopted in the following manner:

- (a) Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each Member of the Association.
- (b) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board or by Members of the Association. Such amendment must be approved by Members holding at least two thirds (2/3) of the total votes in the Association; provided, however, (i) that any amendment which materially and adversely affects the security title and interest of any mortgagee must be approved by such mortgagee, and (ii) during any period in which Declarant has a Controlling Interest, such amendment must be approved by Declarant.
- (c) The agreement of the required percentage of the Owners and, where required, the Declarant and any mortgagee, to any amendment of this Declaration shall be evidenced by their execution of such amendment, or, in the alternative, and provided that Declarant does not then have the right to approve such amendment, the sworn statement of the President and any Vice President or the Secretary of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement shall state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded or at such later date as may be specified in the amendment itself.

ARTICLE IX ANNEXATION AND CONSTRUCTION AND SALE PERIOD

9.01 Annexation: For so long as Declarant has a controlling Interest in the Property additional real property may be annexed to the Property by the Declarant without the consent of the Class A Members. Such annexation shall be accomplished by filing in the RMC Office for Charleston County an approved subdivision plat describing the real property to be annexed to the Property and by including on such subdivision plat a statement that expressly sets forth the Declarant's intention to make such annexed real property subject to the provisions of the Declaration; or by filing an amendment to the Declaration which has been consented to by the owners of the real property to be annexed if any portion of such real property to be annexed is owned by someone other than Declarant. At the expiration of Declarant's Controlling Interest in the Property, no real property may be annexed to the Property unless such annexation is approved by a two thirds (2/3) vote of the Members of the Association who are present in person or by proxy and voting at a meeting of Members duly held in accordance with the provisions of the By-Laws of the Association.

Any amendment to this Declaration for the purposes of this Article IX may contain such complementary additions to and modifications of the covenants and restrictions contained in this

Declaration, including, without limitation, different voting rights and different annual and special assessments for the Lots so annexed, as Declarant, in its sole discretion, may deem necessary or appropriate to reflect the different character or use of the property added. In no event, however, shall any amendment revoke, modify or add to the covenants and restrictions established by this Declaration so as to materially and adversely affect any portion of the Property already subject to this Declaration. An amendment annexing additional property need only be executed by the Declarant and, if applicable, by the owner of the property being annexed, and shall not require the joinder or consent of the Association or any of its Members.

Nothing contained in this Article shall be construed to obligate or require Declarant to make any additions to the Property.

9.02 Conveyance of Common Area in Annexed Property: Promptly upon request of Declarant, the owner of the annexed property shall convey any or all Common Area located within the newly annexed property to the Association or, if requested by the Declarant, to the Declarant. Title to such Common Area shall be conveyed in the same manner as set forth in this Declaration.

9.03 Merger: Additional property may also be made subject to this Declaration by merger or consolidation of the Association with another non-profit corporation formed for the same or similar purposes. The surviving or consolidated association shall administer the covenants and Restrictions established by this Declaration within the Property and the covenants and restrictions established upon property owned by the other association as one scheme. No such merger or consolidation shall cause any revocation, change or addition to this Declaration.

9.04 Effect of Addition of Property: Except by amendment of this Declaration as provided in this Declaration, no addition of property, whether by annexation, merger or consolidation, shall revoke or modify any provision of this Declaration as to the Property already subject hereto or diminish the rights of the Owners of Lots within the Property, except for the dilution of voting strength that occurs as a result of inclusion of additional Members of the Association.

9.05 Withdrawal of Property: Declarant reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to this Article for the purpose of removing any portion of the Property then owned by Declarant or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes whatsoever in the plans for the Development, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Development.

9.06 Good Faith Lender's Clause: Any violation of these covenants, conditions or restrictions shall not affect any lien or mortgage of record held in good faith, upon any Lot, which liens may be enforced in due course, subject to the terms of this Declaration.

9.07 Construction and Sale Period: Notwithstanding any provisions contained in this Declaration, the By-Laws, Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's Controlling Interest as provided herein

terminates, it shall be expressly permissible for Declarant and any Builder or developer approved by Declarant to maintain and carry on, upon such portion of the Development as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be required, convenient, or incidental to Declarant's and such builder's or developer's development, construction, and sales activities related to property subject to this Declaration, including, but without limitation: the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Development; the right to tie into any portion of the Development with driveways, parking areas and walkways; the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device which provides utility or similar services including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under, and/or over the Development; the right to carry on sales and promotional activities in the Development; and the right to construct and operate business offices, signs, construction trailers, material storage areas, model residences, off-street parking areas, and sales offices. Declarant and any such builder or developer may use residences or offices owned or leased by Declarant or such builder or developer as model residences and sales offices. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the person causing any damage at its sole expense.

ARTICLE X MISCELLANEOUS

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

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

10.03 Interpretation: The headings of the Articles and Sections hereof are for convenience only and shall not affect the meaning or interpretation of the contents of this Declaration. Unless the context otherwise requires, the use herein of the singular shall include the plural and vice versa: the use of one gender shall include all genders; and the use of the word "including" shall mean "including, without limitation". This Declaration and the provisions thereof shall be construed and enforced in accordance with the laws of the State of South Carolina.

10.04 Intentionally Omitted

10.05 Notices: All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures or contents of any kind made pursuant to this Declaration, whether made by the Declarant, the Association, the ACC, the Owner, or any other person, shall be in writing. All such writings shall be sufficient only if deposited in the United States Mail, with sufficient postage, and sent to the following addresses:

Declarant: Four-M Family Limited Partnership

2789 N. Okatie Highway
Ridgeland, SC 29936

Owners: Each Owner's address as registered with
the Association in accordance with the By-Laws

The Declarant reserves the right to change its address from time to time by written communication to the Association or by filing an amendment to this Declaration specifying its new address in the RMC Office for Charleston County, South Carolina.

Any written communication transmitted in accordance with this Section shall be deemed received on the third (3rd) day following the day such written notice is deposited in the United States Mail.

10.06 No Liability: Declarant has, using best efforts and all due diligence, prepared and recorded this Declaration so that each and every Owner shall have the right and the power to enforce the terms and provisions of this Declaration against every other Owner. However, in the event that this Declaration or any provision herein is, for any reason whatsoever, unenforceable by an Owner (or any other person) in a court of law or otherwise, Declarant shall have no liability of any kind as a result of such unenforceability, and each and every Owner, by acceptance of a deed conveying a Lot, acknowledges that Declarant shall have no such liability. In addition, neither the Declarant nor the Association shall have any liability of any kind as a result of the failure to enforce any provision contained in this Declaration.

10.07 Insurance:

(a) At all times during the terms of this Declaration, the Association, its successors and assigns, shall be required to keep any and all recreational facilities and any other improvements located on the Common Area fully insured by a reputable insurance company authorized to transact business in the State of South Carolina with (i) fire, vandalism, malicious mischief and extended coverage insurance in an amount adequate to cover the cost of replacement of such improvements, fixtures and contents thereof, and (ii) public liability insurance in such amounts as shall be determined by the Board of Directors as appropriate for the type of recreational activities which shall be allowed on the Common Area but not less than One Million (\$1,000,000.00) Dollars of coverage per occurrence. Any such policies of insurance shall require that the certificate holders and insured be given thirty (30) days prior written notice of any cancellation of such policies.

(b) Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall provide written notice to the Declarant of the damage or destruction incurred and proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section, means repairing or restoring the Property to substantially the same condition and location that existed prior to the fire or

other casualty.

Any damage or destruction shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five percent (75%) of the total Association vote entitled to vote thereon, and, so long as Declarant has the right to appoint and remove Directors, the Declarant, otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed one hundred and twenty (120) days. No mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Association's Members, levy a special assessment. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited for the benefit of the Association.

In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then in that event the Property shall be restored to its natural state and maintained as an undeveloped portion of the Development in a neat and attractive condition until the Association establishes another use for said property.

(c) The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the persons who are responsible hereunder for maintenance of the damaged or destroyed property.

10.08 Dispute Resolution.

(a) Consensus for Association Action.

(1) Except as provided in this Section, the Association may not commence a legal proceeding or an action under this Article without the approval of at least two-thirds of the Members. The foregoing shall not apply to: (i) actions brought by the Association to enforce the provisions of this Declaration, the Bylaws, or rules and regulations adopted by the Association (hereinafter collectively referred to as the ("Governing Documents")); (ii) the imposition and collection of assessments; (iii) proceedings involving challenges to ad valorem taxation; or (iv) counterclaims brought by the Association in proceedings against it.

(2) Prior to the Association or any Member commencing any proceeding to which Declarant is a

party, including, without limitation, a proceeding based on an alleged defect in any improvement, Declarant shall have the right to be heard by the Members, or the particular Member, and to have access to inspect and correct the condition of or redesign any portion of any improvement as to which a defect is alleged or to otherwise correct or resolve the dispute.

(b) Alternative Method for Resolving Disputes. Declarant, its officers, directors, employees and agents, the Association, its officers, directors and committee members, all Owners, Members, any Builder, its officers, directors, employees and agents, and any other person or entity not otherwise subject to this Declaration who agrees to submit to this Section 10.08 (each such person or entity being herein referred to as a "Bound Party" or, in groups, as the "Bound Parties") each agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances and disputes described in Subsection (c) hereof (herein referred to as the "Claims") to the procedures set forth in Subsection (d) hereof.

(c) Claims. Unless specifically exempted below, all Claims between any of the Bound Parties, regardless of how such Claims might have arisen or on what they might be based, including, but not limited to, Claims: (i) arising out of or relating to the interpretation, application or enforcement of the Governing Documents or the rights, obligations and duties of any Bound Party under the Governing Documents; (ii) relating to the design and construction of improvements; or (iii) based on any statements, representation, promises, warranties, or other communications alleged to have been made by or on behalf of any Bound Party, shall be subject to the provisions of Subsection (d) hereof. Notwithstanding the foregoing, unless all parties to any such dispute otherwise agree in writing, the following shall not be deemed to be Claims covered by this Subsection (c) and shall not be subject to the provisions of Subsection (d):

(1) any proceeding by the Association against any Bound Party to enforce the provisions of Article V of this Declaration:

(2) any proceeding by the Association or the Declarant to obtain a temporary restraining order or injunction (or equivalent equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's or the Declarant's ability to act under and enforce the provisions of Articles VIII and XI of this Declaration;

(3) any proceeding between or among Owners, which does not include the Declarant, a Builder, or the Association as a party, if such proceeding asserts a Claim which would constitute a cause of action independent of the Governing Documents; or

(4) any proceeding in which no Bound Party is an indispensable party.

With the consent of all parties thereto, any dispute involving any of the foregoing excepted actions may be submitted to the alternative dispute resolution procedures set forth in Subsection (d).

(d) Mandatory Procedures.

(1) Notice. Any Bound Party having a Claim (the "Claimant") against any other Bound Party (the "Respondent") (the Claimant and the Respondent being herein individually referred to as a "Party" and collectively as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

(i) the nature of the Claim, including the persons or entities involved and the Respondent's role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific provisions of the Governing Documents or other authority out of which the Claim arises);

(iii) the proposed remedy; and

(iv) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(2) Negotiation and Mediation.

(i) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board of Directors of the Association may appoint a representative to assist the Parties in their negotiations.

(ii) If the Parties do not resolve the Claim within 30 days after the date of the Notice (or within such other time period as may be agreed upon by the Parties), Claimant shall have an additional 30 days in which to submit the Claim to mediation under the auspices of the American Arbitration Association ("AAA") in accordance with the AAA's Commercial or Construction Industry Mediation Rules, as appropriate.

(iii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation. Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge the Respondent from any liability to any person or entity other than the Claimant.

(iv) Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the Parties. If the Parties do not settle the Claim within 30 days after submission of the matter to AAA mediation, or within such other time as may be determined by the mediator or agreed to by the Parties, the mediator shall issue a written notice of termination of the mediation process, which notice shall state that the Parties are at an impasse and set forth the date that mediation was terminated (hereinafter "Termination of Mediation").

(v) Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees and expenses of the mediator and the administrative fees of mediation. If

the Parties agree to a resolution of a Claim through negotiation or mediation as set forth in this Subsection (d), and any Party thereafter fails to abide by the terms of the settlement agreement, any other Party may file suit or initiate arbitration proceedings to enforce the agreement without the need to again comply with the procedures set forth in this Subsection (d). In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or, if more than one Party is in noncompliance, from all non-complying Parties pro rata) all costs incurred by such Party in enforcing the agreement, including, without limitation, attorneys' fees and court costs.

(3) Binding Arbitration.

(i) After Termination of Mediation, Claimant shall be entitled to submit the Claim to final, binding arbitration under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. No Claim subject to this Subsection (d), whether by the provisions thereof or by agreement of the Parties, shall be submitted to or decided by or in a court of law. Any judgment upon the award entered by the arbitrator may be entered in and enforced by a court of competent jurisdiction. If the amount claimed by the Complainant or, by the Respondent in a counterclaim, exceeds \$250,000, the Claim shall be heard and determined by three arbitrators. Otherwise, unless the Parties otherwise agree, the Claim shall be heard and determined by an arbitrator. An arbitrator shall have expertise in the areas of the Claim, which may include legal expertise if legal issues are involved.

(ii) Each Party shall bear its own costs of the arbitration, including attorneys' fees, and each Party shall share equally all fees and expenses of the arbitrator and the administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the non-contesting Party shall be awarded reasonable attorneys' fees and expenses incurred in defending such contest. All decisions regarding the arbitrability of any Claim shall be decided by the arbitrator(s).

(iii) The award of the arbitrators shall be accompanied by detailed written findings of fact and conclusions of law. Except as required by law or for confirmation of an award, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all Parties involved in the arbitration.

(e) Amendment of Subsection. Notwithstanding any other provision of this Declaration, this Section 10.08 may not be amended prior to the expiration of 20 years from the date of recording of this Declaration without the prior written consent of the Declarant.

ARTICLE XI
MORTGAGE PROVISIONS

The following are provisions for the benefit of holders of first mortgages of Dwellings or Lots in the Development. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

11.01 Books and Records. An institutional holder, insurer, or guarantor of a first mortgage on any Lot, or its agent, shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, Bylaws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding fiscal year.

11.02 Notices of Action: An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, guarantor, and the Dwelling number therefore becoming an "eligible holder"), will be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Development or which affects any Dwelling or Lot of which there is a first mortgage held, insured, or guaranteed by such eligible holder;
- (b) Any delinquency in the payment of assessments or charges owed by an Owner of a Dwelling or Lot subject to the mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to a written notice from the Association of any default in the performance by an Owner of a Dwelling or Lot of any obligation under the Declaration or By-Laws of the Association which is not cured within sixty (60) days.
- (c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and
- (d) Any proposed action which would require the consent of a specified percentage of eligible mortgagees.

11.03 Special FHLMC Provision: So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two thirds (2/3) of the first mortgagees or at least two thirds (2/3) of the total Members of the Association entitled to vote thereon consent, the Association shall not:

- (a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);
- (b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Dwelling or Lot;
- (c) By act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots and Dwellings and of the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this subsection);
- (d) Fail to maintain insurance, as required by this Declaration; or
- (e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

11.04 No Priority: No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Dwelling or Lot in the cases of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

11.05 Notice to Association: Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Dwelling or Lot.

11.06 Amendment by Board: Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

11.07 Applicability of Article XI: Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, or

JOINDER OF LEGACY HOMEBUILDERS, INC.

The undersigned, Legacy Homebuilders, Inc., a South Carolina corporation, has hereby caused this instrument to be signed, sealed, and delivered as of this ____ day of July, 2007 to signify its consent and joinder pursuant to the terms of this Declaration.

SIGNED, SEALED, AND DELIVERED
IN THE PRESENCE OF:

LEGACY HOMEBUILDERS, INC., a
South Carolina corporation

Witness Number 1

By: _____ (SEAL)
Name: _____
Title: _____

Witness Number 2

STATE OF SOUTH CAROLINA

COUNTY OF _____

I, _____, a notary public for South Carolina, do hereby certify that Legacy Homebuilders, Inc., by _____, its _____, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal (where an official seal is required by law) official seal this ____ day of July, 2007.

Signature of Notary Public
My commission expires: _____

JOINDER OF CAPITOL CITY HOMES OF CHARLESTON, INC.

The undersigned, Capitol City Homes of Charleston, Inc., a South Carolina corporation, has hereby caused this instrument to be signed, sealed, and delivered as of this ____ day of July, 2007 to signify its consent and joinder pursuant to the terms of this Declaration.

SIGNED, SEALED, AND DELIVERED
IN THE PRESENCE OF:

CAPITOL CITY HOMES OF
CHARLESTON, INC., a South Carolina
corporation

Witness Number 1

By: _____ (SEAL)
Name: _____
Title: _____

Witness Number 2

STATE OF SOUTH CAROLINA

COUNTY OF _____

I, _____, a notary public for South Carolina, do hereby certify that Capitol City Homes of Charleston, Inc., by _____, its _____, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal (where an official seal is required by law) official seal this ____ day of July, 2007.

Signature of Notary Public (SEAL)
My commission expires: _____

Exhibit “A”
Legal Description

ALL AND SINGULAR, all those certain pieces, parcels, and tracts of land lying and being situate in the City of North Charleston, County of Charleston, State of South Carolina and being further delineated and shown on that certain plat entitled “FINAL PLAT SHOWING THE SUBDIVISION OF TRACT “C”, TMS# 484-00-00-007 TO FORM LOTS 1-134 & 150-247, TRACT “B2” & TRACT “C” RESIDUAL COLONY NORTH-PHASE IV, PROPERTY OF MALPHRUS DEVELOPMENT LOCATED IN THE CITY OF NORTH CHARLESTON, CHARLESTON COUNTY, SC” prepared by Joseph O. Eelman-SCRLS No. 15492-B of Horner, Eelman & Gearhart, LLC, dated January 22, 2007 and recorded March 14, 2007 in Plat Book EK at Page 544 in the office of the RMC Office for Charleston County, South Carolina.

THIS PROPERTY ALSO KNOWN AS:

ALL that piece, parcel or tract of land, consisting of 66.66 acres, be the same a little more or less, situate, lying and being in the City of North Charleston, County of Charleston, State of South Carolina, and being the area within the lines between the points A-B-C-D-E-F-G-H-I-J-K-L-M-N-O-P-Q-R-S-T-U-V-W-X-Y-Z—AA-BB-CC-DD-EE-FF-G-HH-II-JJ-KK-LL-MM-NN-OO-PP-QQ-A as shown and delineated on a plat by JOSEPH O. EELMAN entitled “Plat of a Boundary Survey showing a Property Line Adjustment between Tract ‘C’ & ‘B2’ TMS 484-00-00-007 & 008 Also the formation of Tract ‘B3’ at the request of Malphrus Development, Inc., Located in Charleston County, SC” January 20, 2005, which plat is recorded in the R.M.C. Office for Charleston County, S.C., in Plat Book EH, at Page 722. Said tract has such size, shape, dimensions, buttings and boundings as will by reference to said plat more fully appear.

This being the identical property conveyed to Four-M Family Limited Partnership by deed of Donnie B. Malphrus dated October 11, 2005 and recorded in Book 558 at Page 173 in the office of the RMC Office for Charleston County, South Carolina.

THIS PROPERTY INCLUDES:

ALL those certain pieces, parcels or lots of land, situate, lying and being in the City of North Charleston, County of Charleston, State of South Carolina, known as LOTS 119, 120, 121, 122, 123, 125, 126, 133, 134, 220, 222, 224, 242, 244, AND 246, shown and designated on survey entitled “FINAL PLAT SHOWING THE SUBDIVISION OF TRACT “C,” TMS #484-00-00-007, TO FORM LOTS 1-134 & 150-247, TRACT “B2” & TRACT “C” RESIDUAL – COLONY NORTH – PHASE IV, PROPERTY OF MALPHRUS DEVELOPMENT, LOCATED IN THE CITY OF NORTH CHARLESTON, CHARLESTON COUNTY, SC,” prepared by Joseph O. Eelman, SCRLS No. 16492-B, Horner, Eelman & Gearhart, LLC, dated January 22, 2007, and recorded in Plat Book EK at Page 544, Office of the RMC for Charleston County.

SAID lots having such size, shape, dimensions, buttings and bounding as will by reference to said plat more fully appear.

This being the identical property conveyed to Legacy Homebuilders, Inc. by deed of Four-M Family Limited Partnership dated May 4, 2007 and recorded May 11, 2007 in Book 625 at Page 066 in the office of the RMC Office for Charleston County, South Carolina.

AND:

ALL those certain pieces, parcels or lots of land, situate, lying and being in the City of North Charleston, County of Charleston, State of South Carolina, and being shown and designated as Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45, Colony North Subdivision, and being shown and delineated on a plat entitled "FINAL PLAT SHOWING THE SUBDIVISION OF TRACT "C," TMS #484-00-00-007, TO FORM LOTS 1-134 & 150-247, TRACT "B2" & TRACT "C" RESIDUAL – COLONY NORTH – PHASE IV, PROPERTY OF MALPHRUS DEVELOPMENT, LOCATED IN THE CITY OF NORTH CHARLESTON, CHARLESTON COUNTY, SC," dated January 27, 2007 and recorded in the RMC Office for Charleston County in Plat Book EK at Page 544. Said lots having such size, shape, dimensions, buttings and boundings as will more fully appear by reference to said plat.

This being the identical property conveyed to Capitol City Homes of Charleston, Inc. by deed of Four-M Family Limited Partnership dated April 11, 2007 and recorded April 12, 2007 in Book 621 at Page 450 in the office of the RMC Office for Charleston County, South Carolina.