

THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET. SEQ, CODE OF LAWS OF SOUTH CAROLINA 1976 (AS AMENDED).

2006 JAN 27 P 2:49

TIMOTHY L. HANNEY
REGISTER OF DEEDS

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE TOWNS AT WOODRUFF CROSSING

Made by:
PHC COMMUNITIES, LLC
a South Carolina limited liability company

KNOW ALL MEN BY THESE PRESENTS, that this Declaration of Covenants, Conditions and Restrictions for the Towns at Woodruff Crossing (the "Declaration") is made and entered into on this 23rd day of January, 2006 by **PHC COMMUNITIES, LLC**, a South Carolina limited liability company (hereinafter referred to as the "Declarant").

RECITALS

1. Declarant is the owner of the real property described in Article Two of this Declaration and desires to create thereon a townhouse community known as The Towns at Woodruff Crossing (the "Community").
2. Declarant desires to subject the real property described in Article Two to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is, and are, for the benefit of said real property and each owner of a portion thereof.
3. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Community, to create an entity to which should be delegated and assigned the powers of administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created.
4. Declarant has caused or will cause to be incorporated under the laws of the State of South Carolina a non-profit corporation, the Woodruff Crossing Townhome Association, Inc. (the "Association"), for the purpose of exercising the functions aforesaid.

DECLARATION

NOW THEREFORE, the Declarant declares that the real property described in Article Two, and any additions thereto, is and shall be held, used, transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "covenants and restrictions") as hereinafter set forth.

ARTICLE ONE: DEFINITIONS

The following words when used in this Declaration or any amended or Supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

"Assessment(s)" shall mean and refer to the assessment(s) and charges levied by the Association against Members who are the Owners of Lots or Improved Lots and shall include annual, special and Special Individual Assessments as described in Article Eight of this Declaration.

"Association" shall mean and refer to the Woodruff Crossing Townhomes Association, Inc.

"Board" shall mean and refer to the Board of Directors of the Association.

"Builder" shall mean and refer to a person or entity who in the regular course of business purchases Lots and becomes the Owner of such Lots or Improved Lots solely for the purpose of constructing improvements thereon for resale to their successors and assigns and not for the purpose of residing in such improvements. No successor or assignee of Builder shall have any rights or obligations of a Builder hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment or which pass by operation of law. The rights and obligations set forth herein of a Builder shall cease when all of the Lots and Improved Lots owned by such Builder have been purchased and settled on by an Owner or Owners other than Builder or Declarant

"Bylaws" shall mean and refer to the bylaws of the Association and all amendments thereto.

"Committee" shall mean and refer to the architectural control committee established pursuant to Article Four hereof.

"Common Area(s)" shall mean and refer to those areas of land described or referred to as "Common Property", "Common Properties", "Common Area", "Common Areas" or "Open Spaces" in any declaration of covenants and restrictions to which the Property is submitted or subjected by the Declarant, or shown on any Recorded Plat, executed by the Declarant and any other owner of such areas of land, of the Property and labeled thereon as "Common Property", "Common Properties", "Common Area", "Common Areas" or "Open Spaces", or shown on a Recorded Plat as private streets, parking area, roads, bike paths, or pedestrian walking easements (together with all improvements located thereon), which are a part of the Property and as such are intended to be devoted to the common use and enjoyment of the Members, subject to special rights and limitations, if any, granted to or imposed on Owners of particular Lots. The Common Areas shall also include any stormwater device that serves more than one (1) Lot, any utility line located outside public street rights-of-way and public utility easements, and serving more than one (1) Lot, and any shared facility or property required to be shared by Greenville County ordinances.

"Common Expenses" shall mean and refer to:

- a) Expenses declared Common Expenses by the provisions of this Declaration or the Bylaws.
- b) Expenses agreed upon from time to time as Common Expenses by the Association and lawfully assessed against Members in accordance with the Bylaws or this Declaration.

- c) Any valid charge against the Association.
- d) Any expenses incurred by the Association in connection with the discharge of its duties hereunder and under the Bylaws and its Articles of Incorporation.

"Declarant" shall mean and refer to PHC Communities, LLC, a South Carolina limited liability company its successors and assigns, and any person or entity who is specifically assigned the rights and interests of Declarant hereunder or under a separate instrument executed by the Declarant and recorded in the Greenville County Register of Deeds.

"FHA" shall mean and refer to the United States Federal Housing Authority.

"Greenville County ordinances" shall mean all Greenville County codes, regulations and ordinances governing zoning, subdivisions, construction and land use.

"Greenville City ordinances" shall mean all City of Greenville codes, regulations and ordinances governing zoning, subdivisions, construction and land use.

"HUD" shall mean and refer to the United States Department of Housing and Urban Development.

"Improved Lot" shall mean and refer to any improved parcel of land within the Community which was formerly a Lot and is intended for use as a Unit. A parcel of land shall be deemed to be improved when the improvements constructed thereon have received a certificate of occupancy.

"Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Unit, which shall not include garages, carports, porches, patios, breezeways, terraces, or basements.

"Lot" shall mean and refer to any unimproved numbered parcel of land within the Community which is intended for use as a site for a Unit, as shown upon any Recorded Plat of any part of the Community and labeled thereon as a "Lot", and shall not include Improved Lots, Common Areas, or any property in the Community not yet subdivided for sale as an individual lot. No property in the Community shall be developed as an Improved Lot until designated as a Lot on a Recorded Plat. Property designated as a Lot may later be designated for some other use on a Recorded Plat.

"Master Restrictions" shall mean the Master Declaration of Covenants, Conditions and Restrictions for the Residential Development at Woodruff Crossing dated January 23, 2006 and recorded in Deed Book _____ at Page _____ in the Office of the Register of Deeds for Greenville County, South Carolina.

"Member" shall mean a member of the Association and shall refer to an Owner in the Community.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Improved Lot situated upon the Community. Notwithstanding any applicable theory of any lien or mortgage law, "Owner" shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words "Member" and "Owner" are meant to describe all of the owners of the Community interchangeably as semantics dictate throughout this Declaration.)

"Party Structure" shall have the meaning assigned to it in Article 7 of this Declaration.

"Plans" shall have the meaning assigned to it in Section 4.2 of this Declaration.

"Property" shall have the meaning assigned to it in Section 2.1 of this Declaration.

"Quorum" shall mean the Members entitled to cast twenty percent (20%) of the total number of votes.

"Recorded Plat" shall mean and refer to any map of the Property, or any portion thereof, recorded in the Greenville County Register of Deeds and executed by the Declarant or the Association to show its consent thereto (and all Owner(s) of such property if different). In any case in which the designation and/or boundary lines of the same property shown on two different Recorded Plats are different (for example, property is designated as a street on one plat and as a Lot on the other, or boundary lines are shown differently on two different Recorded Plats), the designations and boundary lines on the later-recorded of the Recorded Plat shall control.

"Special Individual Assessments" shall have the meaning assigned to it in Section 8.5 of this Declaration.

"Unit" shall mean and refer to any improvement or portion thereof situated on an Improved Lot intended for use and occupancy as a townhouse, irrespective of the number of Owners thereof (or the form of ownership) located within the Community.

"VA" shall mean and refer to the United States Department of Veterans Affairs.

ARTICLE TWO: PROPERTY SUBJECT TO THIS DECLARATION

Section 2.1 The Property. The real property which is, and shall be, held, used, transferred, sold, conveyed and occupied subject to this Declaration (the "Property") is located near Woodruff Road in Greenville County, South Carolina, and is or will be commonly known as The Towns at Woodruff Crossing, and is more specifically described on Exhibit A attached hereto and incorporated herein by reference.

Section 2.2 Mergers, Combinations or Consolidations. Any merger, combination or consolidation of the Association with another association must first be approved by an affirmative vote of at least sixty-seven percent (67%) of the Members authorized to vote, including a majority of the Members excluding the Declarant, voting at a meeting in which a Quorum is present. If approved, upon merger, combination or consolidation of the Association with another association, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights, and obligations of another association may, by operations of law, be added to those of the Association as the surviving corporation pursuant to a merger, combination or consolidation. The surviving or consolidated association may administer the restrictions established upon any other properties, as one scheme. No such merger, combination or consolidation, however, shall affect any revocation, change or addition to, the covenants and restrictions established by this Declaration within the Property.

ARTICLE THREE: MEMBERSHIP; VOTING RIGHTS IN THE ASSOCIATION; RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

Section 3.1 Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot or Improved Lot in the Community is subject by this and any other Supplemental Declarations made in connection herewith to all rights, responsibilities and assessments of the Association and shall be a Member of the Association, provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 3.2 Membership in Woodruff Crossing Association, Inc. Every person or entity who is a record Owner of a fee simple interest in any Lot or Improved Lot in the Community is also subject to all rights, responsibilities and assessments of the Woodruff Crossing Association, Inc. and shall also be a Member of that association, provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 3.3 Voting Rights. The Association shall have two (2) classes of voting memberships:

a) Class I. The Class I Members shall be all Owners of Lots or Improved Lots within the Community, except Class II Members, if any. Any Class I Member in the Community shall be entitled to one (1) vote for each Lot or Improved Lot which it owns. In the case of multiple ownership of any Lot or Improved Lot, however, those multiple Owners shall be treated collectively as one Owner for voting purposes.

b) Class II. The sole Class II Member shall be the Declarant. The Class II Member may appoint a majority of the Board of Directors during the Declarant Control Period which shall continue until the first to occur of the following:

- i. When one hundred percent (100%) of the Lots and Units which are planned for the Community have certificates of occupancy and have been conveyed to Persons other than the Declarant,
- ii. January 1, 2013; or
- iii. When the Declarant, in its sole discretion, voluntarily relinquishes its Class II Member rights in a written instrument in recordable form.

Class II membership shall terminate upon the expiration of the Declarant Control Period.

Section 3.4 Rights and Responsibilities of the Association. Subject to the provisions set forth in this Declaration, the Association's duties include, but are not limited to, the following:

- a) maintenance of adequate public liability insurance, insuring the Association and its officers and directors;
- b) payment of the annual fitness membership fee to the Woodruff Corporate Fitness Center; and
- c) exterior maintenance as and when called for under Section 9.1.

The Association may in its discretion also provide other services as and to the extent the Association deems appropriate. The Association may obtain and pay for the services of any person or firm to manage its affairs to the extent the Board deems advisable, as well as such other person or firm as the Board determines is necessary or desirable, whether such person or firm is furnished or employed directly by the Association or by any person with whom it contracts. Without limitation, the Board may obtain and pay for legal, accounting, engineering or other professional services necessary or desirable in connection with the Common Areas or the enforcement of this Declaration, the Association's Articles of Incorporation, Bylaws, rules or regulations.

The Association may acquire, hold, exchange, and dispose of real property and tangible and intangible personal property, subject to such restrictions as from time to time may be contained in the Association's Articles of Incorporation or the Bylaws and Greenville County ordinances.

The Association may, acting through its Board, contract with other residential associations or commercial entities, neighborhoods or clubs to provide services or perform services on behalf of the Association and its Members.

Section 3.5 Board of Directors. The Board of Directors shall consist of three (3) directors (the "Directors"), and shall manage the affairs of the Association. Upon expiration of the Declarant Control Period, a Majority of the Directors shall be Members of the Association.

a) Nomination. Nomination of persons for election to the Board of Directors shall be made by a Nominating Committee (the "Nominating Committee"). Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more other persons. The Nominating Committee shall be appointed by the President of the Association prior to each annual meeting of the Members, to serve until the close of the annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may be made from among Members or non-Members.

b) Election. Election to the Board of Directors shall be by written ballot. At the election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Fractional voting is prohibited. In the event that any Director resigns, including a First Director but not including a Director elected by the Declarant during the Declarant Control Period, the remaining Directors shall elect a substitute Director to fill his or her unexpired term.

c) Election of Directors by Declarant. Notwithstanding anything to the contrary set forth in this subsection (a) or (b), until the expiration of the Declarant Control Period, the Declarant shall be entitled to appoint and remove the members of the Board of Directors of the Association. Following the expiration of the Declarant Control Period, the Board of Directors shall be elected by the Members in the manner set forth in subsections (a) and (b) of this Section.

d) Term of Office. The terms of office of the first Directors elected or appointed by the incorporator at the organizational meeting of the Association to complete the organization of the Association (the "First Directors") shall be for the period until the first annual meeting of the Members at which their successors are elected. The terms of each Director other than such First Directors shall be for one (1) year or until his successor is elected, whichever shall be the longer period. Each Director, other than the First Directors elected or appointed by the incorporator, shall be elected at the annual meeting.

e) Removal. Any Director, other than a First Director, a Director selected by the Declarant during the Declarant Control Period, and those appointed to fill a resignation in accordance with Section 3.5(b), may be removed from the Board of Directors, with or without cause, by a majority vote of the Members of the Association present and entitled to vote at any meeting of the Members at which a majority of the votes of the Association is present. Any Director selected by the Declarant during the Declarant Control Period may be removed by the Declarant, with or without cause. In the event of death, resignation or removal, pursuant to the Bylaws, of a Director (a) if such Director was elected by the Members of the Association, his successor shall be selected by the remaining Members of the Board of Directors and shall serve for the unexpired term of his predecessor and (b) if such Director was elected by the Declarant during the Declarant Control Period, his successor shall be selected by the Declarant.

f) Resignation. Any Director may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect on the date of receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

ARTICLE FOUR: ARCHITECTURAL CONTROL

Section 4.1 Purposes. The Declarant desires to provide for the preservation of the values in the Community with respect to vegetation and any improvements to be constructed or altered on any Lot or Improved Lot

constituting a portion of the Community, and to that end, will establish an architectural control committee, in accordance with Section 4.3 hereof, in order to provide, enforce and maintain certain standards as to harmony of exterior design and location of the improvements on the Lot or Improved Lot in relation to surrounding structures, natural features and topography.

Section 4.2 Architectural Control. Unless expressly authorized in writing by the Committee, no Unit, fence, wall, driveway, patio, swimming pool, building or other structure or improvement whatsoever shall be constructed or maintained, nor shall the initial landscaping installed by the Builder be materially changed, nor shall any exterior addition or alteration to any Unit, fence, wall, driveway, patio or other building or structure or improvement be started, nor shall any clearing or site work be commenced or maintained upon any Lot or Improved Lot in the Community, until plans and specifications showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and elevations (all of which is hereinafter referred to collectively as the "Plans"), and any application fee set by the Association, shall have been submitted (the Plans in triplicate) to, and approved in writing by, the Committee, as to harmony of external design and location in relation to any surrounding structure, natural features and topography. The Committee shall have the absolute and exclusive right to refuse to approve any such Plans which are not suitable or desirable in the opinion of the Committee for any reason, including purely aesthetic reasons, which in the sole and uncontrolled discretion of the Committee shall be deemed sufficient. The Committee may promulgate design standards from time to time to be adhered to by the Plans for the Lots, Improved Lots or Units in the Community. A current copy of all design standards shall be kept on file in the principal office of the Association.

Each Improved Lot shall be maintained consistently with the initial landscaping as installed by the Builder and approved pursuant to Section 4.3(a). All material changes to the landscaping installed on an Improved Lot shall be first approved by the Committee. The Committee shall have the authority to create landscaping guidelines with which each Improved Lot shall comply.

Section 4.3 Architectural Control Committee.

a) Membership

(i) As to the initial construction of improvements on any Lot prior to conveyance from Builder to homeowner (the "Initial Construction of Improvements"), the Declarant shall be responsible for the review, approval, and monitoring of construction of improvements. Thus, for the purposes of this Declaration, wherever the Committee is described, regulated or permitted to act hereunder, such provisions shall apply to the Declarant, who will be acting in place of and as the Committee, when such provisions are used in connection with the Initial Construction of Improvements. The right of the Declarant to review and approve new plans pursuant to this section shall cease during times when the Declarant does not own any of the property comprising any portion of the Community, or January 1, 2013, whichever event shall first occur.

(ii) As to construction not comprising the Initial Construction of Improvements, the Committee shall be composed of three (3) persons (who need not be Members of the Association) appointed by the Board. A majority of the Committee may designate a representative to act for it. In the event of death, resignation, or removal by the Board of any member of the Committee, the Board shall have full authority to designate a successor. Unless otherwise approved by the Association, neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. The Association shall keep, or cause to be kept, a list of the names and addresses of the persons who form the Committee and a list of the names and addresses of any designated representatives of the Committee, and such a list shall be available in the principal office of the Association to any Owner upon request.

b) Procedure. At least forty-five (45) days prior to the commencement of any construction, the Plans shall be submitted to the Committee. Approval shall be subject to such regulations and architectural standards as may from time to time be promulgated by the Committee. Within thirty (30) days after receipt of the complete Plans and all other required information, the Committee shall notify the Owner of the Lot or Improved Lot in writing as to whether the Plans have been approved. Unless a response is given by the Committee within thirty (30) days, the Plans shall be deemed approved. The response of the Association may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and the thirty (30) day time period for further Committee response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the conditions shall be deemed accepted by the Owner of the Lot or Improved Lot, and the conditions imposed shall become fully a part of the approved Plans. No improvements shall be made except in strict conformity with the approved Plan. The Committee shall have the right to monitor construction of improvements and investigate compliance with the approved Plan, and hereby reserves the right to enter upon any Lot or Improved Lot in order to do so.

Owners are responsible for the contractors they hire to perform work on their property. Any contractor damaging Common Areas, improvements or infrastructure of the Community, and the Owner(s) who engaged the services of such contractor, shall be jointly and severally liable for such damage. The Committee may from time to time, in its sole discretion, require of any contractor or Owner a case or insurance performance bond to guarantee final site clean up and/or extraordinary road repairs necessitated by the actions of the contractor and his workers and subcontractors during the construction of any improvements on the Community.

Any Owner submitting Plans to the Committee and disagreeing with the finding of the Committee may appeal the decision to the Board by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of notice of denial. The Board shall then review the Plans, giving the Chairman of the Committee the opportunity to present to the Board specific reasons why the Plans were denied, in the presence of the Owner or his agent, and the Owner or his agent may present information challenging the findings of the Committee. The decision of the Committee shall only be overridden by simple majority vote of the Board, but must do so within forty-five (45) days of its receipt of the Committee's decision. Notwithstanding the foregoing, decisions regarding the Initial Construction of Improvements pursuant to Section 4.3(a)(i) shall not be appealable to the Board.

The Committee may adopt a schedule of reasonable fees for processing requests for approval. Such fees will be payable to the Association at the time that the Plans and other documents are submitted to the Committee. The payment of such fees, as well as other expenses of the Committee required to be paid, shall be deemed to be an individual Assessment, enforceable against the Owner of the Lot or Improved Lot as provided hereinabove. The Committee expressly reserves the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the Committee in its review of any Plans, and the cost of such consulting service(s) shall be the responsibility of the respective applicant or Owner of the subject Lot or Improved Lot and shall be in addition to any fees due for processing any requests for approval.

All notices required to be given under this Section shall be given in writing, hand-delivered or mailed postage prepaid, certified or registered mail, return receipt requested or deposited with an overnight carrier (such as, but not limited to, Federal Express), and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. If the Committee approves the Plans, one set of Plans, marked approved (or approved with specified conditions), shall be retained by the Committee, and the other two sets shall be returned to the applicant.

Construction must be completed in strict accordance with the Plans approved by the Committee. In addition, Units shall comply with all applicable building, plumbing, electrical and other codes.

c) Application of this Article.

(i) This Article Four shall apply to any additions to the Property subsequently made subject to this Declaration and the terms and provisions of any Supplemental Declaration.

(ii) Notwithstanding anything contained within this Article Four or any other provision of this Declaration, no building, construction, reconstruction or repair of a Unit, roadway, curbing, sidewalk, utility service, fence, improvements on Common Areas or any other structure on a Lot made or caused to be made by the Declarant or Builder in accordance with plans previously approved pursuant to Section 4.3(a) shall require the re-approval of or be subject to the re-review of the Committee.

(iii) Repainting, re-roofing, minor repairs, and the like shall not require the approval of the Committee if done or made in accordance with construction and design guidelines promulgated or adopted by the Committee or the Association.

(iv) No amendment to this Declaration changing the provisions of this Article Four shall be effective during the Class II membership and two years thereafter without the consent of the Declarant or approval of 75% of the Members.

ARTICLE FIVE: RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS

Section 5.1. Residential Use. All Lots and Improved Lots shall be used exclusively for residential purposes, excluding models or sales office temporarily set up by the Declarant for the marketing of the Community. No Owner shall permit the use of his Lot or Improved Lot for transient hotel or commercial purposes.

Section 5.2. Corporate Ownership of Lot or Improved Lot. Corporations, partnerships, or limited liability companies, other than the Declarant, shall permit the use of a Lot or Improved Lot owned by it only by its principal officers, directors, members, or partners, or other guests or lessees. Such Owner shall annually sign and deliver to the Association a written statement designating the name of the party (or parties) entitled to use such Lot or Improved Lot, together with a written covenant of such party in favor of the Association whereby the party agrees to comply with the terms and provisions of this Declaration and with the rules and regulations which may be promulgated by the Association from time to time and acknowledging that the party's right to use such Lot or Improved Lot shall exist only so long as the corporation, partnership or limited liability company shall continue to be a member of the Association. Upon demand by the Association to such Owner to remove a party for failure to comply with the terms and provisions of this Declaration and/or the rules and regulations of the Association, the Owner shall forthwith cause such party to be removed, failing which, the Association, as agent of the Owner, may take such action as it may deem appropriate to accomplish such removal, and all such action by the Association shall be at the cost and expense of the Owner who shall reimburse the Association therefor upon demand, together with attorneys' fees incurred in the process of removal.

Section 5.3. Temporary Structures. No structure of a temporary character, trailer, tent, shack, carport, or other building shall be used as a dwelling on any portion of the Lot, Improved Lot or Common Area at any time, either temporarily or permanently.

Section 5.4 Nuisance. No Owner shall use, permit or allow his/her Lot or Improved Lot to be used for any immoral, improper, offensive or unlawful purpose nor shall any Owner permit or allow any nuisance or other activity to be conducted in any Lot or Improved Lot which would be a source of annoyance or interfere with the peaceful possession, enjoyment and use of the Community by other Owners.

Section 5.5 Insurance Risk. No Owner shall permit anything to be done or kept in his/her Lot or Improved Lot or on the Common Area which will increase the rate of insurance on the Lot or Improved Lot and/or the Common Area.

Section 5.6 Pets.

- (1) No Owner shall willfully or negligently permit any dog or similar pet who belongs to such Owner, his family members or guests, to run at large within the Common Area unless the dog or similar pet is under control of the Owner, a family member or guest by means of a leash or other similar restraining device. Further, the Owner shall be responsible for picking up and disposing of the feces of such dog or similar animal which are deposited in any Common Area, Lot or Improved Lot.
- (2) No pet is to be left on a balcony, porch or patio unless supervised by an occupant.

Section 5.7 Obstructions of Common Area. The sidewalks, entrances, passages and parking areas shall not be obstructed or encumbered or used in any manner which would prohibit ingress and egress to or from any Lot or Improved Lot or to or from the Common Area.

Section 5.8 Garbage. All garbage and refuse shall be placed and deposited upon the Common Area only in specified locations and only in such containers as shall be authorized by the Board of Directors or on the side of the street in containers authorized by Greenville County.

Section 5.9 Signs. No signs, advertisements, or other notices shall be inscribed or exposed on or at any window or any part of the Common Area without the prior written consent of the Board of Directors except "For Sale" signs of not more than twelve (12) inches by twelve (12) inches and no more than one may be posted.

Section 5.10 Awnings, Satellite Dishes and Antennas. No awnings or other projections shall be placed upon or attached to or hung from the exterior of any Lot or Improved Lot or any Common Area, without the prior written approval of the Board of Directors. Notwithstanding anything contained herein to the contrary, an Owner may place a maximum of one (1) satellite dish, not to exceed twenty eight inches (28") in diameter, or antenna on the porch or patio attached to his Lot or Improved Lot without obtaining the prior approval of the Association.

Section 5.11 Leases. Any lease or rental agreement for a Lot or Improved Lot shall be in writing and for a period of at least thirty (30) days, unless the prior written approval of the Board of Directors is obtained. Such leases shall provide that the terms of the lease are subject to the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. The Board of Directors shall be furnished with a copy of all leases. The Owner shall remain primarily responsible for all the terms and conditions and provisions of this Declaration and the Bylaws.

Section 5.12 Parking. Each Owner, his family members and visitors shall use the on-site parking located on said Owner's Lot to park their vehicles and shall not park vehicles on any public or private street in the Community except under special circumstances such as social functions, meetings, and similar functions held at the Unit. At no time shall motorcycles, dirt bikes, boats, trailers, campers or other recreational vehicles (collectively, "Recreational Vehicles") be parked on the Owner's Lot (except in the Owner's garage), the Owner's driveway, within the Common Areas, or on any public or private street in the Community. Notwithstanding anything contained in this Section 5.12 to the contrary, an Owner may temporarily park such Recreational Vehicles on his Lot or driveway for loading purposes only for a period not to exceed twenty-four (24) hours.

Section 5.13. Other Regulations. Each Owner shall be subject to such other reasonable regulations concerning the use of the Common Areas may be made and amended from time to time by the Board of Directors.

ARTICLE SIX: ADDITIONAL RIGHTS RESERVED TO DECLARANT

Section 6.1 Conversion of Lots to Common Area. Declarant hereby reserves the right during the Declarant Control Period to convert an existing Lot or Lots owned by Declarant entirely to Common Area, without the consent of any Owner or mortgagee.

Section 6.2 Addition of Property. Declarant hereby reserves the right during the Declarant Control Period to add additional property to the Community, and to create additional Lots, roads, and Common Area, which will be subject to this Declaration, all without the consent of any Owner or Mortgagee. Declarant shall have no obligation of any kind to add any additional real estate to the Community nor to add any additional real estate in any particular sequential order. Declarant makes no representations that any buildings constructed within such additional real estate will be similar in exterior appearance, design, size, structure, building material or in interior lay-out to the original buildings constructed within the Community. If Declarant elects to exercise its right to add additional property to the Community, Declarant shall file an amendment to this Declaration.

Section 6.3 Declarant's Easement Over Lots and Improved Lots. There shall be and is hereby reserved to the Declarant and its agents, contractors, successors and assignees, a nonexclusive easement within the Community over that portion of the Lots and Improved Lots within five (5) feet of any lot line for the purpose of making, constructing, installing, repairing and maintaining improvements to Common Areas or utility systems serving the Community, including, but not limited to roads, trails, sidewalks, sanitary sewers, water lines, gas lines and/or cables, telecommunication cables, storm drains, grading for drainage and drainage swales, and the like. The easement shall automatically expire upon the expiration of the Declarant Control Period.

Section 6.4 Right to Transfer or Assign Declarant Rights. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred in whole or in part to other persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration or the Bylaws. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Greenville County Register of Deeds. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise. As to the Lots and Common Areas adjacent thereto owned or previously owned by a Builder, Declarant hereby assigns to Builder its rights and duties under Section 6.3 relating to those Lots owned or previously owned by Builder and Builder accepts the duties specified in Section 6.3.

Section 6.5 Right to Redesignate Certain Property. The Declarant, during Class II membership and until one year after it terminates, hereby reserves for itself and its successors and assigns the right to redesignate property types or boundary lines shown on a Recorded Plat by recording a new Recorded Plat showing such changes and executed by the Declarant or its successor or assigns and any Owners of property redesignated or for which the boundary line is thereby changed. Except as limited herein or by Greenville County ordinances, Owners may recombine, add or delete lots, and adjust lot lines and the total number of their lots, and such resulting lots will, without any consent of the Declarant or the Association, constitute "Lots" hereunder.

Section 6.6 Easement to Exercise Rights and Perform Duties. The Declarant hereby reserves for itself, during Class II membership and two years thereafter, and for the Association thereafter, an easement across the Community for the purpose of fulfilling its obligations, and those of the Association, and exercising its rights, and those of the Association, under this Declaration.

Section 6.7 Method of Exercising Development Rights. In the event Declarant exercises any of its development rights under this Article, Declarant shall prepare, execute with the same formalities as a deed, and record an amendment to this Declaration in the public records of Greenville County, South Carolina, such amendment to refer specifically to the recording data identifying this Declaration. Each Owner shall be

deemed by his acceptance of the deed to a Lot or Improved Lot or Unit to have consented to the Development Rights reserved in this Article and to any amendments previously or thereafter executed by Declarant pursuant to this Article.

ARTICLE SEVEN: SHARED STRUCTURES

Section 7.1 General Rules of Law to Apply. Each wall, fence, driveway or similar structure built as a part of the original construction on a Lot or Improved Lot, which serves and/or separates any two adjoining Lots or Improved Lots shall constitute a "Party Structure." To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls, lateral support on below-ground construction, and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 7.2 Maintenance, Damage and Destruction. The cost of reasonable repair and maintenance of a Party Structure shall be shared equally by the Owners who make use of the Party Structure. If a Party Structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the Party Structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

Section 7.3 Construction of a Party Wall. The Owner of any Lot or Improved Lot may construct, reconstruct, or extend in any direction on its Lot or Improved Lot a party wall (subject to and within the limitation of architectural control and other limitations of this Declaration) with the right to go upon the adjoining Lot or Improved Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot or Improved Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 7.4 Weatherproofing. Notwithstanding any other provision of this Section, an Owner who by his negligent or willful act causes the Party Structure to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 7.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7.6 Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his Lot or Improved Lot, he may, in order to assure a prospective purchaser that no adjoining property Owner has a right of contribution as provided in this Section, request of the adjoining Owner or Owners a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request and without charge; provided, however, that where the adjoining Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 7.7 Arbitration. In the event of any dispute arising concerning a Party Structure or under the provisions of this Section, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and a decision regarding the dispute shall be made by a majority of all the arbitrators and according to the laws of South Carolina relating to arbitration as then existing.

ARTICLE EIGHT: COVENANT FOR PAYMENT OF ASSESSMENTS

Section 8.1 Creation of the Lien and Personal Obligation for Assessments. Each Member, other than the Declarant, who is the owner of any Lot or Improved Lot, by acceptance of a deed therefor, and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay as limited below, to the Association:

- a) annual assessments or charges as herein or in the Bylaws provided,
- b) special assessments for capital improvements (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided); and
- c) Special Individual Assessments, as defined and described in Section 8.5.

The annual and special Assessments and any Special Individual Assessments of an Owner and any fines, liquidated damages or summary charges as provided herein or in the Bylaws, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot or Improved Lot against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such Lot or Improved Lot at the time when the Assessment fell due. Payment of the working capital assessment shall not reduce the annual assessment.

Section 8.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of the Community and other Members, and in particular for:

- a) payment of the Common Expenses;
- b) implementation and enforcement of proper maintenance of exteriors of Units and related improvements on Improved Lots in the Community, if necessary, pursuant to Section 9.1 subject to reimbursement by the Owner(s); and
- c) payment of the annual membership fee to the Woodruff Corporate Fitness Center.

Section 8.3 Assessment of Uniform Rates Within Different Categories or Forms of Ownership. Both annual and special assessments shall be fixed at uniform rates for every Lot or Improved Lot within the Community. There will be no difference between assessments as to Lots, or between assessments as to Improved Lots.

Section 8.4 Special Assessments. In addition to the regular annual Assessments, the Association may levy in any assessment year, a special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of professional or consulting fees, provided that any such Assessment shall have the consent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws and Section 3.2 hereof for such special meetings.

Section 8.5 Special Individual Assessments. In addition to the regular annual Assessments and the special Assessments described above, the Association may levy, from time to time, on a particular Lot or Improved Lot rather than on all Lots or Improved Lots or types of Lots or Improved Lots in the Community, special individual Assessments, immediately due and payable, consisting of any fines assessed by the Association under authority contained in the Bylaws for an Owner's violations of the terms and conditions of this Declaration, any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any rules and regulations, or the collection of Assessments (both annual and special) or the collection of damages or charges arising under the Bylaws, all of the foregoing of which shall comprise "Special Individual Assessments."

Section 8.6 Date of Commencement of Annual Assessment: Due Dates. The regular annual Assessments provided for herein shall be paid (as determined by the Board) in monthly, quarterly, semiannual, or annual installments. The payment of the regular annual Assessment by Owners shall commence as to each Lot and Improved Lot on the first day of the month following the conveyance of that property by the Declarant. The first regular annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual Assessment at least fifteen (15) days in advance of each regular annual Assessment period. Written notice of the regular annual Assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific Assessment has been paid. Such properly executed certificate of the Association as to the status of the Assessment is binding upon the Association as of the date of its issuance.

The first Assessments levied against any additions to the Community not now subject to Assessment, at a time other than the beginning of any Assessment period, shall be prorated.

The due date of any special Assessment under Section 8.4 or any other Assessments permitted by the Declaration shall be fixed in the resolution or resolutions authorizing such Assessment.

Section 8.7 Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement, and the amount of the Assessment or Assessments against each Member, for each Assessment period, at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Members and Assessments applicable thereto which shall be kept in the office of the Association, or at any other place designated by the Board upon notice to the Members, and which shall be open to inspection by any Member. Written notice of the Assessment or Assessments thereupon shall be sent to every Member. Based on the projected Assessments to be collected, the Board of Directors shall develop an annual operating budget for the Association (the "Budget").

Section 8.8 Effect of Non-Payment of an Owner's Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association. If the Assessments of an Owner are not paid within ten (10) days following the due date (being the dates referred to in Section 8.6), then such Assessments shall become delinquent and shall, together with such interest thereon and costs of collection, become a continuing lien on the Lot(s) or Improved Lot(s), which shall bind the Owners of such Lot(s) or Improved Lot(s), and the heirs, devisees, personal representatives, successors and assigns of the Owners thereof. The personal obligation of the then-Owner to pay such Assessment shall remain his personal obligation for the statutory period; and, in addition, shall pass to his successors in title (as an encumbrance or lien against the Lot or Improved Lot unless expressly waived by the Board.)

If the Assessment(s) is not paid within thirty (30) days after the delinquency date, the Assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by law, whichever is less), and the Board, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot(s) or Improved Lot(s), and there shall be added to the amount of such Assessment the costs of such action and reasonable attorneys' fees or other cost incurred by the officers of the Association pursuant to authority of the Board. In the event a judgment is obtained against any Owner for such Assessments, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. In addition, the Board may set a schedule of late fees also due and payable if an Assessment is not paid within thirty (30) days after the delinquency date, which late fees shall be in addition to the other changes described herein.

Notwithstanding anything in these Declarations to the contrary, Lots or Improved Lots subject to a VA-guaranteed loan will not be subject to delinquent Assessments in excess of six (6) months in any case in which the Association has not brought enforcement action against the current Owner of said Lot or Improved Lot.

Section 8.9 Subordination of the Lien on an Owner's Property to Mortgages. The lien on an Owner's Lot or Improved Lot of the Assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage now or hereafter placed upon any Lot(s) or Improved Lot(s). The subordination shall not relieve any Lot(s) or Improved Lot(s) from liability for any Assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective of when such first mortgage was executed and recorded. The sale or transfer of a Lot or Improved Lot shall not affect any lien for Assessments. However, the sale or transfer of a Lot or Improved Lot pursuant to a foreclosure or any proceeding in lieu of foreclosure shall extinguish the lien of such Assessments which became due prior to such sale or transfer. No such sale or transfer shall relieve a Lot or Improved Lot from liability for any assessments thereafter becoming due, or from the lien thereof, but said liens shall continue to be subordinate to the lien of any such first mortgage.

Section 8.10 Assessments under Master Restrictions. Each Lot and Improved Lot is subject to the Master Restrictions and each Owner shall also be responsible for payment of all assessments provided under the Master Restrictions.

Section 8.11. Maximum Annual Assessment. Until December 31st of the year in which the first Unit is conveyed to a Unit Owner other than Declarant, the maximum annual assessment shall be Sixty and no/100 Dollars (\$60.00) per Two-Bedroom Unit, One Hundred Twenty and no/100 Dollars (\$120.00) per Three-Bedroom Unit; and One Hundred Eighty and no/100 Dollars (\$180.00) per Three-Bedroom Unit with Bonus Room. The annual assessment shall be payable in advance on January 15th of each year. From and after January 1 of the year immediately following the conveyance of the first Unit to a Unit Owner other than Declarant, the maximum annual assessment may be increased by no more than ten percent (10%) a year by the Board of Directors. The annual assessment may be increased more than ten percent (10%) upon a vote of the Owners to whom sixty-seven percent (67%) or more of the Association's votes have been assigned who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations in the increase in the annual Assessments herein shall not apply to any change in the maximum amount of the Assessments undertaken as an incident to (1) a merger or consolidation in which the Association is authorized by law to participate, (2) as an incident to any additions to the Community or submission of additional property, or (3) in connection with the addition of Recreational Facilities for the Community.

At closing, a one time Initial Reserve Payment of equal to two (2) monthly assessment payments shall be paid by each Owner upon the initial conveyance of a Lot to the Owner.

8.12 Assessments Collected. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Community, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds are common surplus, including other assets of the Association, and any increments thereto, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When a Owner shall cease to be a member of the Association by reason of his divestment of ownership of such Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Community.

8.13. Declarant Responsibility for Assessments. Declarant's responsibility for payment of assessments and for contributions to the budget of the Association shall be as follows:

- a) During the development of the Community, Developer may elect to pay to the Association an amount sufficient to cover the operating deficit in the budget of the Association, on a periodic basis. This payment will be made in lieu of the assessments which would be levied against the Declarant as the owner of the unsold Lots built and established under the Declaration.
- b) At a time selected by the Declarant, the Declarant will begin paying periodic assessments in the same amounts and in the same manner as all other Owners, and shall thereafter have no obligation for covering the deficit in the operating budget.

ARTICLE NINE: EXTERIOR MAINTENANCE AND INSURANCE

Section 9.1 Exterior Maintenance. Owners are responsible for maintaining the exterior of the improvements on their Lots or Improved Lots. After thirty (30) days written notice to an Owner specifying any required maintenance, the Association shall have the right but not the obligation to provide (a) maintenance upon any Lot or Improved Lot and (b) maintenance upon any Unit that is subject to Assessments under Article Nine. Such maintenance includes (but is not limited to) painting, repairing, replacing and care of roofs, gutters, downspouts, windows, doors, and exterior improvements on any Unit, and removal of signs in violation of this Declaration.

Section 9.2 Assessment of Cost on Exterior Maintenance. The cost of any such maintenance performed by the Association shall be assessed against the Lot or Improved Lot upon which such maintenance is done and shall be treated as a Special Individual Assessment enforceable as described in Section 8.5, and a personal obligation of the Owner, and shall become due and payable in all respects as provided herein.

Section 9.3 Maintenance of Units. Each Owner of an Improved Lot within the Community, by acceptance of a deed therefor, whether or not it shall be expressed in said deed or by exercise of any act of ownership, is deemed to covenant:

- a) to maintain an adequate level of hazard insurance on its Unit;
- b) to build or restore the Unit thereon in the event of damage and to apply any insurance proceeds, to the extent needed, to the restoration or repair of such Unit; and
- c) to keep the Unit in good repair as required by this Declaration or by the Bylaws.

Section 9.4 Association Maintenance of Exteriors. The Association may opt to assume the obligation of maintaining the exteriors of the townhouses with the consent of at least 2/3 of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws for such special meeting. In the event the Association votes to begin assuming exterior maintenance obligations for the Community:

- a) All townhouses, not just those whose Members voted in favor of such maintenance, shall thereafter be maintained by the Association;
- b) The Association may increase the annual Assessments for all Members accordingly in order to allow the Association to pay for such new maintenance obligations (notwithstanding the normal cap on increases of annual Assessments provided elsewhere herein); and
- c) The Association shall record an amendment to this Declaration stating that it has assumed exterior maintenance obligations and providing the particulars of the same.

(3) The Board of Directors in its sole discretion may elect to maintain fidelity coverage against dishonest acts by the Association's officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management person or firm to manage the Association and to receive and disburse the monies of the Association, then the Board of Directors, in its sole discretion, may elect to require that such professional management person or firm have adequate fidelity coverage against dishonest acts.

Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount acceptable to the Board of Directors and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(4) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Unit Owners as a group to an individual Unit Owner.

C. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as Common Expenses.

D. Unavailability. If the insurance described in this Article is not reasonably available, in the sole determination of the Board of Directors, the Board of Directors shall promptly cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners.

E. Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Unit Owners and their respective mortgagees, to be utilized and distributed as set out in Article XV of this Master Deed.

F. Mortgagee Endorsements. In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held for the mortgagee and the Unit Owner as their interests may appear.

ARTICLE XV.

Reconstruction or Repair of Casualty Damage

A. Use of Insurance Proceeds.

(1) If any part of the Condominium Property shall be damaged by casualty, including fire or other disaster, the insurance indemnity must be used to reconstruct or repair the buildings or other structure unless:

(a) The Condominium is terminated; or

(b) Repair or replacement would violate any state or local health or safety statute or ordinance; or

(c) The whole or more than two thirds of the property is damaged. In this case, and unless otherwise unanimously agreed upon by the Unit Owners, the indemnity must be delivered pro rata to the Unit Owners entitled to it in accordance with provision made in the bylaws or in accordance with a decision of three-fourths of the Unit Owners if there is no bylaw provision. (S.C. Code § 27-31-250);

(d) The Unit Owners, by a vote of Unit Owners owning at least eighty percent (80%) of the Allocated Interests (including one hundred percent (100%) of the Owners of Units which shall not be rebuilt or whose Limited Common Elements shall not be restored) determine not to rebuild or restore all or any portion of the damaged area.

(2) When the damage is to both General and Limited Common Elements and Units or to General and Limited Common Elements only, the insurance proceeds shall be payable to the Association and shall be applied first to the cost of repairing the General and Limited Common Elements, then to the cost of repairing the Units.

(3) In the event the Condominium is terminated, insurance proceeds shall be distributed in accordance with Paragraph D of Article XVIII of this Master Deed.

(4) In the event the Unit Owners determine, pursuant to subsection A(1) of this Article, that less than all of the damaged area is to be repaired or restored, the insurance proceeds shall be utilized and/or distributed as follows:

- (a) Proceeds attributable to damaged General and Limited Common Elements shall be used to restore such Common Elements to a condition compatible with the remainder of the Condominium;
- (b) Proceeds attributable to Units and to Limited Common Elements which are not to be rebuilt or restored shall be distributed to the Unit Owners and mortgagees of Units which are not to be rebuilt or restored and to the Unit Owners and mortgagees of the Units appurtenant to the damaged Limited Common Elements, in proportion to the damage to such Units and/or Limited Common Elements; and
- (c) Any remaining proceeds shall be distributed among all Unit Owners and mortgagees, as their interests may appear, in proportion to the Allocated Interests appurtenant to each Unit.

B. Standard. Any reconstruction or repair shall be performed substantially in accordance with the plans and specifications contained herein and on file with and approved by Greenville County, South Carolina.

C. Damage to Individual Units(s). If the damage is only to those parts of one or more Units for which the responsibility for maintenance and repair is that of such Unit Owner(s), then such Unit Owner(s) shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

D. Costs. Immediately after the casualty causing damage to Condominium Property, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors deems necessary or appropriate.

E. Adjustment. Each Unit Owner shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association.

F. Remittance. All remittances to Unit Owners and their mortgagees shall be payable jointly to them.

G. Reallocation. In the event that Unit Owners vote not to rebuild a damaged Unit, that Unit's interest in the General and Limited Common Elements shall be automatically reallocated among the remaining Units at the time of such vote, in proportion to each remaining Unit's (exclusive of the damaged Unit) respective interest prior to the casualty. The Association shall prepare, execute and record an amendment to the Master Deed reflecting such reallocation.

ARTICLE XVI. Condemnation

A. Units. In the event a Unit or a portion thereof is acquired by eminent domain, the condemnation award shall be paid to the Unit Owner. If the condemning authority does not acquire the Unit's share of interest in the General and Limited Common Elements, that Unit's interest shall be automatically reallocated to all remaining Units in proportion to each remaining Unit's (exclusive of the condemned Unit) respective interest prior to the taking. The Association shall prepare, execute and record an amendment to the Master Deed reflecting such reallocation. Any portion of a Unit remaining after condemnation of that Unit shall thereafter be a part of the General or Limited Common Elements.

B. Limited Common Elements. In the event a portion of the Limited Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of Limited Common Elements shall be paid to the Association as trustee for Unit Owners, and the Association shall apportion the award among the Unit Owners of Units to which such Limited Common Elements were allocated at the time of the taking, in shares of equal value, or in such other proportion as the Association, in its sole discretion, shall determine.

C. General Common Elements. In the event a portion of the General Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of the General Common Elements shall be paid to the Association.

ARTICLE XVII. Register of Unit Owners and Mortgagees

The Association shall at all times maintain a register setting forth the names of the Unit Owners. In the event of the sale or transfer of any Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Unit. Further, each Unit Owner shall notify the Association of the names of the parties holding any mortgage(s) on his Unit, the amount of such mortgage(s) and the recording information which shall be

pertinent to identify the mortgage(s). The holder of any mortgage(s) upon any Unit may, if he so desires, notify the Association of the existence of any mortgage(s) held by such party on any Unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

ARTICLE XVIII **Termination**

The Condominium shall be terminated, if at all, in the following manner:

A. Except in the case of a taking of all of the Units by eminent domain, the termination of the Condominium may be effected only by the agreement of all Unit Owners expressed in a termination agreement to that effect executed in the same manner as a deed; and, provided, that the holders of all liens affecting any of the Units consent, by instrument duly recorded, to accept as security the undivided portions of the property owned by the debtors. (S.C. Code § 27-31-130). The termination agreement shall become effective when it has been recorded in the public records of Greenville County, South Carolina, and shall specify a date after which it will be void unless then recorded.

B. Following termination of the Condominium, the Association may contract for the sale of real estate in the Condominium, but such contract shall not be binding on the Unit Owners until approved by unanimous agreement of all Unit Owners and the termination agreement described in paragraph A above reflects such approval and is recorded as required. For purposes of any such sale following termination, title to that real estate, upon approval of sale, shall be deemed vested in the Association as trustee for those having an interest in the Units and the General and Limited Common Elements. Thereafter, the Association shall have all powers necessary and appropriate to effect the sale. Until the sale has been concluded and all proceeds thereof distributed, the Association shall continue in existence with all powers vested in the Association before the termination. Proceeds of the sale must be distributed to the Unit Owners and lien holders in proportion to the respective interests in the General Common Elements of the Unit Owners and their mortgagees as set forth in Paragraph D of this Article. All remittances to Unit Owners and lienholders shall be payable jointly to them. Unless otherwise specified in the termination agreement, as long as the Association is deemed to hold title to the real estate, each Unit Owner and his successors in interest shall have an exclusive right to occupancy of the portion of the real estate that formerly constituted his Unit. During the period of that occupancy, each Unit Owner and his successors in interest shall remain liable for all assessments and other obligations imposed on Unit Owners by law and under this Master Deed.

C. In the event the real estate constituting the Condominium is not to be sold following termination, title to the General and Limited Common Elements and to all real estate in the Condominium shall vest in the Unit Owners as tenants in common in proportion to each Unit's Allocated Interest, and all liens on such Units shall shift accordingly. While such tenancy in common exists, each Unit Owner and his successors in interest shall have an exclusive right to occupancy of the property that formerly constituted his Unit. The property may be subject to an action for partition upon the application of any Unit Owner.

D. The respective ownership interests of Unit Owners described in this Article are as follows:

1. Except as provided in subparagraph 2 below, the respective interest of a Unit Owner is the fair market value of such Owner's Unit, Limited Common Elements and such Unit's Allocated Interest in the General Common Elements immediately before the termination, as determined by one or more independent appraisers selected by the Association. The appraisals shall be distributed to the Unit Owners and shall become final unless disapproved within thirty (30) days after distribution by Unit Owners of Units to which twenty-five percent (25%) of the votes in the Association are allocated. The proportion of any Unit Owner's interest to that of all Unit Owners is determined by dividing the fair market value of that Owner's Unit's Allocated Interest in the Limited and General Common Elements by the total fair market values of all the Units and all Common Elements.

2. If any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value prior to destruction cannot be made, the interest of each Unit Owner shall be the interest appurtenant to his Unit immediately before termination.

ARTICLE XIX. **Remedies in Event of Default**

All Unit Owner(s) shall be governed by and shall comply with the provisions of this Master Deed, and the Articles of Incorporation and By-Laws of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by any Unit Owner shall entitle the Association or any other the Unit Owner to the following relief:

A. Failure to comply with any of the terms of this Master Deed or restrictions and regulations contained in the Articles of Incorporation or By-Laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

B. As provided herein and in the By-laws, each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. The By-Laws of the Association provide that the Association may fine a Unit Owner in an amount not to exceed Two Hundred Fifty Dollars (\$250.00) for each violation of this Master Deed, the By-Laws or the rules and regulations of the Association, or may assess liability against a Unit Owner for any occurrence of damage to General or Limited Common Elements caused by a Unit Owner which is not covered by the Association's insurance. By majority vote, the Board may raise the fines contained in this Section by no more than ten percent per year. Any such fine or liability assessment shall be both the personal obligation of the Unit Owner against whom the fine is assessed and a lien upon the Unit of such Unit Owner and its appurtenant interest, to the same extent as the assessments described in Article VII.

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

E. In any proceeding arising because of an alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

F. The failure of the Association, the Declarant, an Institutional Lender, or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Master Deed or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provision, covenant or condition in the future.

ARTICLE XX.

Institutional Lenders - Mortgagees

A. Institutional Lender Defined. "Institutional Lender(s)" shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors who provide written notice to the Association of its lien on a Unit.

B. Rights of Institutional Lenders. The following provisions, in addition to provisions set forth elsewhere in this Master Deed, shall be applicable to the holders of first mortgages upon the Units subject to this Master Deed and any amendments thereto:

1) Mortgagee Rights. All Institutional Lenders have:

a) the right to inspect Association documents and records on the same terms as the Unit Owners as outlined in the Bylaws;

b) the right to receive notice of any proposal to terminate the Master Deed or dissolve the Association or Condominium at least thirty (30) days before any such action is taken; and

2) Liability for Assessment. Any Institutional Lender who obtains title to a Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Unit's unpaid dues or charges which accrue prior to the acquisition of title to such Unit by the Institutional Lender.

3) Delinquent Taxes, Insurance Premiums and other Charges. Institutional Lenders may, jointly or singly, pay taxes or other charges which are in default for any General or Limited Common Elements and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such General or Limited Common Elements and Institutional Lenders making such payments shall be owed immediate reimbursement from the Association.

4) Duty to Collect Assessments. Institutional Lenders shall not be required to collect assessments.

C. Notice of Institutional Lenders to Association. Whenever any Institutional Lender(s) desires the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association in compliance with Article XXII identifying the Unit or Units upon which any such Institutional Lender(s) holds any mortgage(s), or identifying any Units owned by them, together with sufficient pertinent facts to identify any mortgage(s) which may be held by it, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender(s).

ARTICLE XXI.

Amendment to Master Deed and Extraordinary Actions

A. Owner Initiated. Any amendment to this Master Deed or Extraordinary Action may be proposed upon a majority vote of the Unit Owners, with only one Owner per Unit voting, whether meeting as Unit Owners or by instrument in writing signed by them.

1) Notice for Meetings: Any Extraordinary Action or proposed amendment to this Master Deed shall be transmitted in writing to all current Unit Owners, and there shall be called a meeting for a date not sooner than ten (10) days and not more the sixty (60) days from date of notice. It shall be required that each Unit Owner be given written notice of such meeting, stating the time and place and reciting the proposed amendment or action in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days before the date set for such special meeting. Such notices made in compliance with the provisions of Article XXII shall be deemed to be properly given. Any Unit Owner may, by written waiver of notice signed by such Unit Owner, waive such notice, and such waiver, when filed in the records of the Association shall be deemed equivalent to the giving of notice to such Unit Owner.

2) Material Amendment or Extraordinary Action. For a Material Amendment or an Extraordinary Action, the Material Amendment or Extraordinary Action proposed must be approved by an affirmative vote of at least sixty-seven percent (67%) of all Unit Owners authorized to vote.

3) Other Amendments. For any other amendment to the Master Deeds other than a Material Amendment or an Extraordinary Action, the amendment proposed must be approved by an affirmative vote of a majority of all Unit Owners present, in person or by proxy, and voting at a meeting or in writing by a majority of the total authorized votes of all the Unit Owners.

4) Absentee Voting. At any meeting held to consider such amendment or action, the written vote of any Unit Owner shall be recognized and counted even if such Unit Owner is not in attendance at such meeting or represented by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting.

5) Documentation of Approval. If approved, a Material Amendment of this Master Deed, Extraordinary Action or other amendment shall be properly transcribed and certified by one (1) officer of the Association on a form substantially similar to the form attached as Exhibit E, stating that such amendment or action was duly adopted and approved by the requisite percentage of Unit Owners. The original or an executed copy of a Material Amendment or other amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Greenville County, and no such amendment to this Master Deed shall be effective until so recorded. If any Material Amendment or other amendment to the Master Deed creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Master Deed shall control.

6) Limitation on Owner-initiated amendments. Without the prior written consent of the Declarant, when Declarant is a Class II Member, there shall not be allowed any Owner-initiated amendments to this Master Deed for a period of ten years from the effective date hereof, and in addition, no Owner-initiated amendments may be made for any reason to Article II, Article V or Section VII (M). The above limitations shall in no way limit or diminish

Declarant's rights to make amendments to any part of the Master Deed under the powers reserved in subsection (E) below.

B. "Material Amendment" and "Extraordinary Action" Defined.

1) A "Material Amendment" includes adding, deleting or modifying any provisions regarding the following:

- (a) Assessment basis or assessment liens;
- (b) Any method of imposing or determining any charges to be levied against Unit Owners;
- (c) Reserves for maintenance, repair or replacement of Limited and General Common Elements and Recreational Facilities;
- (d) Maintenance obligations;
- (e) Allocation of rights to General and Limited Common Elements;
- (f) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of the Condominium;
- (g) Reduction of insurance requirements;
- (h) Restoration or repair of General or Limited Common Elements;
- (i) The addition, annexation or withdrawal of land to or from the Condominium Property;
- (j) Voting rights;
- (k) Restrictions affecting leasing or sale of a Unit;
- (l) Convertibility of Units into Common Elements or vice versa; or
- (l) Any provision which is for the express benefit of mortgagees.

2) An "Extraordinary Action" shall include:

- (a) Merging or consolidating the Association or Condominium with another entity other than another non-profit entity formed for purposes similar to the Association or Condominium;
- (b) After the Declarant Control Period, expanding the Association to include additional land which increases the overall land area of the Condominium Property or number of Units by more than ten percent (10%).
- (c) Abandoning, partitioning, or otherwise relocating the boundaries of the General or Limited Common Elements, except for granting easements which are not inconsistent with or which do not interfere with the intended General or Limited Common Elements use.
- (d) Using insurance proceeds for purposes other than construction or repair of the insured improvements;
- (e) Making capital expenditures, other than for repair or replacement of existing Recreational Facilities and General or Limited Common Elements and the improvements thereon, during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget.;
- (f) Termination of the Master Deed or other termination of the Condominium;
- (g) Dissolution of the Association;
- (h) Conveyance or Encumbrance of any of the General or Limited Common Elements; or
- (i) After the Declarant Control Period, redefinition of any Unit boundaries.

C. When Effective; Recording; Title Searching. An amendment to this Master Deed that complies with the provisions of this Article shall be effective when recorded in the Greenville County Register of Deeds. The amendment shall be indexed under the name of the Declarant or its successor, the Association or its successor, or the Unit Owners. The failure of the amendment to be indexed under all of the foregoing shall not invalidate such amendment so long as the amendment has been indexed under at least one of the foregoing. Anyone searching title on Units should search under the names of the foregoing to discover amendments to this Master Deed that may have occurred after the Unit has been conveyed to a Unit Owner from the Declarant.

D. Declarant Rights. Notwithstanding anything herein to the contrary, Declarant shall have the right to file amendments to this Master Deed pursuant to Article V without the consent or joinder of any Unit Owners. In addition, the Declarant may amend this Master Deed by filing an amendment in the Greenville County Register of Deeds, executed by only the Declarant, if at the time of the recording of the amendment the Declarant is still the sole owner of property (excluding streets and rights-of-way) in the Condominium. Such amendment need not be certified by the Association.

E. Restriction of Amendments. Except to the extent expressly permitted or required by the Act or by other provisions of this Master Deed, no amendment to this Master Deed may create or increase special Declarant rights or the uses to which any Unit is restricted, without the unanimous consent of all of the Unit Owners and all of the Institutional Lenders. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Declarant shall be made without the written consent of Declarant being first had and obtained

ARTICLE XXII.

Notices

Any notice required to be sent to any Unit Owner, under the provisions of this Master Deed, shall be deemed to have been properly sent when mailed, postage prepaid, registered or certified mail, return receipt requested, or deposited with an overnight courier (such as, but not limited to Federal Express) and addressed to the person at the last known address of the person who appears as Unit Owner on the records of the Association at the time of such mailing. In the event a Unit Owner's address is absent from the Association's records, the notice may be sent to the address listed on the Greenville County tax records at the time of the mailing. The sender shall not be required to cause title to any Unit to be examined. Notice to any one of the Unit Owners, if title is held by more than one, shall constitute notice to all Owners of that Unit.

ARTICLE XXIII.

Severability

In the event that any of the terms, provisions or covenants of this Master Deed are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE XXIV.

Liberal Construction

The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. Throughout this Master Deed wherever appropriate the singular shall include the plural and the masculine gender shall include the feminine or neuter. The Article headings are for convenience of reference only and shall not be considered terms of this Master Deed.

ARTICLE XXV.

Assigns and Subsequent Unit Owners

The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Unit and its appurtenant undivided interest in General and Limited Common Elements. This Master Deed shall be binding upon Declarant, its successors and assigns, and upon all parties who may subsequently become Unit Owners, and their respective heirs, legal representatives, successors and assigns.

ARTICLE XXVI

Arbitration

Except for the collection of assessments or fines, any controversy, claim, or dispute of whatever nature arising out of or in any way relating to any aspect of this Master Deed, any of the covenants, conditions, easements, or restrictions contained herein or the Association's Articles of Incorporation or Bylaws shall be submitted to binding arbitration in Greenville, South Carolina, in accordance with the applicable rules of the South Carolina Uniform Arbitration Act as amended. The decision rendered by the arbitrator shall be final, and a judgment may be entered upon it in accordance with applicable law in any court having jurisdiction. Notice of demand for arbitration shall be filed in writing with the other party. The demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen, and in no event shall it be

EXHIBIT A

All that certain piece, parcel or lot of land situate, lying and being in the County of Greenville, State of South Carolina being shown and designated as "Tract B" on a plat entitled "Group Development Plat of The Towns at Woodruff Crossing" dated October 12, 2005 and recorded December 21, 2005 in Plat Book 50-R at Page 22 in the Office of the Register of Deeds for Greenville County, South Carolina. Reference to said plat is hereby made for a complete metes and bounds description.

This being a portion of same property conveyed to PHC Communities, LLC by the following deeds: Deed of Select Commercial Realty, LLC dated May 2, 2005 and recorded May 3, 2005 in Deed Book 2142 at Page 1235; Deed of Margaret G. Hendrix by her POA William M. Hendrix, under Power of Attorney dated October 27, 1998 recorded in Book 1797 at Page 182, dated May 2, 2005 and recorded May 3, 2005 in Deed Book 2142 at Page 1246; Deed of Margaret G. Hendrix by her POA William M. Hendrix, under Power of Attorney dated October 27, 1998 recorded in Book 1797 at Page 182, dated May 2, 2005 and recorded May 3, 2005 in Deed Book 2142 at Page 1248; Deed of William M. Hendrix and Patricia W. Hendrix dated May 2, 2005 and recorded May 3, 2005 in Deed Book 2141 at Page 1242; Deed of William M. Hendrix and Patricia W. Hendrix dated May 2, 2005 and recorded May 3, 2005 in Deed Book 2142 at Page 1244, all in the Office of the Register of Deeds for Greenville County, South Carolina.

