

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

WATERFORD POINTE

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration") is made this 30th day of October, 2000, by CRESCENT COMMUNITIES S.C., INC., a South Carolina corporation (the "Declarant"). All capitalized terms used herein shall have the meanings set forth in Article I or elsewhere in this Declaration.

STATEMENT OF PURPOSE

Declarant is the owner of certain Property located in Oconee County, South Carolina, which is more particularly described on that certain map recorded in Plat Book A 778, Pages 4 and 5, in the Office of the Register of Deeds of Oconee County, South Carolina. Declarant desires to provide for the creation of a residential community of single-family residences to be named Waterford Pointe (the "Development").

Declarant desires to insure the attractiveness of the Development, to prevent any future impairment thereof, to prevent nuisances and to enhance the value and amenities of all properties within the Development. Furthermore, Declarant desires to provide for the maintenance and upkeep of certain Common Areas within the Development. As part of such Common Area, Declarant desires to construct and provide for the maintenance and upkeep of a lighted Entrance Monument to be located at the entrance to the Development, which Entrance Monument will be for the common use and benefit of all Owners. In addition, as part of such Common Area, Declarant reserves the right to construct an Amenity Area (including, but not limited to, a pool, clubhouse, parking area and tennis courts), Parking Area(s), Boat Storage Areas, Boatslips and Piers containing Boatslips over the waters of Lake Keowee (the "Lake"). The Piers, Boatslips and Boat Storage will be for the use and benefit of Owners who are entitled to the use of said improvements, as more specifically provided in this Declaration.

Declarant desires to provide for a system whereby all Owners will pay for the maintenance and upkeep of the Common Areas; provided, however, that maintenance and upkeep of the Piers, Boatslips and Boat Storage Area will be paid for only by Owners in the Development who are entitled to the use of a Boat slip and Pier and Boat Storage Area, as more specifically provided in this Declaration. All Owners in the Development will pay the cost associated with leasing the Street Lights and the cost of maintenance and upkeep of the Amenity Area, Entrance Monument, Parking Area(s), Roadways (prior to their acceptance for public maintenance) and such other Common Areas as such Owners are entitled to use and enjoy.

To these ends, Declarant desires to subject the Property herein to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each Owner thereof.

Declarant further desires to create an organization to which will be delegated and assigned the powers of: (a) owning, maintaining and administering the Common Areas, except as otherwise provided in the Declaration; (b) administering and enforcing the covenants and restrictions contained herein; and (c) collecting and disbursing the assessments and charges hereinafter created, in order to efficiently preserve, protect and enhance the values and amenities

in the Development, including the Common Areas, to ensure specific rights, privileges and easements in the Common Areas, and to provide for the maintenance and upkeep of the Common Areas, and as provided in the Declaration.

To that end, Declarant has or will cause to be incorporated under South Carolina law, pursuant to the Articles of Incorporation attached hereto as Exhibit “A” and incorporated herein by reference, Waterford Pointe Owners Association, Inc., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions, said corporation to be governed by the Bylaws attached hereto as Exhibit “B” and incorporated herein by reference.

NOW, THEREFORE, Declarant, by this Declaration, does declare that all of the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the Property and be binding on all parties owning any right, title or interest in said Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. “Additional Declaration” shall mean and refer to any Declaration of Covenants, Conditions and Restrictions filed in the Office of the Register of Deeds of Oconee County, South Carolina with regard to a certain Phase, section or portion of the Property, as more particularly described in Article II, Section 2 hereof.

Section 2. “Additional Property” shall mean and refer to any additional real estate in the vicinity, of or contiguous to the Property, which may be made subject to the terms of this Declaration in accordance with the provisions of Article II, Section 2 of this Declaration.

Section 3. “Amenity Area” or “Amenity Areas” shall mean and refer to the parcel or parcels of land labeled “Amenity Area” (or a similar term) on the Map, together with any parking area, clubhouse, pool, or other recreational amenity or facility constructed or placed thereon for the common use and enjoyment of all Owners.

Section 4. “Architectural Changes Committee” shall have the meaning set forth in Article IX, Section 11 hereof.

Section 5. “Architectural Control Committee” shall mean and refer to the committee appointed by the Board to oversee the development and enforcement of architectural control standards and restrictions with respect to the Development and to perform certain other functions described in the Declaration.

Section 6. “Architectural, Landscape and Lake Buffer Guidelines” shall have the meaning as set forth in Article IX, Section 3 hereof.

Section 7. “Articles of Incorporation” shall mean and refer to the Articles of Incorporation for the Association attached as Exhibit “A” hereto and incorporated herein by reference.

Section 8. “Association” shall mean and refer to Waterford Pointe Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

Section 9. “Board” or “Board of Directors” shall mean and refer to the Board of Directors of the Association, which shall be elected and shall serve pursuant to the Bylaws.

Section 10. “Boat Dock Facility” or Boat Dock “Facilities” shall mean and refer to the Piers and Boatslips which adjoin Lake Access Areas and are intended for the use of Boatslip Lot Owners.

Section 11. “Boat Storage Area” shall mean and refer to the certain portion of the Common Area (the general configuration of which is shown in Exhibit “E”) now or hereafter designated by Declarant for the storage of boats, together with any additional Boat Storage Areas which Declarant may cause to be constructed in accordance with the terms of Article II, Section 2 of this Declaration. The Boat Storage Area shall be used exclusively by Boat Storage Lot Owners.

Section 12. “Boat Storage Lots” shall mean and refer to those Lots in the Development which have, as an appurtenance to the Lot, the right to use an assigned Boat Storage Space in accordance with and as more particularly set forth in Article IV, Section 10 of this Declaration.

Section 13. “Boat Storage Space” shall mean and refer to the assigned spaces which are located in the Boat Storage Area, together with any additional Boat Storage Spaces which Declarant may cause to be constructed in accordance with the terms of Article II, Section 2 of this Declaration.

Section 14. “Boatslip” or “Boatslips” shall mean and refer to those certain Boatslips located in the Boat Dock Facility(s), within the area shown as “Boatslip Area” on Exhibit “D” hereto, which Declarant shall be under no obligation to construct or install, together with any additional Boatslips which Declarant may cause to be constructed in accordance with the terms of Article II, Section 2.

Section 15. “Boatslip Lots” shall mean and refer to those Lots in the Development which have, as an appurtenance to the Lot, the right to use an assigned Boatslip in accordance with and as more particularly set forth in Article IV, Section 8 of this Declaration.

Section 16. “Bylaws” shall mean and refer to the Bylaws for the Association, attached as Exhibit “B” hereto and incorporated herein by reference.

Section 17. “Common Area” or “Common Areas” shall mean and refer to the Amenity Area, Lake Access Areas, Piers, Boatslips, Entrance Monument, Parking Area(s), Boat Storage Area, Street Lights and the Roadways, (including sidewalks, drainage facilities and other improvements located therein) (prior to their acceptance for maintenance by the Oconee County

Public Works Department), and any other real property specifically shown and designated on the Map as “Common Open Area,” “Common Open Space” or “COS.” The Common Areas shall be owned by the Association (except as otherwise provided herein) for the common use, benefit and enjoyment of the Owners. Provided, however, and notwithstanding any other provision in this Section 17, or in this Declaration to the contrary, (i) only the Owners of Boat Slip Lots shall be entitled to the exclusive rights applicable to the use, benefit and enjoyment of the Piers and Boat Slips, subject to individual Boat Slip Lot Owner’s exclusive rights to use specified Boat Slips, and (ii) only the Owners of Boat Storage Lots shall be entitled to the use, benefit and enjoyment of the Boat Storage Areas, subject to the exclusive rights of an individual Boat Storage Lot Owner to use specified Boat Storage Space assigned to it. Declarant reserves the right, but not the obligation, to provide additional Common Areas within the Subdivision or to add Additional Property by Supplemental Declaration which shall thereafter be designated as additional Common Area(s).

Section 18. “Declarant” shall mean and refer to Crescent Communities S.C., Inc., and such of its successors and assigns to whom the rights of Declarant hereunder are transferred by written instrument recorded in the Office of the Register of Deeds of Oconee County, South Carolina.

Section 19. “Development” shall mean and refer to Waterford Pointe, a single-family residential development proposed to be developed on the Property by Declarant.

Section 20. “Dwelling” shall mean and refer to a structure for the use and occupancy as a detached single family residence. Each Lot shall contain no more than one (1) Dwelling.

Section 21. “Entrance Monument” shall mean and refer to the area(s) designated by Declarant as “Entrance Monument Easement,” “Entrance Monument Area,” or “COS” (or a similar term) located at the entryway to the Subdivision, as shown on the Map, and the monuments and entrance signs located on such parcels, together with lighting, irrigation system landscaping and other improvements to be constructed within such Entrance Monument Areas, to be used as an entryway or entryways (as the case may be) for the Development, and for the purposes set forth in this Declaration.

Section 22. “Guidelines” shall mean and refer to the Architectural, Landscape and Lake Buffer Guidelines.

Section 23. “Interior Lots” shall mean and refer to Lots 7-10, 22-25, 32-33, 42, 54-56, 62-66, and 71-75, as shown on the Map.

Section 24. “Improvement” shall have the same meaning as set forth in Article IX, Section 4.

Section 25. “Lake Access Area(s)” shall mean and refer to the portions of the Property designated as “Lake Access Area” (or a similar term) on the Map, to be used for the common use, enjoyment and benefit of the Owners and for purposes providing pedestrian access for Boat Slip Lot Owners to access their assigned Boat Slips.

Section 26. “Lake Buffer Area” shall have the same meaning as set forth in the Architectural, Landscape and Lake Buffer Guidelines.

Section 27. “Lake Buffer Guidelines” shall have the same meaning as set forth in the Architectural, Landscape and Lake Buffer Guidelines.

Section 28. “Lot” or “Lots” shall mean and refer to the separately numbered parcels depicted on the Map, which Lots do not include the Common Areas.

Section 29. “Map” shall mean and refer to (i) the map of Waterford Pointe Subdivision recorded in Plat Book A778, Pages 4 and 5 in the Office of the Clerk of Court of Oconee County, South Carolina, (ii) the map of the Lots in Waterford Pointe Subdivision recorded in Plat Book A 785, Pages 5-10, in the Office of the Clerk of Court of Oconee County, South Carolina, (iii) any recorded map of Additional Property, and (iv) any revision of any such map recorded in such Office.

Section 30. “Member” shall mean and refer to every person or entity who holds membership in the Association.

Section 31. “Mortgage” shall mean any mortgage or deed of trust constituting a first lien on a Lot.

Section 32. “Mortgagee” shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 33. “Non-Boatslip Lots” shall mean and refer to those Lots in the Development which do not have as an appurtenance thereto the right to use a Boatslip.

Section 34. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot within the Development, but excluding those having such interest merely as security for the performance of an obligation.

Section 35. “Parking Area(s)” shall mean and refer to the parking lot or lots which may be constructed over the Amenity Area(s) and/or other Common Areas for the common use, benefit and enjoyment of the Owners, their families, guests and invitees.

Section 36. “Person” shall mean and refer to any natural person, corporation, joint venture, partnership (general or limited), limited liability company, association, trust, or any other legal entity.

Section 37. “Phase” shall mean and refer to any phase, section or portion of the Property for which a separate Map or Maps are recorded in the Office of the Clerk of Court of Oconee County, South Carolina.

Section 38. “Pier” or “Piers” shall mean and refer to the pier or piers containing the Boatslip(s), which will be constructed in and over the waters of the Lake, including the Piers shown on the Map, together with any additional Piers which Declarant may cause to be constructed in accordance with the terms of Article II, Section 2 of this Declaration.

Section 39. “Pier Zones” shall mean and refer to the portions of the Waterfront Lot designated as “Pier Zone” (or a similar term) on the Map, to be used for purposes of constructing a dock or Pier, as set forth in Article VIII, Section 22 of this Declaration.

Section 40. “Property” shall mean and refer to all the real property shown on the Map, exclusive of the public rights-of-way as shown on the Map, which Property includes the Lots and the Common Areas as defined herein and as more particularly shown on the Map.

Section 41. “Roadways” shall mean and refer to all roads and cul-de-sacs in the Subdivision as shown on the Map, all to be maintained by the Association as more particularly set forth in Article IV, Section 6 of this Declaration until dedicated to the public and accepted for public maintenance by the Oconee County Public Works Department or other governmental entity.

Section 42. “Septic System” shall mean and refer to an individual ground absorption sewage disposal system (including, septic tanks and all related equipment), individually installed and maintained by the Lot Owner.

Section 43. “Street Lights” shall mean and refer to those certain street lights which may be constructed upon and over the rights-of-way of the Roadways, Parking Area(s) and other Common Areas.

Section 44. “Subdivision” shall mean and refer to Waterford Pointe Subdivision, as the same is shown on the Map.

Section 45. “Supplemental Declaration” shall mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions filed in the Office of the Clerk of Court of Oconee County, South Carolina to bring additional real property within the coverage of this Declaration and the jurisdiction of the Association, as more particularly described in Article II, Section 2 hereof.

Section 46. “Waterfront Lots” shall mean and refer to Lots 11-21, 26-31, 34-41, 43-53, 57-61, and 67-70, as shown on the Map; provided however, the Owners of Lot 26 and Lot 27 shall not be permitted to construct a dock or pier on either of their Lots, since Lot 26 and Lot 27 shall have, as an appurtenance, the joint and several right to use and the obligation to repair and maintain the Waterfront Common Dock, as more particularly set forth in Article XIII, Section 10.

Section 47. “Waterfront Common Dock” shall mean and refer to the common dock which shall be constructed by Declarant to serve Lot 26 and Lot 27, as more particularly set forth in Article XIII, Section 10.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE ASSOCIATION

Section 1. Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and which is and shall be within the jurisdiction of the Association, is located in Oconee County, South Carolina, and is the Property as defined above and as more particularly described and shown on the Map recorded in Plat Book A778, Pages 4 and 5 in the Office of the Clerk of Court of Oconee County, South Carolina, together with any Additional Property which is hereafter subjected to the terms of this Declaration by the filing of one or more Supplemental Declarations as provided in Article II, Section 2, from time to time.

Section 2. Additions to the Property.

(a) Declarant may cause Additional Property (including Common Areas) to be made subject to the terms and scheme of this Declaration by filing one or more Supplemental Declarations in the Office of the Clerk of Court of Oconee County, South Carolina, containing a description of the Additional Property and a statement by the Declarant of its intent to extend the operation and effect of this Declaration to the Additional Property. Declarant may also cause additional Piers, Boatslips and/or Boat Storage Areas to be constructed and made subject to the terms and scheme of this Declaration by the filing of one or more Supplemental Declarations describing the location and number of Piers, Boatslips and/or Boat Storage Areas to be added and containing a statement by Declarant of its intent to extend the operation and effect of this Declaration to the additional Piers, Boatslips and/or Boat Storage Areas. Notwithstanding the foregoing, the covenants and restrictions established herein as applied to, or imposed upon, the Additional Property may be altered or modified by the filing of one or more Supplemental Declarations as provided in Subparagraph (b) below.

(b) Any Supplemental Declaration may contain complementary additions to the covenants and restrictions contained herein as may be necessary in the judgment of the Declarant to reflect the different character of the Additional Property. In no event, however, shall any Supplemental Declaration revoke, modify or add to the covenants and restrictions contained herein with respect to the Property, nor revoke, modify, change or add to the covenants and restrictions established by previously filed Supplemental Declarations, without meeting the requirements for Amendment set forth in this Declaration, except as may be otherwise specifically set forth herein. Notwithstanding the foregoing, Declarant or the Association shall have the right, without meeting the requirements for Amendment set forth in Article XV, Section 3 of this Declaration, to amend this Declaration to reconfigure any proposed Piers, Boatslips, Boat Dock Facilities, or Boat Storage Areas to reflect the actual final configuration of such areas and the "as-built" construction of such amenities.

(c) In addition to the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration, Declarant shall

have the right, at its election, and without the consent of any Owner or Owners, to subject any Phase, section or portion of the Property owned by Declarant to additional controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens, by filing an Additional Declaration in the Office of the Clerk of Court of Oconee County, South Carolina, covering only such Phase, section or portion of the Property. An Additional Declaration may or may not provide for the establishment of a property owners' association to govern the ownership and/or maintenance of the portion of the Property affected by the Additional Declaration and the enforcement of the provisions of such Additional Declaration. Whether or not a property owners' association is formed pursuant to such Additional Declaration, the Association shall have the right and authority to enforce all controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens imposed by such Additional Declaration and any amendments thereto, whether or not such right and authority is expressly provided for in such Additional Declaration.

(d) Notwithstanding anything contained herein to the contrary, it is expressly understood and agreed that so long as Declarant owns any part of the Property, the prior written consent of Declarant shall be required for any parties to modify, change and/or amend, in whole or in part, the terms and provisions of this Declaration, any Supplemental Declaration, and/or any Additional Declaration, or to impose new or additional covenants, conditions, restrictions or easements on any part of the Property.

ARTICLE III

PROPERTY RIGHTS

Section 1. Ownership of Common Area. Except as otherwise provided herein, Declarant shall convey to the Association the Common Areas to be owned and maintained by the Association. The Declarant reserves the right to construct the following within the Common Areas: (i) certain improvements within the Amenity Area (including, but not limited to, the Parking Area(s), clubhouse and swimming pool); (ii) the Boatslips, Piers and pathways and other improvements within the Lake Access Areas and other similar Common Areas used to access Boatslips; (iii) the Entrance Monument(s) to be located at the entrance to the Development; (iv) Boat Storage Areas; and (v) the Roadways (including sidewalks, drainage facilities and other improvements), as reflected on the Map, for the use and enjoyment of the Owners who are entitled to the use of such Common Areas, as provided in this Declaration. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and enjoyment of the general public (with the exception of the Roadways, which shall eventually be dedicated to the public and accepted for public maintenance by the Oconee County Public Works Department or other governmental entity).

Section 2. Owners' Rights to Use and Enjoy Common Areas. Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas, and such right shall be appurtenant to and conveyed with title to such Owner's Lot, subject to the following:

(a) the right of the Association to promulgate and enforce reasonable regulations governing the use of the Common Areas to insure the availability of the right to use the Common Areas to the Owners and the safety of all Owners on the Common Areas;

(b) the right of the Association to suspend the voting rights of an Owner in the Association and the right of the Association to suspend the right to use certain or all of the Common Areas by an Owner for any period during which any assessment against said Owner's Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) the right of the Declarant or the Association to grant or reserve utility, drainage and other easements across the Common Areas;

(d) the Piers, Boatslips and Boat Storage Areas may be used only by those Owners specifically entitled thereto under this Declaration; and

(e) the provisions of Article VIII of this Declaration.

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Common Areas and facilities located thereon to the members of his or her family, guests, invitees, or tenants, as the case may be.

ARTICLE IV

THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot shall be a Member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot, and shall be governed by the Bylaws attached as Exhibit "B" hereto.

Section 2. Classes of Lots and Voting Rights. The voting rights of the Membership shall be appurtenant to the ownership of Lots. There shall be two (2) classes of Lots with respect to voting rights:

(a) Class A Lot. Class A Lots shall be all Lots, except Class B Lots as defined below. Each Class A Lot shall entitle the Owner(s) of said Lot to one (1) vote. When more than one Person owns an interest (other than a leasehold or security interest) in any Lot, all such Persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Class A Lot.

(b) Class B Lot. Class B Lots shall be all Lots owned by Declarant which have not been conveyed to purchasers who are not affiliated with the Declarant. Each Class B Lot shall entitle the Owner of said Lot to four (4) votes for each Class B Lot owned by it.

Section 3. Relinquishment of Control. Notwithstanding anything contained herein to the contrary, the Class B membership shall cease and be converted to the Class A membership upon the earliest to occur of (a) the date on which Declarant no longer owns any part of the Property; (b) the date Declarant shall elect, in its sole discretion, that the Class B membership shall cease and be converted to the Class A membership (which election may be made, if at all, upon Declarant giving written notice of the election to the Board); or (c) December 31, 2010. The earliest to occur of (a), (b) or (c) above shall herein be referred to as the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A member.

Section 4. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Development, as well as its own books, records, and financial statements available for inspection by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots. All such documents shall be available upon reasonable notice and during normal business hours. In addition, any Mortgagee may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

Section 5. Management Contracts. The Association is authorized and empowered to engage the services of any person, firm or corporation to act as managing agent of the Association at a compensation level to be established by the Board and to perform all of the powers and duties of the Association. Provided, however, that the term of any such agreement with a managing agent shall not exceed one (1) year and shall only be renewed by agreement of the parties for successive one (1) year terms. Any such contract shall be terminable by the Association, with or without cause, upon ninety (90) days prior written notice to the manager without payment of a termination fee.

Section 6. Maintenance. Prior to their acceptance for public maintenance, the Roadways shall be maintained by the Association, provided that the Declarant, in its sole discretion has the right to reimburse the Association for maintenance costs until the Roadways are accepted for maintenance by the Oconee County Public Works Department or other governmental entity. Such maintenance shall include repair and reconstruction, when necessary. Maintenance of the Roadways shall conform to the standard of maintenance (if one is ascertainable) which would be required by the Oconee County Public Works Department or other governmental entity before it would accept such Roadways for maintenance.

The Common Areas, together with all utilities, easements and amenities located within the Common Areas and not otherwise maintained by public entities or utilities, shall be maintained by the Association as more particularly described below:

(a) Maintenance of the Entrance Monument(s) shall include maintenance, repair and reconstruction, when necessary, of the monuments, signage, irrigation, planters and lighting located thereon and providing and paying for landscaping, utility charges for irrigation and lighting of the monuments and signage located thereon.

(b) Maintenance of the Parking Area(s) shall include repair and reconstruction of the pavement and payment of the costs of lighting.

(c) Maintenance of the Piers, Boatslips and Boat Storage Areas shall include the maintenance, repair and reconstruction, when necessary, of the Piers, Boatslips and Boat Storage Areas, including all lighting, water lines and other fixtures, wire, railings and other facilities located thereon, and providing and paying for utility charges therefor.

(d) All Common Areas, including, but not limited to, the Roadways (prior to governmental acceptance for operation and maintenance), the Amenity Area, Entrance Monument, Piers, Boatslips and Boat Storage Areas (and all improvements located thereon), shall be clean and free from debris and maintained in an orderly condition, together with the landscaping and irrigation thereon (if any) in accordance with the standards of similar amenities in comparable developments within the vicinity of the Development, including any removal and replacement of any landscaping, utilities, or improvements located thereon.

(e) Maintenance of the Lake Access Areas and other similar Common Areas used to access Boatslips shall include landscaping, irrigation and improvements thereon together with maintaining the path constructed thereon in passable condition for pedestrian use, and in accordance with the construction standards and materials as the original path constructed by Declarant, reasonable wear and tear excepted Owners of Lots which abut Lake Access Areas and/or other similar Common Areas used to access Boatslips shall not block, impede access over or place or construct any fence or other natural or artificial barricade or impediment over all or any portion of such areas.

(f) Maintenance of any improvement within the Amenity Area (including, without limitation, any fencing, parking area, clubhouse, pool or other recreational amenity or facility located therein) shall include, but not be limited to, any and all interior and exterior maintenance (including, where necessary, repair and/or reconstruction), landscaping and payment of all utility charges and operating expenses related to any such improvement.

(g) Maintenance of the Boat Storage Area shall include the maintenance and repair, when necessary, of any improvements located on the Boat Storage Area, including all lighting, fixtures, wire, gravel or paved area and other facilities (if any) located thereon, and providing and paying for utility charges therefor.

(h) The Association shall not be responsible for the maintenance of any Lot or any portion of any Lot or the improvements within the boundaries thereof, including, without limitation, any dock, pier or Boatslip located within the Pier Zone (as defined in Section 22 of Article VIII) adjacent to any Waterfront Lot. The Owners of such Lots shall be solely responsible for same.

(i) The Association shall have the right, but not the obligation, to inspect each Owner's Septic System in order to determine if such Septic System is in compliance with any requirements imposed by the Association or any governmental authority. Each Owner shall be responsible for maintaining such Owner's Septic System in an orderly operating condition and in compliance with any requirements imposed by the Association or any governmental authority.

Section 7. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements located on all Common Areas and the Roadways (prior to acceptance) and in order to fund unanticipated expenses of the Association or to acquire equipment or services deemed necessary or desirable by the Board of Directors. Such reserve fund shall be collected and maintained out of the Annual, Boatslip, and Boat Storage Assessments, as hereinafter defined.

Section 8. Piers and Boatslips. Subject to and contingent upon the approval of the Federal Energy Regulatory Commission ("FERC"), Duke Energy Corporation and any other regulatory body having jurisdiction, Declarant shall have the exclusive right to construct some or all of the Piers and Boatslips (including all improvements located thereon), in the approximate locations shown on the Map or as otherwise shown in any Supplemental Declaration or other document which may be filed pursuant to the provisions of this Declaration. Declarant shall not construct more Boatslips than are approved by Duke Energy Corporation pursuant to Declarant's Boatslip permit request for the Subdivision. Notwithstanding any term or provision in this Declaration to the contrary, the Piers and Boatslips, to the extent available, will be offered to Owners of Interior Lots on a first come, first served basis; thereafter, on such basis as Declarant shall determine in Declarant's sole discretion.

(a) Following the construction of the Piers and Boatslips as set forth above, Boatslips shall be leased by Declarant to the Owners of certain Lots and transferred among Owners as follows:

(i) Pursuant to that certain Boatslip lease form provided by Declarant (the "Boatslip Lease"), Declarant, in its sole discretion, may lease a Boatslip to the Owner of any Interior Lot. Each Boatslip Lease shall be appurtenant to the ownership of the applicable Interior Lot and shall only be assigned as provided below.

(ii) The Lot to which a Boatslip Lease is appurtenant shall thereafter be a Boatslip Lot subject to the provisions of subparagraph 8(a)(iii) below. Once entered into between Declarant and the Boatslip Lot Owner, the relevant Boatslip Lease shall not be separated from the ownership of the Boatslip Lot to which it is appurtenant but rather, shall run with the title to such Boatslip Lot unless and until such Boatslip Lease is assigned by the Boatslip Lot Owner to another Interior Lot Owner in accordance with subparagraph 8(a)(iii). In this regard, provided the applicable Boatslip Lease has not been previously assigned in accordance with subparagraph 8(a)(iii), any conveyance by a Boatslip Lot Owner of its ownership interest in a Boatslip Lot shall automatically assign to the transferee of such ownership interest all rights and duties of said Boatslip Lot Owner under the Boatslip Lease; provided, however, in such event, the Boatslip Lot Owner and the transferee of the Boatslip Lot Owner's ownership interest in the Boatslip Lot shall immediately execute and record an instrument in the Office of the Clerk of Court of Oconee County, South Carolina, sufficient to provide record evidence of such assignment (a filed copy of which instrument shall be provided to Declarant, as lessor, and the Association following recordation). Any deed of trust, mortgage or other encumbrance of a Boatslip Lot shall also encumber the Boatslip Lease

appurtenant thereto, even if not expressly included therein. Provided, however, no mortgagee, trustee or other person claiming by, through or under any instrument creating any such encumbrance shall by virtue thereof acquire any greater rights in the relevant Boatslip than the Boatslip Lot Owner may have under the Boatslip Lease at the time of such encumbrance; and provided further, such deed of trust, mortgage or other instrument of encumbrance, and the indebtedness secured thereby, shall at all times be and remain subordinate and subject to all of the terms and conditions of the Boatslip Lease and to all of the rights of Declarant (as lessor) thereunder. Any successor to a Boatslip Lot Owner's interest in a Boatslip Lease, whether such interest is acquired by sale, assignment, foreclosure, deed in lieu of foreclosure, power of sale, execution or otherwise, shall take such interest subject to all of the terms, covenants, conditions, duties, and obligations of such Boatslip Lot Owner under the Boatslip Lease, shall be deemed to have attorned to Declarant (as lessor) and shall execute an attornment agreement upon the request of Declarant (as lessor).

(iii) Any Boatslip Lease may be assigned by the relevant Boatslip Lot Owner only to another Interior Lot Owner. Upon such assignment, the Boatslip Lot Owner and the assignee of such Boatslip Lot Owner's interest in the Boatslip Lease shall immediately execute and record an instrument in the Office of the Clerk of Court of Oconee County, South Carolina (a filed copy of which shall be provided to Declarant, as lessor, and the Association), sufficient to provide record evidence of such assignment. Following such assignment, the assignor's Interior Lot shall automatically cease to be a Boatslip Lot and the assignee's Interior Lot shall thereafter be a Boatslip Lot (until further assignment of said assignee's lease rights), in which case the relevant Boatslip Lease shall then run with the title to such Boatslip Lot as set forth in subparagraph 8(a)(ii). No Boatslip Lease shall be separated from the ownership of any Interior Lot and assigned to anyone or any entity other than another Owner in accordance with this subparagraph 8(a)(iii) and the Declaration.

(b) Declarant (or Association) shall have the right to use Boatslips not leased to another Owner and shall have the obligation to pay Boatslip, Supplemental Boatslip and Special Boatslip Assessments on any Boatslips constructed by Declarant and actually used by Declarant and not leased to another Owner. Declarant (or Association) shall not be required to pay Boatslip, Supplemental Boatslip and Special Boatslip Assessments for any Boatslips not actually used by Declarant (or Association). At Declarant's option, Declarant shall be entitled to assign all rights and duties of Declarant under any Boatslip Lease and/or the Duke Lease (as defined below) to any person or entity, including, without limitation, the Association, whereupon Declarant shall have no further rights, duties, obligations or liabilities thereunder.

(c) In the event that a Pier contains a Boatslip which has not been leased as an appurtenance to a Boatslip Lot, said Boatslip may be retained by Declarant and the Association for the common use and enjoyment of only the Owners of Boatslip Lots, their families, guests and invitees, for the purpose of temporarily docking boats, and may not be leased or otherwise transferred by Declarant to, or used by, any other party or the

public. No boat or other recreational vehicle shall be permitted to remain overnight in any unleased Boatslip.

(d) The use of the Piers and Boatslips is and shall be subject to each of the following:

(i) rules and regulations for use promulgated by Declarant and/or Association;

(ii) all laws, statutes, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon;

(iii) rules and regulations for use established by Duke Energy Corporation, its successors and assigns; and

(iv) the terms and provisions of that certain Lease Agreement between Duke Energy Corporation and Declarant (the "Duke Lease") pertaining to the lease of the lake bed underlying the Boatslips (a copy of said Duke Lease is attached to the Boatslip Lease form).

(e) The Board of Directors, pursuant to the Bylaws attached hereto as Exhibit "B", shall adopt rules and regulations governing the use of the Piers and Boatslips and the personal conduct thereon of the Members owning Boatslip Lots and their families, guests and invitees. Should Members owning Boatslip Lots desire to amend such rules and regulations, then a meeting of the Members owning Boatslip Lots may be called and held, in accordance with the terms and provisions of the Bylaws, for the purpose of voting to amend such rules and regulations. If such a meeting is duly called and held, the Boatslip Lot Owners may direct the Board of Directors to make such amendments to the rules and regulations governing the use of the Piers and Boatslips, including additions to and deletions of portions of such rules and regulations, as are approved by a vote of the Members owning Boatslip Lots in accordance with the terms and provisions of the Bylaws, and as are permitted under the Duke Lease and as are consented to by Declarant so long as Declarant is the Owner of any Lot or maintains the right to construct additional Boatslips. Boatslips may only be installed by Declarant.

(f) Piers may only be used by Owners of Boatslip Lots, their families, guests and invitees. Each Boatslip may only be used by the Owner(s) of the Boatslip Lot to which such Boatslip is appurtenant, their families, guests and invitees.

Section 9. Parking Area(s). Declarant shall construct, and the Association shall maintain, repair and, if destroyed, replace as a common expense of the Association, any paved Parking Area(s) constructed by Declarant and located on the Common Areas. The Parking Area(s) shall be constructed and maintained in order to provide parking for the Owners, and may be used by Declarant and its assigns and the Owners, their families, guests and invitees, in connection with their use of the Amenity Area and/or Boatslips.

Section 10. Boat Storage Area. The Boat Storage Area (the general configuration of which is shown in Exhibit "E") shall be graded, covered with gravel and/or paved and divided

into individual spaces exclusively by Declarant for the use by Boat Storage Owners as provided herein. The Boat Storage Area may be located within the Property or within the Additional Property. At Declarant's option, Declarant shall be entitled to assign all rights and duties of Declarant under any Boat Storage Space Lease to the Association and Declarant shall further be entitled to transfer all of its rights in and to the Boat Storage Spaces to the Association, including but not limited to, the right to lease Boat Storage Spaces, whereupon Declarant shall have no further rights, duties, obligations or liabilities thereunder pertaining to any Boat Storage Space Lease or the Boat Storage Area. Notwithstanding any term or provision in this Declaration to the contrary, (i) the Boat Storage Spaces located in the Boat Storage Area shall, to the extent available, be offered first to the Interior Lot Owners (which do not have a Boatslip as an appurtenance thereto) on a first come, first served basis, and Declarant shall have the right, but not the obligation, to offer any remaining Storage Spaces to other Lot Owners on such basis as Declarant shall determine in Declarant's sole discretion, and (ii) no Owner shall be entitled to store more than one (1) boat (with a boat trailer) or other equipment in the Boat Storage Area. The Boat Storage Area may not be leased by the Association to, or used by, any other party or the public.

(a) Following the construction of the Boat Storage Area as set forth above, Boat Storage Spaces shall be leased by Declarant to the Owners of certain Lots and transferred among Owners as follows:

(i) Pursuant to that certain Boat Storage Space lease form, provided by Declarant (the "Boat Storage Space Lease"), Declarant shall offer to lease a Boat Storage Space to each Owner of an Interior Lot (which does not have a Boatslip as an appurtenant thereto) on a first come, first serve basis. Declarant shall have the right, but not the obligation, to offer to lease any remaining unoccupied Boat Storage Spaces to any Lot Owner on such basis as Declarant shall determine in Declarant's sole discretion. Each Boat Storage Space Lease shall be appurtenant to and may not be separated from the ownership of the applicable Interior Lot and shall only be assigned as provided below.

(ii) The Lot to which a Boat Storage Space Lease is appurtenant shall thereafter be a Boat Storage Lot subject to the provisions of subparagraph 10(a)(iii) below. Once entered into between Declarant and the Boat Storage Lot Owner, the relevant Boat Storage Space Lease shall not be separated from the ownership of the Boat Storage Lot to which it is appurtenant, but rather, shall run with the title to such Boat Storage Lot unless and until such Boat Space Lease is assigned by the Boat Storage Lot Owner to another Lot Owner in accordance with subparagraph 10(a)(iii). In this regard, provided the applicable Boat Storage Space Lease has not been previously assigned in accordance with subparagraph 10(a)(iii), any conveyance by a Boat Storage Lot Owner of its ownership interest in a Boat Storage Lot shall automatically assign to the transferee of such ownership interest all rights and duties of said Boat Storage Lot Owner under the Boat Storage Space Lease; provided, however, in such event, the Boat Storage Lot Owner and the transferee of the Boat Storage Lot Owner's ownership interest in the Boat Storage Lot shall immediately execute and record an instrument in the Office of the Clerk of Court of Oconee County, South

Carolina, sufficient to provide record evidence of such assignment (a filed copy of which instrument shall be provided to Declarant, as lessor, and the Association following recordation). Any deed of trust, mortgage or other encumbrance of a Boat Storage Lot shall also encumber the Boat Storage Space Lease appurtenant thereto, even if not expressly included therein. Provided, however, no mortgagee, trustee or other person claiming by, through or under any instrument creating any such encumbrance shall by virtue thereof acquire any greater rights in the relevant Boat Storage Space than the Boat Storage Lot Owner may have under the Boat Storage Space Lease at the time of such encumbrance; and provided further, such deed of trust, mortgage or other instrument of encumbrance, and the indebtedness secured thereby, shall at all times be and remain subordinate and subject to all of the terms and conditions of the Boat Storage Space Lease and to all of the rights of Declarant (as lessor) thereunder. Any successor to a Boat Storage Lot Owner's interest in a Boat Storage Space Lease, whether such interest is acquired by sale, assignment, foreclosure, deed in lieu of foreclosure, power of sale, execution or otherwise, shall take such interest subject to all of the terms, covenants, conditions, duties, and obligations of such Boat Storage Lot Owner under the Boat Storage Space Lease, shall be deemed to have attorned to Declarant (as lessor) and shall execute an attornment agreement upon the request of Declarant (as lessor).

(iii) Any Boat Storage Space Lease which pertains to a Boat Storage Space may be assigned by the relevant Lot Owner to another Lot Owner. Upon such assignment, the Lot Owner and the assignee of such Boat Storage Lot Owner's interest in the Boat Storage Space Lease shall immediately execute and record an instrument in the Office of the Clerk of Court of Oconee County, South Carolina (a filed copy of which shall be provided to Declarant, as lessor, and the Association), sufficient to provide record evidence of such assignment. Following such assignment, the assignor's Lot shall automatically cease to be a Boat Storage Lot and the assignee's Lot shall thereafter be a Boat Storage Lot (until further assignment of said assignee's lease rights), in which case the relevant Boat Storage Space Lease shall then run with the title to such Boat Storage as set forth in subparagraph 10(a)(ii). No Boat Storage Space Lease shall be separated from the ownership of any Lot and assigned to anyone or any entity other than another Owner in accordance with this subparagraph 10(a)(iii) and the Declaration.

(b) Declarant (or Association) shall have the right to use Boat Storage Spaces not leased to a Lot Owner and shall have the obligation to pay Boat Storage Space, Supplemental Boat Storage Space and Special Boat Storage Space Assessments on any Boat Storage Spaces actually used by Declarant and not leased to another Owner. Declarant (or Association) shall not be required to pay Boat Storage Space, Supplemental Boat Storage Space and Special Boat Storage Space Assessments for any Boat Storage Spaces not actually used by Declarant (or Association).

(c) In the event the Boat Storage Area contains Boat Storage Spaces which have not been leased as an appurtenant to a Boat Storage Lot, such Boat Storage Spaces

may be retained by Declarant and the Association for the common use and enjoyment of only the Owners of Boat Storage Lots, their families, guests and invitees, for the purpose of temporarily storing boats, and may not be leased or otherwise transferred by Declarant (or Association) to, or used by, any other party or the public except for such short term storage as approved by Declarant (or Association).

(d) The use of the Boat Storage Areas and Boat Storage Spaces is and shall be subject to each of the following:

(i) rules and regulations for use promulgated by Declarant and/or Association; and

(ii) all laws, statutes, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon.

(e) The Board of Directors, pursuant to the Bylaws attached hereto as Exhibit "B", shall adopt rules and regulations governing the use of the Boat Storage Area and Boat Storage Spaces and the personal conduct thereon of the Members owning Boat Storage Lots and their families, guests and invitees. If Members owning Boat Storage Lots desire to amend such rules and regulations, then a meeting of the Members owning Boat Storage Lots may be called and held, in accordance with the terms and provisions of the Bylaws, for the purpose of voting to amend such rules and regulations. If such a meeting is duly called and held, the Boat Storage Lot Owners may direct the Board of Directors to make such amendments to the rules and regulations governing the use of the Boat Storage Area and Boat Storage Spaces, including additions to and deletions of portions of such rules and regulations, as are approved by a vote of the Members owning Boat Storage Lots in accordance with the terms and provisions of the Bylaws and as are consented to by Declarant so long as Declarant is the Owner of any Lot.

Section 11. Liability Limitations. Neither Declarant, nor the Association, nor any Association Member, nor the Board, nor any officers, directors, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Association Member, whether or not such other Association Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm or association making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof. The Association shall, to the extent permitted by applicable law, indemnify, defend and hold harmless all members of the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

ARTICLE V

COVENANT FOR ANNUAL AND SPECIAL ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Annual, Supplemental Annual, Special and Special Individual Assessment. Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association Annual Assessments, Supplemental Annual Assessments, Special Assessments and Special Individual Assessments, as hereinafter defined, established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them, provided such assessments or charges, together with interest, costs, and reasonable attorneys' fees, shall, as set forth above, be a continuing lien upon the Lot against which such assessments or charges are made.

Section 2. Purpose of Annual Assessment. The assessments to be levied annually by the Association against each Lot ("Annual Assessments") shall be used as follows:

- (a) to repair, maintain, reconstruct (when necessary) and keep clean and free from debris the Common Areas and any improvements located thereon, including, but not limited to, the Amenity Area, Street Lights, Entrance Monument(s) and (and excluding the Piers, Boatslips, and Boat Storage Areas), and to maintain the landscaping thereon in accordance with standards of similar amenities in comparable developments within the vicinity of the Development;
- (b) to maintain and repair the Roadways to the standards of the maintenance (if one is ascertainable) which would be required by the Oconee County Public Works Department or other governmental entity before it would accept such Roadway for maintenance;
- (c) to pay all costs associated with the lease of the Street Lights, including, but not limited to, monthly lease payments and utility costs;
- (d) to pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association (other than the Piers, Boatslips and Boat Storage Area and any improvements located thereon [and any other property owned in connection therewith]);
- (e) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws, except for such insurance carried specifically in connection with the Piers, Boatslips and Boat Storage Areas and any improvements located thereon;

(f) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws, except for such fees incurred specifically in connection with the Piers, Boatslips and Boat Storage Area; and

(g) to maintain contingency reserves for the purposes set forth in Article IV, Section 7 hereof in amounts as determined by the Board of Directors.

Section 3. Payment of Annual Assessments; Due Date. Annual Assessments provided for herein shall commence as to each Lot on July 1, 2001. The Annual Assessment for the calendar year beginning January 1, 2000, and ending December 31, 2001, shall be Five Hundred Seventy-Five Dollars (\$575.00) per Lot. The Annual Assessment for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Article V, Section 4, and shall be due and payable in one annual payment, such payment being due and payable no later than January 31 of each such year. The Board of Directors shall fix the amount of the Annual Assessment as to each Lot for any calendar year at least thirty (30) days prior to January 1 of such calendar year, and the Association shall send written notice of the amount of the Annual Assessment, as well as the amount of the payment due, to each Owner on or before January 5 of such calendar year. The failure of the Association to send, or of a Member to receive, such notice shall not relieve any Member of the obligation to pay Annual Assessments. Notwithstanding the forgoing, the Board of Directors may alter the dates of the fiscal year for setting the Annual Assessments, and may increase or decrease the frequency of the collection of the Annual Assessments (or installments thereof) in any reasonable manner.

Section 4. Maximum Annual Assessment.

(a) For years following the first year of Annual Assessments and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Annual Assessment each year by a maximum amount equal to the previous year's Annual Assessment times the greater of (i) ten percent (10%) or (ii) the annual percentage increase in the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84 = 100) ("CPI") issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, then the index most similar to the CPI (published by the United States Government indicating changes in the cost of living) shall be used. If the Annual Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Annual Assessments may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members.

(b) From and after the first year of Annual Assessments, the maximum Annual Assessment may be increased above the maximum amount set forth in subparagraph (a) of this Section 4 by a vote of a majority of the votes appurtenant to the Lots which are then subject to this Declaration, plus the written consent of Declarant (so long as Declarant owns any part of the Property).

(c) The Board of Directors may fix the Annual Assessment at an amount not in excess of the maximum set forth in Subparagraph (a) of this Section 4 (the “Maximum Annual Assessment”). If the Board of Directors shall levy less than the Maximum Annual Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Board may, by vote in accordance with the Bylaws, levy a supplemental Annual Assessment (“Supplemental Annual Assessment”). In no event shall the sum of the Annual and Supplemental Annual Assessments for any year exceed the applicable Maximum Annual Assessment for such year other than as set forth herein.

Section 5. Special Assessments for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a special assessment (“Special Assessment”) applicable to that year only for the purpose of defraying, in whole or in part, the cost of (i) the construction of any Common Area improvements which are not originally constructed by Declarant; or (ii) the reconstruction, repair or replacement of the Common Areas, including, but not limited to, the Roadways (prior to acceptance for public maintenance), the Amenity Area or the Entrance Monument(s) (but excluding the Piers, Boatslips, and Boat Storage Areas) and all improvements located thereon, including fixtures and personal property related thereto. Provided, however, any such assessment must be approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Lots which are then subject to this Declaration.

Section 6. Special Individual Assessment. In addition to the Annual Assessments and Special Assessments authorized above, the Board of Directors shall have the power to levy a special assessment applicable to any particular Lot Owner (“Special Individual Assessment”) (i) for the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, including the Roadways (prior to acceptance for public maintenance), Amenity Area, Entrance Monument(s), Street Lights, Lake Access Areas (and similar Common Areas used to access Boatslips), Boatslips, Piers and Boat Storage Areas, including all improvements located thereon, whether occasioned by any act or omission of such Lot Owner(s), members of such Lot Owner’s family, or such Lot Owner’s agents, guests, employees or invitees and not the result of ordinary wear and tear; or (ii) for payment of fines, penalties or other charges imposed against any particular Lot Owner relative to such Lot Owner’s failure to comply with the terms and provisions of this Declaration, the Bylaws, the Guidelines or any rules or regulations promulgated by the Association or the Declarant pursuant to this Declaration or the Bylaws. Provided, however, Declarant shall not be obligated to pay any Special Individual Assessment except with Declarant’s prior written approval. The due date of any Special Individual Assessment levied pursuant to this Section 6 shall be fixed in the Board of Director’s resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner(s) at least thirty (30) days prior to the date such Special Individual Assessment is due.

Section 7. Assessment Rate.

(a) Subject to the exception set forth in subsection (b) below, Annual, Supplemental Annual and Special Assessments must be fixed at a uniform rate for all Lots.

(b) Annual, Supplemental Annual and Special Assessments for each Lot owned by Declarant shall be one-third (1/3) of the Annual, Supplemental Annual and Special Assessments for each other Lot in the Subdivision not owned by Declarant.

ARTICLE VI

COVENANT FOR BOATSLIP, SUPPLEMENTAL
BOATSLIP AND SPECIAL BOATSLIP ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Boatslip, Supplemental Boatslip and Special Boatslip Assessments. Declarant, for each Boatslip Lot owned within the Property, hereby covenants, and each Owner of any Boatslip Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, or by entering into a Boatslip Lease (or an assignment thereof) for a Boatslip as an appurtenance to such Owner's Lot as more particularly set forth in Article IV, Section 8 of this Declaration is deemed to covenant and agree to pay to the Association, in addition to the Annual, Supplemental Annual and Special Assessments provided for herein, Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments, as hereinafter defined, for maintenance and repair costs of the Piers and Boatslips (including all improvements thereon) established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Boatslip Lot against which each such assessment or charge is made and upon the right to use the Pier and the Boatslip appurtenant to such Boatslip Lot. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Boatslip Lot effective at the time when the assessment falls due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them, provided such assessments or charges, together with interest, costs, and reasonable attorneys' fees, shall, as set forth above, be a continuing lien upon the Boatslip Lot against which such assessments or charges are made.

Section 2. Purpose of Boatslip Assessments. The assessments to be levied annually by the Association against each Boatslip Lot (the "Boatslip Assessments") shall be used as follows:

(a) to clean, maintain, repair and reconstruct when necessary, the Piers and Boatslips, including all fighting and other fixtures, wires, railings and other facilities located thereon (if any), all as more particularly set forth in Article IV, Section 8 of this Declaration;

(b) to provide and pay for lighting of and water service to the Piers and Boatslips (if any) to the extent necessary for the safety and enjoyment of the users thereof,

(c) to pay all ad valorem taxes levied against the Piers and Boatslips and any other property owned by the Association in connection therewith;

(d) to pay all lease payments, if applicable, to Duke Energy Corporation for the lease of the land on which the Piers and Boatslips are located;

(e) to pay the premiums on all insurance carried by the Association in connection with the Piers and Boatslips (including all improvements located thereon) pursuant hereto or pursuant to the Bylaws,

(f) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws in connection with the Piers and Boatslips (including all improvements located thereon); and

(g) to maintain reserves for the purposes set forth in Article IV, Section 7 hereof in amounts as determined by the Board of Directors.

Section 3. Payment of Boatslip Assessments; Due Dates. The Boatslip Assessments provided for herein shall be payable, annually, in advance, and shall commence as to each Boatslip Lot (to which a completed Boatslip is appurtenant), and shall be due and payable thirty (30) days following the lease of a completed Boatslip to a Boatslip Lot as set forth in Article IV, Section 8 of this Declaration (such assessment shall be prorated from the date of such lease through the remainder of the calendar year for which such assessment is due). Notwithstanding the foregoing, no Boatslip Assessments shall be due prior to July 1, 2001. The initial Boatslip Assessments applicable to all Boatslip Lots (for the calendar year in which the first lease of a completed Boatslip is executed) shall be Two Hundred Eighty-Five Dollars (\$285.00) per Boatslip Lot. Boatslip Assessments for each and every year thereafter shall be payable no later than January 31 of such year. The Boatslip Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 4 of this Article VI, and shall be due and payable no later than January 31 of each such year. The Board of Directors shall fix the amount of the Boatslip Assessment as to each Boatslip Lot for any year at least thirty (30) days prior to January 1 of such year, and the Association shall send written notice of the amount of the Boatslip Assessment to each Boatslip Lot Owner on or before January 5 of such year. Failure of the Association to send the notice described in this Section 3 shall not relieve the Owners of their liability for Boatslip Assessments. Notwithstanding the foregoing, the Board of Directors may alter the dates of the fiscal year for setting the Boatslip Assessments, and may increase or decrease the frequency of the collection of the Boatslip Assessments (or installments thereof) in any reasonable manner.

Section 4. Maximum Boatslip Assessment.

(a) For years following the first year of Boatslip Assessments and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, (without a vote of the Members who are Owners of Boatslip Lots), may increase the Boatslip Assessment each

year by a maximum amount equal to the previous year's Boatslip Assessment times the greater of (i) ten percent (10%); or (ii) the annual percentage increase in the CPI issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, then there shall be used the index most similar to the CPI which is published by the United States Government indicating changes in the cost of living. If the Boatslip Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed, and the Boatslip Assessment may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members who are Owners of Boatslip Lots.

(b) From and after the first year of Boatslip Assessments, the Boatslip Assessments may be increased without limitation if such increase is approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Boatslip Lots.

(c) The Board of Directors may fix the Boatslip Assessments at an amount not in excess of the maximum set forth in subparagraph (a) of this Section 4 (the "Maximum Boatslip Assessment"). If the Board of Directors shall levy less than the Maximum Boatslip Assessment for any calendar year and thereafter, during such year, determine that the important and essential functions of the Association as to the Piers and Boatslips cannot be funded by such lesser assessment, the Board may, by a vote in accordance with the Bylaws, levy a supplemental Boatslip Assessment (the "Supplemental Boatslip Assessment"). In no event shall the sum of the Boatslip and Supplemental Boatslip Assessments for any year exceed the applicable Maximum Boatslip Assessment for such year other than as set forth herein.

Section 5. Special Assessments for Boatslip Improvements. In addition to the Boatslip Assessments authorized above, the Association may levy, in any assessment year, a special Boatslip Assessment (the "Special Boatslip Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of the Piers and Boatslips, and any capital improvement located thereon, including lighting, water lines and other fixtures, poles, wires, railings and other facilities located thereon and personal property related thereto. Provided, however, (i) any such Special Boatslip Assessment must be approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Boatslip Lots, and (ii) any such Special Boatslip Assessment may be levied only against the Owners of Boatslip Lots.

Section 6. Assessment Rate.

(a) Except as set forth in subsection (b) below, Boatslip, Supplemental Boatslip and Special Boatslip Assessments must be fixed at a uniform rate for all Boatslip Lots.

(b) Boatslip, Supplemental Boatslip and Special Boatslip Assessments for each Boatslip Lot owned by Declarant shall be one-third (1/3) of the Boatslip, Supplemental Boatslip and Special Boatslip Assessments for each other Boatslip Lot in the Subdivision not owned by Declarant.

ARTICLE VI-A

COVENANT FOR BOAT STORAGE SPACE, SUPPLEMENTAL BOAT STORAGE SPACE AND SPECIAL BOAT STORAGE SPACE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Boat Storage Space, Supplemental Boat Storage Space and Special Boat Storage Space Assessments. Declarant, for each Boat Storage Lot owned within the Property, hereby covenants, and each Owner of any Boat Storage Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, or by entering into a Boat Storage Space Lease (or an assignment thereof) for a Boat Storage Space as an appurtenance to such Owner's Lot as more particularly set forth in Article IV, Section 10 of this Declaration, is deemed to covenant and agree to pay to the Association, in addition to the Annual, Supplemental Annual, Special and Special Individual Assessments provided for herein, Boat Storage Space Assessments, Supplemental Boat Storage Space Assessments and Special Boat Storage Space Assessments, as hereinafter defined, for maintenance and repair costs of the Boat Storage Areas and Boat Storage Spaces (including all improvements thereon) established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Boat Storage Lot against which each such assessment or charge is made and upon the right to use the Boat Storage Space appurtenant to such Boat Storage Lot. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Boat Storage Lot effective at the time when the assessment falls due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them, provided such assessments or charges, together with interest, costs, and reasonable attorneys' fees, shall, as set forth above, be a continuing lien upon the Boat Storage Lot against which such assessments or charges are made.

Section 2. Purpose of Boat Storage Space Assessments. The assessments to be levied annually by the Association against each Boat Storage Lot (the "Boat Storage Space Assessments") shall be used as follows:

(a) to clean, maintain, repair and reconstruct, when necessary, the Boat Storage Area and the Boat Storage Spaces, including all lighting and any other fixtures, improvements and other facilities located thereon (if any), all as more particularly set forth in Article IV, Section 10 of this Declaration;

(b) to provide and pay for lighting of the Boat Storage Area and the Boat Storage Spaces (if any) to the extent necessary for the safety and enjoyment of the users thereof;

(c) to pay all ad valorem taxes levied against the Boat Storage Area and the Boat Storage Spaces and any other property owned by the Association in connection therewith;

(d) to pay the premiums on all insurance carried by the Association in connection with the Boat Storage Areas and Boat Storage Spaces (including all improvements located thereon) pursuant hereto or pursuant to the Bylaws;

(e) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws in connection with the Boat Storage Areas and Boat Storage Spaces (including all improvements located thereon); and

(f) to maintain reserves for the purposes set forth in Article IV, Section 7 hereof in amounts as determined by the Board of Directors.

Section 3. Payment of Boat Storage Space Assessments; Due Dates. The Boat Storage Space Assessments provided for herein shall be payable, annually, in advance, and shall commence as to each Boat Storage Lot (to which a completed Boat Storage Space is appurtenant), and shall be due and payable thirty (30) days following the lease of a completed Boat Storage Space to a Boat Storage Lot as set forth in Article IV, Section 10 of this Declaration (such assessment shall be prorated from the date of such lease through the remainder of the calendar year for which such assessment is due). Notwithstanding the foregoing, no Boat Storage Space Assessments shall be due prior to July 1, 2001. The initial Boat Storage Space Assessments applicable to all Boat Storage Lots (for the calendar year in which the first lease of a completed Boat Storage Space is executed) shall be One Hundred Twenty-Five Dollars (\$125.00) per Boat Storage Lot. Boat Storage Space Assessments for each and every year thereafter shall be payable no later than January 31 of such year. The Boat Storage Space Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 4 of this Article VI-A and shall be due and payable no later than January 31 of each such year. The Board of Directors shall fix the amount of the Boat Storage Space Assessment as to each Boat Storage Lot for any year at least thirty (30) days prior to January 1 of such year, and the Association shall send written notice of the amount of the Boat Storage Space Assessment to each Boat Storage Lot Owner on or before January 5 of such year. Failure of the Association to send the notice described in this Section 3 shall not relieve the Owners of their liability for Boat Storage Space Assessments. Notwithstanding the foregoing, the Board of Directors may alter the dates of the fiscal year for setting the Boat Storage Space Assessments, and may increase or decrease the frequency of the collection of the Boat Storage Space Assessments (or installments thereof) in any reasonable manner.

Section 4. Maximum Boat Storage Space Assessment.

(a) For years following the first year of Boat Storage Space Assessments and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, (without a vote of the Members who are Owners of Boat Storage Lots), may increase the Boat Storage Space Assessment each year by a maximum amount equal to the previous year's Boat Storage Space Assessment times the greater of (i) ten percent (10%); or (ii) the

annual percentage increase in the CPI issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discounted, then there shall be used in the index most similar to the CPI which is published by the United States Government indicating changes in the cost of living. If the Boat Storage Space Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed, and the Boat Storage Space Assessment may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members who are Owners of Boat Storage Lots.

(b) From and after the first year of Boat Storage Space Assessments may be increased without limitation if such increase is approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Boat Storage Lots.

(c) The Board of Directors may fix the Boat Storage Space Assessments at an amount not in excess of the maximum set forth in subparagraph (a) of this Section 4 (the “Maximum Boat Storage Space Assessment”). If the Board of Directors shall levy less than the Maximum Boat Storage Space Assessment for any calendar year and thereafter, during such year, determine that the important and essential functions of the Association as to Boat Storage Area and Boat Storage Spaces (and all improvements located thereon) cannot be funded by such lesser assessment, the Board may, by a vote in accordance with the Bylaws, levy a supplemental Boat Storage Space Assessment (the “Supplemental Boat Storage Space Assessment”). In no event shall the sum of the Boat Storage Space and Supplemental Boat Storage Space Assessments for any year exceed the applicable Maximum Boat Storage Space Assessment for such year other than as set forth herein.

Section 5. Special Assessments for Boat Storage Area and Boat Storage Space Improvements. In addition to the Boat Storage Space Assessments authorized above, the Association may levy, in any assessment year, a special Boat Storage Space Assessment (the “Special Boat Storage Space Assessment”) applicable to that year only for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of the Boat Storage Area and Boat Storage Spaces, and any capital improvement located thereon, including lighting, fixtures, poles, wires, railings and other facilities located thereon and personal property related thereto. Provided, however, (i) any such Special Boat Storage Space Assessment must be approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Boat Storage Lots, and (ii) any such Special Boat Storage Space Assessment may be levied only against the Owners of Boat Storage Lots.

Section 6. Assessment Rate.

(a) Except as set forth in subsection (b) below, Boat Storage Space, Supplemental Boat Storage Space and Special Boat Storage Space Assessments must be fixed at a uniform rate for all Boat Storage Lots;

(b) Boat Storage Space, Supplemental Boat Storage Space and Special Boat Storage Space Assessments for each Boat Storage Space actually used by Declarant shall be one-third (1/3) of the Assessments for each other Boat Storage Lot in the Subdivision not owned by Declarant.

ARTICLE VI-B

COVENANT FOR SEPTIC SYSTEM ASSESSMENTS

Section 7. Creation of the Lien and Personal Obligation for Septic System Assessments. Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association, in addition to the Annual, Supplemental Annual, Special and Special Individual Assessments provided for herein, Septic System Assessments, as hereinafter defined, for the inspection of each Lot Owner's Septic System. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner effective at the time when the assessment falls due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them, provided such assessments or charges, together with interest, costs, and reasonable attorneys' fees, shall, as set forth above, be a continuing lien upon the Lot against which such assessments or charges are made.

Section 8. Purpose of Septic System Assessments. The assessments to be levied annually by the Association against each upon which a septic system has been constructed (the "Septic System Assessments") shall be used to inspect each Lot Septic System to ensure such Septic Systems are in compliance with any requirements imposed by the Association or any governmental authority.

Section 9. Payment of Septic System Assessments; Due Date. The Septic System Assessments provided for herein shall be payable, annually, in advance, and shall commence as to each Lot, and shall be due and payable thirty (30) days following the completion of construction on each Lot. The initial Septic System Assessments applicable to all Lots (for the calendar year in which construction is completed on such Lot) shall be Two Hundred Five Dollars (\$205.00) per Lot. Septic System Assessments for each and every year thereafter shall be payable no later than January 31 of such year. The Septic System Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 4 of this Article VI-B and shall be due and payable no later than January 31 of each such year. The Board of Directors shall fix the amount of the Septic System Assessment as to each Lot for any year at least thirty (30) days prior to January 1 of such year, and the Association shall send written notice of the amount of the Septic System Assessment to each Lot Owner on or before January 5 of such year. Failure of the Association to send the notice described in this Section 3 shall not relieve the Owners of their liability for Septic System Assessments. Notwithstanding the forgoing, the Board of Directors may alter the dates of the fiscal year for

setting the Septic System Assessments, and may increase or decrease the frequency of the collection of the Septic System Assessments (or installments thereof) in any reasonable manner.

Section 10. Maximum Septic System Assessment.

(a) For years following the first year of Septic System Assessments and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Annual Assessment each year by a maximum amount equal to the previous year's Annual Assessment times the greater of (i) ten percent (10%) or (ii) the annual percentage increase in the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84 = 100) (hereinafter "CPI") issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, then the index most similar to the CPI (published by the United States Government indicating changes in the cost of living) shall be used. If the Septic System Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Septic System Assessments may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members.

(b) From and after the first year of Septic System Assessments, the maximum annual assessment may be increased above the maximum amount set forth in subparagraph (a) of this Section 4 by a vote of a majority of the votes appurtenant to the Lots which are then subject to this Declaration, plus the written consent of Declarant (so long as Declarant owns any part of the Property).

(c) The Board of Directors may fix the Septic System Assessment at an amount not in excess of the maximum set forth in Subparagraph (a) of this Section 4 (the "Maximum Septic System Assessment"). If the Board of Directors shall levy less than the Maximum Septic System Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Board may, by vote in accordance with the Bylaws, levy a supplemental Septic System Assessment ("Supplemental Septic System Assessment"). In no event shall the sum of the Septic System and Supplemental Septic System Assessments for any year exceed the applicable Maximum Septic System Assessment for such year other than as set forth herein.

Section 11. Assessment Rate.

(a) Subject to the exception set forth in subsection (b) below, Septic System Assessments and Supplemental Septic System Assessments must be fixed at a uniform rate for all Lots.

(b) Septic System Assessments for each Lot owned by Declarant shall be one-third (1/3) of the Septic System Assessments and Supplemental Septic System Assessments for each other Lot in the Subdivision not owned by Declarant.

ARTICLE VII

GENERAL ASSESSMENT PROVISIONS

Section 1. Certificate Regarding Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 2. Effect of Nonpayment of Assessments; Remedies of the Association. Any Annual Assessment, Special Assessment, Special Individual Assessment, Supplemental Assessment, Boatslip Assessment, Special Boatslip Assessment, Supplemental Boatslip Assessment, Boat Storage Space Assessment, Supplemental Boat Storage Space Assessment, Special Boat Storage Space Assessment, Septic System or Supplemental Septic System Assessment (or installment thereof) not paid by its due date as set forth herein, or any other assessment not paid by its due date, shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors to defray the costs arising because of late payment. The Association may bring an action at law against the delinquent Owner (or foreclose the lien against the Lot), and interest, late payment charges, costs and reasonable attorney's fees related to 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 not using the Common Areas, such Owner's Boatslip and/or such Owner's Boat Storage Space, if applicable, or by abandoning such Owner's Lot, Boatslip and/or Boat Storage Space.

Section 3. Subordination of the Lien to Mortgages. The lien of the assessments provided for in Articles V, VI, VI-A and VI-B of this Declaration shall be subordinate to the lien of any first Mortgage on a Lot or any mortgage or deed of trust to CLT Development Corp. or any affiliated entity. Sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to a mortgage foreclosure under any first Mortgage on a Lot or any mortgage or deed of trust to CLT Development Corp. or any affiliated entity, or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer; provided, however, that the Board of Directors may in its sole discretion determine such unpaid assessments to be Annual Assessment, Special Assessment, Special Individual Assessment, Supplemental Assessment, Boatslip Assessment, Special Boatslip Assessment, Supplemental Boatslip Assessment, Boat Storage Space Assessment, Supplemental Boat Storage Space Assessment, Special Boat Storage Space Assessment, Septic System Assessment or Supplemental Septic System Assessment, as applicable, collectable pro rata from all Owners (or from Boatslip Lot Owners if Boatslip, Special Boatslip or Supplemental Boatslip Assessment), (or from Boat Storage Lot Owners if

Boat Storage Space, Supplemental Boat Storage Space or Special Boat Storage Space Assessment) (or from all Lot Owners if Septic System Assessment or Supplemental Septic System Assessment), including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners (or Boatslip Lot Owners if Boatslip Assessment, Special Boatslip Assessment, Supplemental Boatslip Assessment) (or Boat Storage Lot Owners if a Boat Storage Space Assessment, Supplemental Boat Storage Space Assessment or Special Boat Storage Space Assessment) (or from all Lot Owners if Septic System or Supplemental Septic System Assessment) notwithstanding the fact that such pro rata portions may cause the Annual Assessment, Boatslip Assessment, Boat Storage Space Assessment or Septic System Assessment to be in excess of the Maximum Annual Assessment, Maximum Boatslip Assessment, Maximum Boat Storage Space Assessment or Maximum Septic System Assessment permitted hereunder. No sale or transfer shall relieve the purchaser of such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any first Mortgage on a Lot or any mortgage or deed of trust to CLT Development Corp. or any affiliated entity, as above provided.

ARTICLE VIII

RESTRICTIONS

Section 1. Residential Restrictions. Each Lot shall be used exclusively for single-family, non-transient residential purposes; provided, however, Declarant shall have the right to use the Lots designated, from time to time, by Declarant for the purpose of construction and operation of construction offices and sales/marketing offices (and for related uses) for the Development. No trade, business or business activity of any kind shall be conducted upon a Lot or any part thereof except by Declarant as described hereinabove or except with the written approval of the Board. Provided, however, the Board may permit a business or business activity to be conducted on a Lot so long as such business, in the sole discretion of the Board, does not otherwise violate the provisions of this Declaration, does not create a disturbance and does not unduly increase traffic flow or parking congestion on the Property or in the Development. The Board may issue rules regarding permitted business activities. Leasing of a residence on a Lot shall not be considered a business or business activity.

Except those to be utilized by Declarant as described hereinabove, no structure shall be erected, placed, altered, used or permitted to remain on any Lot other than one detached single-family private Dwelling and one private garage (either attached or detached from the Dwelling) for not less than two (2) vehicles and only such other accessory structures as are approved in advance in writing by the Architectural Control Committee pursuant to the Guidelines. No Lot and no Improvements may be used for hotel or other transient residential purposes. Each lease relating to any Lot or any Improvements thereon (or any part of either thereto must be for a term of at least six (6) months, must be in writing, and must provide that the tenant is obligated to observe and perform all of the terms and provisions hereof applicable to such Lot and/or Improvements.

Subject to the requirements set forth herein and in the Guidelines, fixed piers and floating boat dock facilities incidental to the residential use of Waterfront Lots are expressly permitted only within the Pier Zone of Waterfront Lots upon the condition that they are not rented, leased

or otherwise used for remuneration. Furthermore, no boat (including a houseboat), whether existing on a Lot, docked at a Pier or docked at a fixed pier or floating boat dock appurtenant to any Waterfront Lot in the Development, may at any time be used as a residence.

Section 2. Dwelling Size. The square footage requirements set forth below are for enclosed heated floor area and are exclusive of the areas in heated or unheated basements, vaulted ceiling areas and attics, unheated porches of any type, attached or detached garages, any type of porte cochere and unheated storage areas, terraces, balconies, courtyards, decks and patios.

Any Dwelling erected upon any Lot shall contain not less than the following heated floor areas:

	<u>Minimum Total Heated Area</u>	<u>Minimum Ground Floor Heated Area</u>
1 Story	2,000	2,000
1½ story, bi-level, tri-level and others	2,400	1,600 main floor for bi-level; 1,600 upper two floors for tri-level
2 story, 2½ story	2,400	1,600

Notwithstanding the foregoing requirements, the Architectural Control Committee shall have the right (but not the obligation), because of restrictive topography, dimensions or unusual site related conditions or other reasons, to allow variances from such minimum square footage requirements of up to ten percent (10%) of such minimum square footage requirements by granting a specific written variance.

No Dwelling erected upon a Lot shall contain more than two and one-half (2½) stories above ground level; provided, however, the Architectural Control Committee shall have the right (but not the obligation, because of steep topography, unique Lot configuration or similar reasons, to allow Dwelling heights greater than two and one-half (2½) stories on rear and side elevations.

Section 3. HVAC Equipment. No air conditioning or heating equipment or apparatus shall be installed on the ground in front of, or attached to any front wall of, any Dwelling on a Lot. Additionally, air conditioning and heating equipment and apparatus shall be screened from view from streets by landscape improvements, as more particularly provided in the Guidelines.

Section 4. Exterior Lighting. Exterior lighting on Lots shall be subject to the applicable requirements and limitations in the Guidelines. Night lighting of recreational facilities on Lots is not permitted.

Section 5. Fences and Walls. No fence or wall (regardless of the materials) shall be erected on a Lot without the prior written approval of the Architectural Control Committee. No fence may be erected nearer the front lot line of the Lot than the front face of the Dwelling located on such Lot. In the case of a corner Lot, no sideyard fence shall be located nearer than the side face of the Dwelling located on such Lot. No wooden fences, or brick or stone walls, greater than six (6) feet in height are permitted. Chain link or other metal fencing is not

permitted. Perimeter fencing shall not have more than fifty percent (50%) of any of its surface closed as viewed from a point on a line of sight perpendicular to the line of the fence (“Openness Test”). A wall constructed of brick or stone and used in lieu of a fence is exempt from the Openness Test. All fences and walls shall be erected in accordance with the provisions of the Guidelines. The restrictions described herein shall not apply to any improvements originally installed by Declarant on any Common Area.

Section 6. Signs. No sign of any kind shall be displayed to the public view on any Lot with the following exceptions which may not exceed five (5) square feet in size: (a) one sign per Lot advertising the property for sale; (b) one sign on the Lot only used by a builder to advertise the Lot during the construction and sales period; and (c) temporary political signs. The Architectural Control Committee shall have the power, but not the obligation, to adopt and issue, from time to time, sign guidelines, as part of the Guidelines, to assist the Architectural Control Committee in reviewing and approving proposed signs to be erected on the Property. No signs of any kind may be displayed to the public view on any Common Area other than the entrance monument. Notwithstanding the immediately preceding sentence, Declarant shall not be prohibited from erecting and maintaining signs and billboards, permanent or temporary, advertising the Property, the Development or portions of either thereof, or for any other purpose, on any portion of the Property owned by Declarant or in the Common Areas.

Section 7. Temporary Structures; Structure Materials. No residence or building of a temporary nature shall be erected or allowed to remain on any Lot; provided, however, a construction office trailer may be located on that particular Lot until completion of the Dwelling or Improvement on that Lot. No metal, fiberglass, plastic or canvas tent, barn, carport, garage, utility building, storage building or other metal, fiberglass, plastic or canvas structure shall be erected on any Lot or attached to any Dwelling. Provided, however, nothing herein shall prohibit Declarant from erecting or moving temporary buildings onto Lots owned by Declarant to be used for storage, or for construction or sales offices.

Section 8. Utilities. All utilities and utility connections shall be located underground, including electrical, telephone and cable television lines. Transformers, electric, gas or other meters of any type, or other apparatus shall be located at the rear of the Dwellings or Improvements constructed on Lots or, if approved by the Architectural Control Committee in writing, located elsewhere on the Lot; provided, however, that they are adequately screened as required by the Architectural Control Committee in accordance with the provisions of this Declaration.

Section 9. Erosion and Sediment Controls. Prior to any earth disturbing activity, erosion and sediment control measures shall be implemented and undertaken by the Owner or Owner’s builder in accordance with the applicable provisions of the Guidelines.

Section 10. Building Envelope. No building or other Improvement on any Lot (including any stoops or porches, patios, decks, terraces, etc.) shall be erected or permitted to remain outside of the building envelope for that particular Lot as established by the Architectural Control Committee (as to each Lot, the “Building Envelope”). The Building Envelope approved for any Lot will be available from the Architectural Control Committee on an unrecorded map. Provided, however, and notwithstanding the foregoing to the contrary, (i) docks, Piers (including

any gazebos proposed to be attached thereto) and Boatslips are exempt from this Building Envelope restriction, provided they are approved by the Architectural Control Committee in accordance with the applicable provisions of the Guidelines, (ii) exterior steps at the front and rear of a Dwelling may project into the setback area established by the Building Envelope up to a distance of five (5) feet, and (iii) fireplace chimney structures projecting from the side of a Dwelling may encroach no more than eighteen (18) inches into the side yard setback established by the Building Envelope. The Architectural Control Committee shall have the right in its sole discretion to make exceptions to any Building Envelope to recognize any special topography, vegetation, Lot shape or dimension, or other site-related conditions. In the event any zoning or subdivision ordinance, floodway regulation or other ordinance, law or regulation applicable to a Lot shall prescribe greater setbacks, then all buildings erected during the pendency of such requirements shall conform thereto.

Section 11. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. During construction of Improvements on a Lot, all rubbish and debris shall be stored and disposed of in accordance with the rules and regulations set forth in the Guidelines.

Section 12. Combination or Subdivision of Lots. If the Owner of a Lot owns an adjacent Lot or Lots and desires that two (2) or more such Lots be considered as one Lot, then such Lots shall (except in connection with the payment of assessments and except as provided herein) be considered as one Lot for the purposes of this Article VIII upon the satisfaction of the following conditions: (a) the Owner shall record in the Office of the Clerk of Court of Oconee County, South Carolina, an instrument expressing the Owner's intent to combine the Lots; (b) the instrument shall refer specifically to this section in this Declaration and to identify the Lots to be considered as one Lot for purposes of this Article VIII; (c) a copy of such recorded instrument shall be promptly delivered by such Owner to the Architectural Control Committee for its records; and (d) the Building Envelopes, setback lines, and easements reserved in this Declaration shall be adjusted accordingly by the Architectural Control Committee. Provided further, once two or more Lots have been combined, they cannot be subdivided without the written consent of the Architectural Control Committee. Furthermore, no Lot shall be subdivided by sale, lease or otherwise without the prior written consent of both the Architectural Control Committee and Declarant. Provided, however, Declarant reserves the right to change the size, boundaries or dimensions of any Lot owned by Declarant for any reason in its sole discretion.

Section 13. Restricted Activities in Common Areas. No cutting of vegetation, dumping, digging, filling, destruction or other waste shall be committed on the Common Areas. There shall be no obstruction of the Common Areas, nor shall anything be kept or stored in the Common Areas, nor shall anything be altered, or constructed or planted in, or removed from the Common Areas, without the prior written consent of the Declarant and the Association. Each Owner shall be liable to the Association and/or Declarant for any damage to any Common Area caused by the negligence or willful misconduct of the Owner or his family, tenants, guests, agents, employees, or invitees. Provided, however, the provisions of this Section 13 shall not apply to Declarant in connection with Declarant's construction activities on the Property.

Section 14. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any Lot, other than in enclosed garages.

Section 15. Rules of the Board. All Owners of any Lot shall abide by all rules and regulations adopted by the Board, from time to time. The Board shall have the power to enforce compliance with the rules and regulations by all appropriate legal and equitable remedies. An Owner determined by judicial action to have violated said rules and regulations, shall be liable to the Association and/or Declarant for all damages, costs, and expenses including attorneys' fees.

Section 16. Entrance Monument Easement. Declarant hereby reserves a non-exclusive perpetual easement for the purpose of landscaping and maintaining the entryway and erecting and maintaining the Entrance Monument for the Subdivision. An easement is hereby reserved by Declarant for itself, its successors in interest and assigns, and granted to the Association over portions of the Subdivision identified as "Entrance Monument Easement," "Entrance Monument Area," "COS," or other similar term on the Map (the "Easement Tract").

Declarant or the Association shall have the right to landscape and maintain the Easement Tract as an entryway to the Subdivision. Further, Declarant or the Association shall erect and maintain one or more monuments with an entrance sign thereon (collectively, the "Entrance Sign") bearing the name of the Development which Entrance Sign shall be built in accordance with the applicable governmental standards for signs. Declarant shall erect and maintain lighting for the Entrance Sign, planters and other improvements typically used for an entryway (the Easement Tract, the Entrance Sign, Lighting, landscaping, irrigation and other improvements to be constructed on the Easement Tract are herein collectively referred to as the "Entrance Monument Easement" on the Map).

Section 17. Parking; Off-Water Boat Storage.

(a) No vehicles, trucks, vans, cars, trailers, construction equipment, etc. may be parked overnight on any Roadway within the Property.

(b) Commercial use vehicles and trucks not involved with construction activity on the Property and having a carrying capacity and/or size designation greater than or equal to three-fourths ($\frac{3}{4}$ th) ton, shall not be permitted to park overnight on the Roadways, driveways or otherwise within the Property, unless stored in an enclosed garage. No vehicle of any size which transports inflammatory or explosive cargo may be kept within the Property at any time. No vehicles that are not in a condition to be normally operated or that do not have a current registration tag may be stored or situated on any Lot for more than thirty (30) days unless stored in an enclosed garage.

(c) The Owner of each Lot will be responsible for providing on such Owner's Lot a sufficient paved parking area for all vehicles normally parked and/or situated on or in regard to such Lot.

(d) No recreational vehicles or related equipment, including, without limitation, any boat, houseboat, motor home or “camper” vehicle may be maintained, stored or kept on any portion of the Property, except in enclosed garages or in an enclosure specifically approved for such maintenance or storage by the Architectural Control Committee.

(e) No construction office trailers may be placed, erected or allowed to remain on any Lot after completion of building or Improvement on that particular Lot, except as approved in writing by the Architectural Control Committee. Provided, however, nothing herein shall prohibit Declarant from erecting or moving temporary buildings onto Lots owned by Declarant to be used as construction or sales offices. Other construction vehicles (trucks, vans, cars, construction equipment, equipment trailers, etc.) may be left overnight on the Property (including any Lot or Roadway) only in accordance with such rules as may be established by the Architectural Control Committee.

Section 18. Nuisances. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot. No Lot shall be used, in whole or in part, for the deposit, storage or burial of any property or thing that will cause such property to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within any Lot, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Development. There shall not be maintained on any Lot any plants or animals or device or thing of any sort whose activity or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Development. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot unless required by law.

Section 19. Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed Dwelling or other Improvements shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. All construction must be completed within one (1) year after the date upon which it commenced, unless a longer time is approved by the Architectural Control Committee. Any damage to the Roadways, curbs or sidewalks or any part of any Common Area or any utility system caused by an Owner or Owner's builder or such builder's contractors or subcontractors shall be repaired by such responsible Owner. Any builder of Improvements (and such builder's contractors and subcontractors) on any portion of the Property shall keep such portion of the Property free of unsightly construction debris, in accordance with the construction rules established by the Architectural Control Committee, and shall similarly keep contiguous public and private areas free from any dirt, mud, garbage, trash, or other debris which is occasioned by construction of Improvements. The Board may levy a Special Individual Assessment against an Owner's Lot to pay for the cost of repairing any damage to Roadways, curbs or sidewalks or any part of any Roadway, Common Area or

utility system, to pay for the cost of cleaning public and private areas, including the Roadways, and to pay for the cost of the removal of garbage, trash or other debris, which are occasioned by the activities of an Owner or Owner's builder or such builder's contractors or subcontractors during the construction of Improvements. Declarant, and each Owner, shall be responsible for erosion control protection during any earth-disturbing operation, as described and defined in the "Erosion Control Practices" on Exhibit "C", attached hereto and incorporated herein by reference.

Section 20. Public Water System; No Wells. Declarant shall cause to be constructed a water system in order to provide water supplies necessary to serve the Subdivision (the "Water System"). All water mains, pipes and other equipment necessary for the operation and maintenance of the Water System shall be located within the utility easements described in this Declaration, or within the Roadway rights-of-way. Upon its completion of the Water System and all mains, pipes and equipment and other personal property which is part thereof, Declarant or the Association shall use reasonable good faith efforts to dedicate the Water System to Seneca Light and Water or other governmental authority. All Owners are required to connect into the Water System for domestic water service. The Water System shall be the sole provider of water supply to the Subdivision, and no well may be dug or constructed on any Lot for the purpose of providing domestic water supply.

Section 21. Marine Toilets. No watercraft equipped with a marine toilet having a fixed or portable holding tank, or a through hull or overboard discharge toilet, shall be permitted at any Waterfront Lot Owners' docks or piers, unless otherwise approved by the Declarant or Architectural Control Committee. No watercraft equipped with a marine toilet having a fixed or portable holding tank, or a through hull or overboard discharge toilet, shall be permitted at the Piers or Boatslips shown on the Map, or such additional Piers and Boatslips as are added pursuant to a Supplemental Declaration as set forth in Article II, Section 2 of this Declaration.

Section 22. Docks and Piers. Only the Owner of a Waterfront Lot may construct one (1) Pier within the area designated as "Pier Zone" on the Map or in any Supplemental Declaration or other document which may be filed pursuant to the provisions of this Declaration adjacent to said Waterfront Lot (in accordance with the applicable provisions of the Guidelines), provided that such Lot is not located in an area where the narrowness of a cove precludes construction of a dock or pier as determined by Duke Energy Corporation and/or any governmental entity having jurisdiction at the time such improvements are to be constructed. By way of example, but not of limitation, the Owners of Lot 26 and Lot 27 shall not have the right to construct a dock or pier on each of their Lots, but instead, shall have the joint and several right to use and the obligation to maintain the Waterfront Common Dock, as set forth in Article XIII, Section 10.

The placement, construction, or use of any pier, dock, Boatslip structure or other improvement within or upon the waters of the Lake is and shall be subject to each of the following:

- (a) easements, restrictions, rules and regulations for construction and use promulgated by the Association;

(b) all laws, statutes, ordinances and regulations of all Federal, State and local governmental bodies having jurisdiction thereon, including without limitation, the Federal Energy Regulatory Commission; and

(c) rules and regulations, privileges and easements affecting the Property and the waters and submerged land of the Lake established by Duke Energy Corporation, its successors and assigns. (Duke Energy Corporation controls access to, and the use and level of, the waters of the Lake. All Owners, the Association and the Declarant must receive a permit from Duke Energy Corporation [or a successor manager of the Lake, under authority from the Federal Energy Regulatory Commission] prior to any alterations therein.)

No Pier, dock, Boatslip structure or other similar improvement shall be constructed by Owners of Waterfront Lots outside of the Pier Zone. Additionally, no boat (including a houseboat) docked at a fixed pier or a floating boat dock (appurtenant to any Waterfront Lot) shall be located outside the Pier Zone. Generally, any waterfront improvement should have a low profile and open design to minimize obstruction of neighbors' views. Two level boat houses or docks will not be allowed.

Section 23. Boat Ramps. No boat ramps of any kind shall be permitted on any Lot, and no boat shall be placed in (or removed from) the waters of the Lake from any Lot; provided, however, small watercraft such as canoes, dinghies, jet skis and personal watercraft may be launched from any Lot if launched without a ramp. All other watercraft shall be launched, refueled and maintained at public boat ramps located outside the Subdivision.

Section 24. Mail and Newspaper Boxes. All mail boxes and newspaper boxes shall be constructed or installed on any Lot in accordance with the applicable provisions of the Guidelines.

Section 25. Animals. No animals, livestock or poultry shall be raised, bred or kept on any Lot or any other portion of the Property, except that dogs, cats, or other generally recognized household pets may be kept, provided that (a) they are not kept for any commercial purposes; and (b) that they do not create a nuisance (in the judgment of the Board) such as, but without limitation, by noise, odor, damage or destruction of property or refuse. The number of household pets kept or maintained outside the Dwelling on a Lot shall not exceed three (3) in number, except for newborn offspring of such household pets which are all under (9) months in age. Whenever they are outside of a Dwelling, dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board. Animal control authorities shall be permitted to enter the Development and the Property to patrol and remove pets which violate this Section 25 and wild animals. All pets shall be registered, licensed and inoculated as required by law. No fenced dog enclosure or other structure for pets may be constructed or maintained on any Lot unless approved in writing by the Architectural Control Committee.

Section 26. Governmental Requirements; Lake Buffer Guidelines. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction of Improvements on and/or use and utilization of any Lot shall continue to be applicable and

shall be complied with in regard to the Lots. Each Owner shall comply with all laws, regulations, ordinances (including, without limitation, applicable zoning ordinances) and other governmental rules and restrictions in regard to the Lot(s) or other portion of the Property owned by such Owner. Furthermore, each Owner shall comply with the conditions, limitations and restrictions set forth in the Lake Buffer Guidelines.

Section 27. Sewage Disposal. Every Lot shall be served by a private Septic System for the disposal of sewage. Declarant makes no representations regarding the future availability of municipal sewer service. All Septic Systems shall be approved by, and constructed and maintained in accordance with all the regulations and requirements of the South Carolina Department of Health and Environmental Control and other governmental authorities and regulatory agencies having jurisdiction. All Owners, by purchasing Property subject to this Declaration, acknowledge that any governmental permit or approval allowing for the construction and operation of a Septic System may be limited in duration in accordance with the terms thereof, and neither Declarant, nor the Association, nor the Architectural Control Committee, nor the officers, directors, members, employees, agents or affiliates or any of them, shall have any liability, directly or indirectly, arising from or connected with the inability of an Owner to obtain any such permit or approval (including an extension or continuation) following the initial expiration thereof.

The Owner of the Lot for which a Septic System is being installed shall be responsible for obtaining all necessary environmental permits and other permits for the use of said Septic System and shall hold harmless the Association, its successors and assigns, from any loss, damage or liability relating thereto, except to the extent that such loss, damage or liability results from the negligent act or omission or willful misconduct of the Association, its successors and assigns, or its officers, directors, agents, employees, members, invitees or licensees. Prior to the installation of a Septic System, the Owner of the Lot for which the Septic System is being installed shall have the proposed location of such Septic System staked and approved by the appropriate governmental authorities, and such Septic System shall be approved by, and constructed and maintained in accordance with all regulations and requirements of all governmental authorities and regulatory agencies having jurisdiction thereof. The Owner of the Lot shall be responsible for operating and maintaining the Septic System located thereon at such Owner's sole cost and expense.