

DECLARATION OF PROTECTIVE COVENANTS

FOR

PALMETTO TOWNES

THIS DECLARATION is made on the date hereinafter set forth by PALMETTO TOWNES, LLC, a South Carolina limited liability company, hereinafter referred to as "Declarant".

Background Statement

Declarant is the owner of the real property described in Article II, Section 1 of this Declaration. Declarant desires to subject the real property described in Article II, Section 1 hereof to the provisions of this Declaration to create a residential community of single-family housing.

NOW, THEREFORE, Declarant hereby declares that the real property described in Article II, Section 1 of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

ARTICLE I **DEFINITIONS**

Unless the context shall prohibit, certain words used in this Declaration shall be defined as set forth in Exhibit "A", attached hereto and by reference made a part hereof.

ARTICLE II **PROPERTY SUBJECT TO THIS DECLARATION**

Section 1. **Property Hereby Subjected To This Declaration.** The real property described in Exhibit "B," attached hereto and by reference made a part hereof, is, by the recording of this Declaration, hereby subject to the covenants and restrictions hereafter set forth and shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to this Declaration.

ARTICLE III **ASSOCIATION MEMBERSHIP AND VOTING RIGHTS**

Every Person who is the record owner of a fee or undivided fee interest in any Lot that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Lot. Members shall be entitled to one

(1) vote for each Lot owned. Votes and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

The Association shall have (2) classes of membership, as is more fully set forth below and in the Bylaws of the Association.

Class A. Class A members of the Association shall be all Owners of Lots (including the Declarant). A Class A Member shall be entitled to cast one (1) vote for each Lot owned.

Class B. The Class B member shall be the Declarant or its designated assign, in its capacity other than as an Owner of a Lot. The Class B member shall be entitled to three (3) votes for each vote held by Class A members, plus one (1) vote, until the expiration of the Declarant's right to appoint the Board of Directors of the Association as discussed in the Articles of Incorporation of the Association, this Declaration, and the Bylaws of the Associations. Thereafter, the Class B member shall exercise votes only as to its Class A memberships. Members are divided into classes for the sole purpose of computing voting rights and shall not vote as a class.

Notwithstanding anything to the contrary contained herein, the Declarant shall have the right to appoint or remove any or all members of the Board of Directors of the Association and any or all officers of the Association until such time as the first of the following dates: (i) December 31, 2028; (ii) three (3) months after the conveyance by the Declarant, in the ordinary course of business to persons other than a successor Declarant, of all the Lots in the Community; or (iii) three (3) months following the date the Declarant surrenders its authority to appoint directors of the Association by an express amendment to the Declaration executed and filed in the Office of the Register of Deeds for the applicable county by the Declarant. Each Owner, by acceptance of a deed to or other conveyance of a Lot, vests in Declarant such authority to appoint and remove directors and officers of the Association. The directors selected by the Declarant need not be Owners or residents in the Community.

ARTICLE IV ASSESSMENTS

Section 1. **Purpose of Assessment.** The assessments provided for herein shall be used for the general purposes of promoting the common benefit and enjoyment of the Owners and Occupants of Lots, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. **Creation of the Lien and Personal Obligation for Assessments.** Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, jointly and severally, covenants and agrees to pay to the Association: (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum on the principal amount due, and costs, including, without limitation, reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made in favor of the Association and the Association shall be entitled to file a document evidencing such lien in the land

records of the county in which the Lot is located. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the land records of the county where the Community is located and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument. All other Persons acquiring liens or encumbrances on any Lot after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Each such assessment, together with late charges, interest, costs, including, without limitation, reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such Lot at the time the assessment fell due. Each Owner shall be personally liable for the portion of each assessment coming due while the Owner of a Lot, and each grantee of an Owner shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings or deed in lieu of foreclosure.

The Association shall, within five (5) days after receiving a written request therefor and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of issuance.

Annual assessments shall be levied at a uniform rate per Lot and shall be paid in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of the annual assessment for delinquents. Unless otherwise provided by the Board, the assessment shall be paid in annual installments.

Section 3. **Computation.** It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may, if applicable, include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year (or, if the assessment has not been established at the time an Owner purchases such Owner's Lot, at least thirty (30) days prior to the due date of the first installment in the case of the initial budget). The budget and the assessment shall become effective unless disapproved at a meeting by a majority of the Total Association Vote. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Section 4. **Special Assessments.** In addition to the other assessments authorized herein, the Association may levy special assessments from time to time if approved at a meeting by two-thirds (2/3) of the Total Association Vote. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 5. **Effect of Nonpayment of Assessments; Remedies of the Association.** Any assessments or installments thereof which are not paid when due shall be delinquent. Any assessment or

installment thereof delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the Board may from time to time determine. The Association may cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include interest, not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum on the principal amount due from the date first due and payable, all late charges, all costs of collection, including, without limitation, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring all actions against such Owner personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the right, but not the obligation, to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot. No diminution or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

Section 6. Date of Commencement of Assessments. The assessments provided for herein shall commence as to a Lot subject to this Declaration on the day of conveyance of such Lot. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment shall be for twelve (12) months and prorated for the following calendar year.

Section 7. Specific Assessments. The Board shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. Fines levied pursuant to Article XII, Section 1 of this Declaration and the costs of maintenance performed by the Association for which the Owner is responsible under Article V, Sections 1 and 2 of this Declaration shall be specific assessments. The Board may also specifically assess Owners for the following Association expenses:

(a) all expenses of the Association may be specifically assessed equitably among all of the Lots which are benefited according to the benefit received; and

(b) expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.

Section 8. **Budget Deficits During Declarant Control.** For so long as Declarant has the authority to appoint the directors and officers of the Association, Declarant may: (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves), and the sum of the annual, special and specific assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of Declarant or such builder, as applicable; or (b) cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for such a loan in the local area of the Community. Declarant in its sole discretion may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Property or any of the improvements maintained by the Association shall be given in connection with such loan.

ARTICLE V

MAINTENANCE; CONVEYANCE OF COMMON PROPERTY TO ASSOCIATION

Section 1. **Association's Responsibility.** The Association shall maintain and keep in good repair the Common Property and the particular portions of an Owner's Lot as specifically outlined in this Article V Section 1. The maintenance of the Common Property shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property. The Association shall also be responsible for maintenance of and all liability associated with all drainage detention and retention areas and devices originally maintained by Declarant, to the extent such responsibility has not been assumed on an ongoing basis by a local governmental entity. The Association shall also maintain: (a) all entry features for the Community, including the landscaping associated therewith (whether or not such landscaping is on a Lot or public right-of-way) and any irrigation system and the expenses for water and electricity, if any, provided to all such entry features; (b) streetscapes located at other street intersections within the Community; (c) all retaining walls located in the Community, (d) the repairing and painting (or other appropriate external core) of the exterior shell of each dwelling and otherwise caring for the exterior shell of each dwelling; (e) all property outside of Lots located within the Community which was originally maintained by Declarant; (f) replacement of dwelling roofs when such need for replacement results from normal wear and tear due to aging as determined in the sole and absolute discretion of the Board; (g) the normal maintenance and upkeep of the landscaping in the front and side yard of the dwellings located on any Lot as determined and to the degree determined in the sole and absolute discretion of the Board in order to maintain a respectable and hospitable Community for all Owners; (h) the seeding and fertilizing of all lawns and mowing, edging, clipping, sweeping, pruning, raking and otherwise caring for all lawns in the front and side yard of the dwellings located on any Lot as determined and to the degree determined in the sole and absolute discretion of the Board in order to maintain a respectable and hospitable Community for all Owners; and (i) the maintenance, repair and painting of all fences on the Lot visible to all in the Community, except as outlined in ARTICLE V, Section 3.

In addition, the Association shall have the right, but not the obligation, to maintain other property not owned by the Association, whether within or without the Community, where the Board has determined that such maintenance would benefit all Owners.

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

The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

Section 2. **Owner's Responsibility.** Except as provided in Section 1 above, all maintenance of the Lot and all structures, parking areas, landscaping, and other improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain such Lot in a manner consistent with the Community-Wide Standard and this Declaration. Such maintenance shall include, without limitation, caring for the dwelling and all other structures located on the Lot. If the Board of Directors of the Association determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair, or replacement of items for which such Owner is responsible hereunder, the Association shall, except in an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten days after receipt of such notice within which to complete such maintenance, repair, or replacement, or, if such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at such Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot. The remedies provided in this Section shall be in addition to, and not in lieu of, other remedies provided in this Declaration for a violation of the Declaration.

Section 3. **Party Walls and Party Fences.**

(a) **General Rules of Law to Apply.** Each wall or fence built as a part of the original construction on the Lots which shall serve and separate any two (2) adjoining Lots shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) **Sharing of Repair and Maintenance.** The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions.

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

(d) **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.

(e) **Arbitration.** In the event of any dispute arising concerning a party wall or fence, or under the provisions of this Section, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Section 4. Conveyance of Common Property to Association. Declarant may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold, easement, or other property interest. Such conveyance shall be accepted by the Association, and the property shall thereafter be Common Property to be maintained by the Association for the benefit of all or a part of its members. Neither Declarant nor any such builder shall be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section.

ARTICLE VI

USE RESTRICTIONS AND RULES

Section 1. General. This Article, beginning at Section 2, sets out certain use restrictions which must be complied with by all Owners and Occupants. These use restrictions may only be amended in the manner provided in Article XII, Section 4 hereof regarding amendment of this Declaration. In addition, the Board may, from time to time, without consent of the members, promulgate, modify, or delete other use restrictions and rules and regulations applicable to the Community. Such use restrictions and rules shall be distributed to all Owners and Occupants prior to the date that they are to become effective and shall thereafter be binding upon all Owners and Occupants until and unless (a) modified or deleted by the Board as provided above, or (b) overruled, cancelled, or modified in a regular or special meeting by a majority of the Total Association Vote.

Section 2. Residential Use. All Lots shall be used for residential purposes exclusively. No business or business activity shall be carried on, in or upon any Lot at any time except with the written approval of the Board and so long as the business or business activity is in compliance with the zoning requirements where the Lot is located. Leasing of a Lot shall not be considered a business or business activity. However, the Board may, but not be obligated to, permit a Lot to be used for business purposes so long as such business, in the sole discretion of the Board, does not otherwise violate the provisions of the Declaration or Bylaws, does not create a disturbance and does not unduly increase traffic flow or parking congestion. The Board may issue rules regarding permitted business activities.

Notwithstanding the foregoing, under no circumstances shall any child or day care business (as hereinafter defined) be conducted or carried on, in or upon any Lot. A "child or day care business" is defined for the purposes hereof as a for profit child care facility or arrangement for three (3) or more children whether on a full-time, temporary, part time, seasonal, drop-in or after school basis, which facility or arrangement requires the issuance of a license under the South Carolina General Statutes and South Carolina Department of Health and Environmental Services rules and regulations.

Section 3. **Architectural and Landscaping Standards.** No exterior construction, alteration, addition, erection, surfacing, painting, finishing or landscaping of any nature whatsoever shall be commenced or placed upon any part of the Community, except such as is installed by Declarant, or as is approved in accordance with this Section, or as is otherwise expressly permitted herein. No exterior construction, addition, erection, alteration, surfacing, painting, finishing or landscaping shall be made unless and until plans and specifications showing at least the nature, kind, shape, height, materials, color, texture and location shall have been submitted in writing to and approved by an Architectural Control Committee ("ACC"). The ACC may be established such that it is divided into two (2) subcommittees, with one (1) subcommittee having jurisdiction over modifications and the other having jurisdiction over new construction. The Board may employ architects, engineers, or other Persons as it deems necessary to enable the ACC to perform its review. The ACC may, from time to time, delegate any of its rights or responsibilities hereunder to one (1) or more duly licensed architects or other qualified Persons, which shall have full authority to act on behalf of the committee for all matters delegated. Written design guidelines and procedures may be promulgated for the exercise of this review, which guidelines may provide for a review fee. So long as Declarant owns any property for development and/or sale in the Community he shall have the right to appoint all members of the ACC. Upon the expiration or earlier surrender in writing of such right, the Board shall appoint the members of the ACC.

If the ACC fails to approve or to disapprove submitted plans and specifications within thirty (30) days after the plans and specifications have been submitted to it, the foregoing will be deemed approved. However, all activities commenced pursuant to such plans which have been deemed approved shall be consistent with such plans. In addition, no approval, whether expressly granted or deemed granted as provided herein, shall be inconsistent with this Declaration or any design guidelines promulgated by the Board unless a variance has been granted in writing pursuant to Article XII, Section 15 of this Declaration.

As a condition of approval under this Section, each Owner, on behalf of such Owner and such Owner's successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement, and insurance to and on any change, modification, addition, or alteration. In the discretion of the ACC, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of such Owner and such Owner's successors-in-interest. The ACC shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property to inspect for the purpose of ascertaining whether or not these restrictive covenants or any other provisions of this Declaration have been or are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies available to the Association, in the event of noncompliance with this Section, the Board may, as provided in Article XII, Section 1 hereof, record in the appropriate land records a notice of violation naming the violating Owner.

PLANS AND SPECIFICATIONS ARE NOT APPROVED FOR ENGINEERING OR STRUCTURAL DESIGN OR QUALITY OF MATERIALS AND BY APPROVING SUCH PLANS AND SPECIFICATIONS NEITHER THE ACC, THE MEMBERS THEREOF, NOR THE ASSOCIATION ASSUMES LIABILITY OR RESPONSIBILITY THEREFOR, NOR FOR ANY DEFECT IN ANY STRUCTURE CONSTRUCTED FROM SUCH PLANS AND SPECIFICATIONS. NEITHER DECLARANT, THE ASSOCIATION, THE ACC, THE BOARD, NOR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM SHALL BE LIABLE

IN DAMAGES TO ANYONE SUBMITTING PLANS AND SPECIFICATIONS TO ANY OF THEM FOR APPROVAL, OR TO ANY OWNER OF PROPERTY AFFECTED BY THESE RESTRICTIONS BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS. EVERY PERSON WHO SUBMITS PLANS OR SPECIFICATIONS AND EVERY OWNER AGREES THAT SUCH PERSON OR OWNER WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, THE ASSOCIATION, THE ACC, THE BOARD, OR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM TO RECOVER ANY DAMAGES AND HEREBY RELEASES, REMISES, QUITCLAIMS, AND COVENANTS NOT TO SUE FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY JUDGMENT, NEGLIGENCE, OR NONFEASANCE AND HEREBY WAIVES THE PROVISIONS OF ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

Listed hereinafter are guidelines which are not intended to be absolute and complete guidelines, but address certain critical areas which will be carefully considered by the Board in the approval or disapproval of an Owner's plans and specifications:

- (a) Exterior Materials:
 - (i) Exterior materials shall be brick, stucco, stone, siding, or vinyl or plastic siding approved by the Board. No metal siding will be allowed, unless otherwise approved by the Board. No brick shall be painted.
 - (ii) Brick type: A brick sample must be submitted for approval to the Board, prior to the ordering of brick.
 - (iii) Chimneys: All chimneys must be approved in writing by the Board.
 - (iv) Mortar: All mortar samples must be submitted for approval to the Board.
 - (v) Roofs: Shingles shall be submitted for approval to the Board. All roof stacks and vents must be installed on rear side of roof ridge.
 - (vi) Stucco: All stucco samples must be submitted for approval to the Board.
- (b) Exterior Colors: All exterior colors (brick, stucco, roof, paint, stain, vinyl or plastic siding etc.) must be submitted to the Board prior to application.
- (c) Driveways and Walkways: All driveway and walkway surfaces must be paved concrete or asphalt finished.

Section 4. **Signs.** No sign of any kind shall be erected by an Owner or Occupant within the Community without the prior written consent of the ACC except (a) professional security signs consistent with the Community-Wide Standard, (b) any signs required by legal proceedings, (c) reasonable and appropriate signs erected by the Board, (d) builder marketing signs, and (e) signs erected by Declarant. In connection with a bona-fide offer to sell or lease a Lot or residence, one (1) professionally lettered "For Sale" or "For Rent" sign consistent with the Community-Wide Standard shall be permitted provided (i)

the sign has a maximum area of six (6) square feet and a maximum height of four (4) feet above ground level, and (ii) the content of the sign states only that the Lot or residence is "For Sale" or "For Rent" and the name and telephone number of the person to contact for additional information. "For Sale" or "For Rent" signs including any additional information shall not be permitted in the Community. Notwithstanding anything provided herein to the contrary, no sign shall be displayed on or from within any structure on a Lot.

Section 5. **Vehicles.** The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, limousines and automobiles. Vehicles shall not be parked on the Common Property or on any portion of a Lot other than on the parking pad. All parking shall be subject to such rules and regulations as the Board may adopt. No extended street parking is permitted on entrance drives or E. and W. Sago Ct.

Notwithstanding anything provided herein to the contrary, no towed vehicle, boat, boat trailer, recreational vehicle, motor home, mobile home, bus, truck with camper top, truck (except pick-up trucks $\frac{3}{4}$ ton or less and sport utility vehicles), commercial vehicle, motorcycle, minibike, scooter, go-cart or similar recreational vehicle shall be permitted on any Lot, for periods longer than forty-eight (48) consecutive hours (the intent of this provision is that the aforementioned vehicles may not be stored on a Lot and the temporary removal of such vehicle from a Lot to break the continuity of the forty-eight (48) consecutive hours shall not be sufficient to establish compliance with this restriction). Any such vehicle shall be considered a nuisance and may be removed from the Community.

No vehicle may be left upon any portion of the Community, if it is unlicensed or if it is in a condition such that it is incapable of being operated upon the public highways. Any such vehicle shall be considered a nuisance and may be removed from the Community.

Section 6. **Leasing.** Lots may be leased for residential purposes only. All leases shall have a minimum term of at least six (6) months. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration, Bylaws, use restrictions, and rules and regulations of the Association. The lease shall also obligate the tenant to comply with the foregoing.

Section 7. **Occupants Bound.** All provisions of the Declaration, Bylaws, and of any rules and regulations, use restrictions or design guidelines promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants even though Occupants are not specifically mentioned. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.

Section 8. **Animals and Pets.** No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Lot, except that dogs, cats, or other usual and common household pets in reasonable number, as determined by the Board, may be kept on a Lot. Notwithstanding the above, those pets which, in the sole discretion of the Board, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of any Lot or the owner of any property located adjacent to the Community, may be removed by the Board. No pets shall be kept, bred or maintained for any commercial purpose. Without prejudice to the Board's right to remove any such household pets, no household pet that has caused damage or injury may be walked in the Community. No structure for the care, housing or confinement of any animal shall be constructed, placed or altered on any Lot unless plans and specifications for such structure have been approved by the ACC as provided in Section 3 of this Article VI of the Declaration.

Section 9. **Nuisance.** It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on such Owner's Lot. No property within the Community shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within the Community, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Community. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot unless required by law.

Section 10. **Unsightly or Unkempt Conditions.** The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community.

Section 11. **Antennas.** The Board may issue rules regarding the erection of exterior antennas, including, without limitation, satellite dishes; provided such rules do not prevent reception of acceptable quality signals or cause an unreasonable delay or cost. Unless screened and located to provide minimum visual impact on neighboring properties and streets, no exterior antennas of any kind, including without limitation, satellite dishes, shall be placed, allowed, or maintained upon any portion of the Community, including any Lot; provided such screening and location do not prevent reception of acceptable quality signals or cause an unreasonable delay or cost. In no event shall any such antenna or satellite dish in excess of eighteen (18") inches in diameter be permitted in the Community except if installed by the Declarant or the Board as provided in this Section. Declarant and the Board shall have the right (but shall not be obligated), to erect a master antenna, satellite dish or other similar master system for the benefit of the entire Community. Each Owner and Occupant acknowledges that this provision benefits all Owners and Occupants and each Owner and Occupant agrees to comply with this provision despite the fact that the erection of an outdoor antenna or similar device would be the most cost-effective way to transmit or receive the signals sought to be transmitted or received.

Section 12. **Tree Removal.** No trees shall be removed without the prior written consent of the ACC except (a) dead or diseased trees, (b) trees removed by a builder during the original construction of a residence on a Lot, or (c) trees removed by Declarant.

Section 13. **Drainage.** Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant hereby reserves for the benefit of Declarant, any builder who has purchased any Lot(s) for the purpose of the construction of a residence thereon and the resale of such Lot(s) and residence(s), and the Association and their respective successors and assigns a perpetual easement across the Community property for the purpose of altering drainage and water flow. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of

affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 14. Reserved.

Section 15. Garbage Cans, Woodpiles, Etc. All garbage cans, woodpiles, and other similar items shall be located or screened so as to be concealed from view of neighboring streets and property; provided, however, if rubbish, garbage or any other form of solid waste is to be disposed of by being collected on a regular and recurring basis, containers may be placed in the open on the evening before a pickup is to be made as necessary to provide access to Persons making such pick-up. All rubbish, trash, and garbage shall be regularly removed (no less frequently than weekly) and shall not be allowed to accumulate. Trash, garbage, debris, or other waste matter of any kind may not be burned within the Community, except by Declarant or a builder during the original construction of a residence on a Lot.

Section 16. Subdivision of Lot. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the ACC. Declarant, however, hereby expressly reserves the right to replat any Lot or Lots owned by Declarant. Any such division, boundary line change, or replating shall not be in violation of the applicable subdivision and zoning regulations and shall not constitute a violation of Section 2 of this Article VI of the Declaration.

Section 17. Guns. The use of firearms in the Community is prohibited. The term "firearms" includes without limitation "B-B" guns, pellet guns, bows and arrows, sling shots and small firearms of all types.

Section 18. Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any portion of the Community, including any Lot, unless and until plans and specifications showing at least the nature, kind, shape, height, materials, color, texture and placement of such fence or fencing type barrier have been submitted in writing to, and approved in writing by, the ACC as provided in Article VI, Section 3, above. The ACC may issue guidelines detailing acceptable fence styles, but in no event may an uncoated chain link or barbed wire fence be approved. Notwithstanding anything provided herein to the contrary, the Board shall have the right to erect fencing of any type considered appropriate or desirable by the Board at any location on the Common Property.

Section 19. Utility Lines. Except as may be permitted by the ACC, no overhead utility lines, including lines for cable television, shall be permitted within the Community, except for temporary lines as required during construction and lines installed by or at the request of Declarant.

Section 20. Air-Conditioning Units. No window air conditioning units may be installed except as may be permitted by the ACC, but in no event shall a window air conditioning unit be installed in any dwelling so as to be visible from the front of any Lot or any adjoining street.

Section 21. Lighting. Except as may be permitted by the ACC, exterior lighting visible from the street shall not be permitted except for approved lighting as originally installed on a Lot.

Section 22. Artificial Vegetation, Exterior Sculpture, Exterior Statuary and Similar Items. No artificial vegetation or plastic animal decorations, such as pink flamingos, etc., shall be permitted on the exterior of any property. Exterior sculpture, fountains, flags, bird baths, bird houses, and similar items must be approved by the ACC; but in no event shall be located so as to be visible from the front of any Lot or any adjoining street.

Section 23. **Energy Conservation Equipment.** No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the ACC.

Section 24. **[RESERVED]**

Section 25. **Gardens and Play Equipment.** No vegetable garden, hammock, statuary, or play equipment (including, without limitation, basketball goals) shall be constructed, erected or maintained upon any Lot unless the type and location thereof has been previously approved by the ACC.

Section 26. **Mailboxes.** All mailboxes and mailbox posts shall be of a similar style and color as that installed initially by Declarant or a builder.

Section 27. **Exteriors.** Any change to the exterior color, finish or texture of any improvement located on a Lot, including, without limitation, the dwelling, the roof on any dwelling or any fence, must be approved by the ACC.

Section 28. **Clotheslines.** No exterior clotheslines of any type shall be permitted upon any Lot.

Section 29. **Entry Features.** Owners shall not alter, remove or add improvements to any entry features constructed by Declarant on any Lot, or any part of any easement area associated therewith without the prior written consent of the ACC.

Section 30. **Window Treatments.** No foil or other reflective materials shall be used on any windows for sunscreens, blinds, shades or for any other purpose. The side of all window treatments which can be seen at any time from the outside of any structure located on a Lot must be architectural off-white or neutral.

Section 31. **Fuel or Water Tanks.** No fuel tanks or water tanks shall be stored or maintained upon any Lot in such a manner as to be visible from any public street or road or from any other Lot, unless used by Declarant, temporarily, in the ordinary course of developing the Community.

Section 32. **Outbuildings and Similar Structures.** No structure of a temporary nature, unless approved in writing by the ACC, shall be erected or allowed to remain on any Lot, and no trailer, camper, shack, tent, garage, barn or other structure may be used as a residence, either temporarily or permanently. However, this Section shall not be construed to prevent Declarant and those engaged in development, construction, marketing, property management or sales in the Community from using sheds, trailers or other temporary structures for any of the foregoing purposes. In addition, nothing in this Declaration shall be construed to prevent Declarant or any builder from developing, constructing, marketing, or maintaining model homes or speculative housing within the Community.

Section 33. **Erosion Control.** No activity which may create erosion or siltation problems shall be undertaken on any Lot without the prior written approval of the ACC of plans and specifications for the prevention and control of such erosion or siltation. The ACC may, as a condition of approval of such plans and specifications, require the use of certain means of preventing and controlling of such erosion or siltation.

ARTICLE VII
INSURANCE AND CASUALTY LOSSES

Section 1. Association Insurance. The Association shall obtain a group or blanket insurance policy equal to the full replacement value of the townhouse project. Said policy shall contain a Replacement Cost Endorsement providing for replacement of townhouse residences from insurance loss proceeds:

(a) the full amount of any insurance proceeds shall be applied to the rebuilding or repair of any townhome Residence (subject to the provisions and covenants contained in any mortgage or mortgages creating a lien against any Lot.

(b) the Residence shall be rebuilt or repaired in the event of damage thereto provided the Residence is insured under a group or blanket hazard insurance policy which contains a replacement cost endorsement providing for replacement of a Residence from insurance proceeds.

(c) the Owner shall keep the Residence in good repair except for repairs required of the Association.

(d) premiums for the group or blanket hazard insurance policy shall be a common expense and shall be collectible from townhome Lot Owners in the same manner and to the same extent as provided for annual and special assessments in Article IV (Assessments). The lien for assessments for insurance premiums shall be subordinate to the lien of any first mortgage in the same manner provided for annual and special assessments.

(e) such policies shall provide that insurance proceeds payable on account of loss of, or damage to, the real property shall be adjusted with the carrier by the Association and shall be payable solely to the homeowner's mortgagee, if any, and the Association as Insurance Trustee for the homeowner(s). Such insurance proceeds shall be applied to repair or restoration of the property as hereinafter provided. All such insurance policies shall provide that coverage may not be canceled by the carrier without first giving the Association and the Residence mortgagee, if any, thirty (30) days written notice of cancellation. All such policies shall contain, if obtainable, a waiver of the right of subrogation against any Residence Owner, Member of the Residence Owner's family, the Association, its officers, agents and employees, as well as a waiver of the "pro rata" clause.

(f) the Association shall also obtain a broad form public liability policy covering all Common Area, any Exclusive Common Area and all damage or injury caused by the negligence of the Association or any of its agents, officer or employees in an amount of not less than one million dollars for each occurrence and such policies shall contain a waiver of the right of subrogation against Members of the Association, its officers, agents and employees.

(g) any Owner may, if he wishes, at his own expense, carry any and all other insurance he deems advisable beyond that included in the homeowners policy required by the Association.

(h) in the event of damage or destruction by fire or other casualty to any property covered by insurance payable to the Association as trustee for the homeowners, the Board of Directors shall, with the concurrence of mortgagees, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly existed. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank

or institution are insured by a Federal government agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the Members of the Board of Directors, or by an agent duly authorized by the Board of Directors. The Board of Directors shall obtain bids from at least two reputable contractors, and then may negotiate with any such contractor, who may be required to provide a full performance bond for the repair, reconstruction or rebuilding of such Building or Buildings.

(i) also, the Association may levy any calendar year, a special assessment for the purpose of defraying the cost of construction, reconstruction, repair or replacement of a Building or Buildings containing single family residential units, to the extent that insurance proceeds under a group insurance policy containing a Replacement Cost Endorsement are insufficient to pay all costs of said construction, reconstruction, repair or replacement to as good condition as existed prior to damage or destruction by fire or other casualty covered by said insurance.

(j) the reconstructed or repaired Residence shall be substantially identical to the destroyed Residence, unless a change shall be approved by the Board, and shall be constructed in conformity with plans submitted to and approved by the Board prior to construction.

(k) if a Residence is not habitable by reason of damage, the obligation of the Owner to pay annual assessment installments shall be suspended either for a period of ninety (90) days or until the Residence is restored to a habitable condition, whichever shall first occur. In the event a Residence is damaged or destroyed, the Owner, at his expense, shall remove all personal debris from the Lot within thirty (30) days, so that it shall be placed in a neat, clean, and safe condition; and if he fails to do so, the Association may cause the debris to be removed, and the cost of removal shall constitute a lien upon the Residence until paid by the Owner, unless the Residence is thereafter acquired by the Association.

(l) any Residence which has been destroyed, in whole or in part, by fire or other casualty, and is substantially restored or reconstructed, shall be subject to the provisions of this Declaration and to the By-Laws of the Association.

(m) the Association shall maintain adequate fidelity coverage against dishonest acts by officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association.

ARTICLE VIII **CONDEMNATION**

In the event of a taking by eminent domain of any portion of the Common Property on which improvements have been constructed, then, unless within sixty (60) days after such taking, at least seventy-five percent (75%) of the Total Association Vote shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Property to the extent lands are available therefor. The provisions of Article VII, Section 3 above, applicable to Common Property improvements damage, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

ARTICLE IX **[RESERVED]**

ARTICLE X **MORTGAGEE PROVISIONS**

The following provisions are for the benefit of holders of first Mortgages on Lots in the Community. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

Section 1. **Notices of Action.** An institutional holder, insurer, or guarantor of a first Mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

(b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of Mortgage holders.

Section 2. **No Priority.** No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 3. **Notice to Association.** Upon request, each Lot Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

Section 4. **VA/HUD Approval.** As long as Declarant has the right to appoint and remove the directors of the Association, the following actions shall require the prior approval of the VA so long as the VA is guaranteeing any Mortgage in the Community, and HUD so long as HUD is insuring any Mortgage in the Community: annexation of additional property to the Community, except for annexation by Declarant in accordance with Article IX, Section 1 hereof pursuant to a plan of annexation previously approved by the VA and/or HUD as applicable; dedication of Common Property to any public entity; mortgaging of Common Property; mergers and consolidations; dissolution of the Association; and material amendment of the Declaration, the Bylaws, or the Articles of Incorporation of the Association.

Section 5. **Applicability of Article X.** Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or South Carolina law for any of the acts set out in this Article.

91 K PG 208

Section 6. **Failure of Mortgagee to Respond.** Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

Section 7. **Amendments by Board.** Should the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, HUD or VA subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

ARTICLE XI **EASEMENTS**

Section 1. **Easements for Encroachment and Overhang.** There shall be reciprocal appurtenant easements for encroachment and overhang as between each Lot and such portion or portions of the Common Property adjacent thereto or as between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Lot and the adjacent portion of the Common Property or as between adjacent Lots, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant, or the Association.

Section 2. Easements for Use and Enjoyment.

(a) Every Owner of a Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property, if any, which shall be appurtenant to and shall pass with the title to each Lot, subject to the following provisions:

(i) the right of the Association to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such Mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community (Any provision in this Declaration or in any such Mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community.);

(b) the right of the Association to dedicate or grant licenses, permits or easements over, under and through the Common Property to governmental entities for public purposes; and

(c) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such

dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by the affirmation vote of the Owners of at least two-thirds (2/3) of the Lots (other than Lots of the Declarant so long as the consent of the Declarant is required) and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community.

(d) Any Lot Owner may extend such Owner's right of use and enjoyment granted hereunder to the members of such Owner's family and to such Owner's tenants and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases such Owner's Lot shall be deemed to have delegated all such rights of the lessee of such Lot.

Section 3. **Easements for Utilities and Maintenance.** There is hereby reserved to Declarant and the Association blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system, which Declarant or the Association might decide to have installed to serve the Community, and undertaking all of the responsibilities of the Association listed in Article V Section 1, which easements may be for the individual benefit of individual Lot owners. It shall be expressly permissible for the Declarant, the Association, or the designee of either, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables and other equipment related to the providing of such utility or service, and all other matters necessary to undertake the responsibilities of the Association listed in Article V Section 1. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 4. **Easement for Entry.** In addition to the right of the Board to exercise self-help as provided in Article XII, Section 2 hereof, the Board shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security, and safety reasons, which right may be exercised by the manager, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion, or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board.

Section 5. **Easement for Maintenance.** Declarant hereby expressly reserves a perpetual easement for the benefit of the Association across such portions of the Community, determined in the sole discretion of the Association, as are necessary to allow for the maintenance and repair of the Common Property and to undertake the responsibilities of the Association listed in Article V Section 1. The maintenance and repair shall include without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property, required under Article V. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Lots, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 6. **Easement for Entry Features.** There is hereby reserved to the Declarant and the Association an easement for ingress, egress, installation, construction, landscaping and maintenance of

91 K 2210

entry features and similar streetscapes for the Community over and upon each Lot within the Community on which entry features and similar streetscapes have been installed by Declarant. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around such entry features and the right to grade the land under and around such entry features.

Section 7. Easements for Maintenance and Repair of Lots. **There shall be reciprocal appurtenant easements between adjacent Lots for the purpose of maintaining or repairing the improvements, including, without limitation, landscaping, located on such Lot.** Such easements shall extend on such Lot as distance of not more than five (5) feet as measured from any point on the common boundary between such Lots to a line perpendicular to such boundary at such point (but such easements shall not extend on, over or across any structures on any such Lot). The easements shall be used only for such period of time as is reasonably necessary in order to complete the needed maintenance or repair. The Owner of the Lot exercising the easement right shall be liable for the prompt repair of any damage to the Lot over which the easement is exercised which is caused by the maintenance or repair work. The damage portions of such Lot shall be restored to substantially the same condition as existed prior to the damage.

Section 8. Construction and Sale Period Easement. Notwithstanding any provisions contained in this Declaration, the Bylaws, the Articles of Incorporation of the Association, use restrictions, rules and regulations, design guidelines, and any amendments thereto, so long as Declarant owns any property in the Community for development and/or sale, Declarant reserves an easement across all Community property for Declarant and any builder or developer approved by Declarant to maintain and carry on, upon such portion of the Community as Declarant may reasonably deem necessary, such facilities and activities as in the sole opinion of Declarant may be required, convenient, or incidental to Declarant's and such builder's or developer's development, construction, and sales activities related to property described on Exhibit "B" or subjected to this Declaration, including, but without limitation: the right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, on or in the Community, including, without limitation, any Lot; the right to tie into any portion of the Community with driveways, parking area and walkways; the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device which provides utility or similar services including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Community; the right to grant easements over, under, in or on the Community, including, without limitation, the Lots, for the benefit of neighboring properties for the purpose of tying into and/or otherwise connecting and using sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Community; the right, in the sole discretion of Declarant, to improve the Common Property; the right to carry on sales and promotional activities in the Community; and the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices. Declarant and any such builder or developer may use residences, offices, or other buildings owned or leased by Declarant or such builder or developer as model residences and sales offices and may also use Common Property improvements, if any, available for use by the Community as a sales office without charge. Rights exercised pursuant to such reserve easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense. This Section shall not be amended without Declarant's express written consent until Declarant's rights hereunder have terminated as hereinabove provided.

91 K 0211

ARTICLE XII

GENERAL PROVISIONS

Section 1. **Enforcement.** Each Owner and Occupant shall comply strictly with the Bylaws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions and restrictions set forth in this Declaration and in the deed to such Owner's Lot, if any. The Board of Directors may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both maintainable by the Board of Directors, on behalf of the Association, or, in a proper case, by an aggrieved Owner. In any such action for damages or injunctive relief brought by the Association, the Association shall be entitled to recover reasonable attorney's fees actually incurred and court costs incurred by the Association in bringing such action. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate land records a notice of violation of the Declaration, Bylaws, rules and regulations, use restrictions, or design guidelines and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing. The Association shall also have the right to suspend the voting rights of a Lot Owner and the right of an Owner to use the Common Property, if any, for any period during which any assessment against such Owner's Lot which is hereby provided for remains unpaid, and, for a reasonable period of time for an infraction of the Declaration, Bylaws, or rule and regulations.

Section 2. **Self-Help.** In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon any Lot or any other portion of the Community to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates this Declaration, the Bylaws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board shall give the violating Lot Owner ten (10) days written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice. All costs of self-help, including, without limitation, reasonable attorney's fees actually incurred, shall be assessed against the violating Lot Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. **Duration.** The covenants and restrictions of this Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, perpetually to the extent provided by law; provided, however, so long as, and to the extent that, South Carolina law limits the period during which covenants restricting land to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, after which time, any such provision shall be (a) automatically extended (to the extent allowed by applicable law) for successive periods of twenty (20) years, unless a written instrument reflecting disapproval signed by the then Owners of at least two-thirds (2/3) of the Lots to the Declarant (so long as Declarant owns any property for development and/or sale in the Community) has been recorded within the year immediately preceding the beginning of a twenty (20) year renewal period agreeing to change such provisions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated to the extent specified therein; or (b) extended as otherwise provided by law. Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

Section 4. **Amendment.** This Declaration may be amended unilaterally at any time from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Lots subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure or guarantee Mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent thereto in writing. Further, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot Owners hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Lot Owner.

In addition to the above, this Declaration may be amended upon the affirmation vote or written consent, or any combination thereof, of the Owner's of at least two-thirds (2/3) of the Lots (other than Lots of Declarant so long as the consent of Declarant is required) and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community). Amendments to this Declaration shall become effective upon recordation unless a later effective date is specified therein. No provision of this Declaration which reserves or grants special rights to Declarant shall be amended without Declarant's prior written approval so long as Declarant owns any property for development and/or sale in the Community.

Section 5. **Gender and Grammar.** The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 6. **Severability.** Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 7. **Captions.** The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 8. **Perpetuities.** If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 9. **Indemnification.** To the fullest extent allowed by applicable South Carolina law, the Association shall indemnify every officer and director against any all expenses, including, without

limitation, attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

Section 10. **Books and Records.** This Declaration, the Bylaws, copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association or by duly appointed representative of any member and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to such Person's interest as member or holder, insurer, or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Boards shall prescribe.

(a) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents

(b) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 11. **Financial Review.** A review of the books and records of the Association shall be made annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's financial statements at the annual meeting, by a majority of the Total Association Vote, the Owners may require that the accounts of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements within ninety (90) days of the date of the request.

Section 12. **Notice of Sale or Lease.** In the event an Owner sells or leases such Owner's Lot, the Owner shall give to the Association, in writing, prior to the effective date of sale or lease, the name of the purchaser or lessee of the Lot and such other information as the Board may reasonably require. Upon acquisition of a Lot, each new Owner shall give the Association, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably request.

91-K pg 214

Section 13. **Agreements.** Subject to the prior approval of Declarant (so long as Declarant owns any property for development and/or sale in the Community) all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, assigns, and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

Section 14. **Implied Rights.** The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation of the Association, any use restriction or rule, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

Section 15. **Variances.** Notwithstanding anything to the contrary contained herein, the Board of Directors or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws and any rule, regulation or use restriction promulgated pursuant thereto if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Community.

Section 16. **Litigation.** No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five (75%) of the Total Association Vote. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article IV hereof, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by Declarant pursuant to Article XII, Section 4 hereof, or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 17. **Security.** The Declarant or the Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve safety in the Community. Notwithstanding the providing of any such measures or taking of any such action by Declarant or the Association, each Owner, for himself or herself and his or her tenants, guests, licensee and invitees, acknowledges and agrees that neither the Declarant nor the Association is a provider of security and shall have no duty to provide security in the Community. It shall be the responsibility of each Owner to protect his or her person and property and all responsibility to provide security shall lie solely with each Lot Owner. Neither the Declarant nor the Association shall be held liable for any loss or damage by reason of the failure to provide adequate security or ineffectiveness of security measures undertaken or provided.

91 K PG 215

IN WITNESS WHEREOF, the undersigned Declarant has hereby caused this instrument to be executed this 14 day of May, 2008.

[Signature]
1st Witness
Robert H. Miller Jr.
2nd Witness

PALMETTO TOWNES, LLC
By: [Signature]
Its: Managing Member

STATE OF SOUTH CAROLINA)
COUNTY OF SPARTANBURG)

PROBATE

PERSONALLY appeared before me, the undersigned witness, and made oath that (s)he was present and saw the within named PALMETTO TOWNES, LLC by L. Rowe Moody, its Manager, sign, seal, and as act and deed, deliver the foregoing Declaration of Protective Covenants; that deponent with the other witness whose name is subscribed above, witnessed the execution thereof.

SWORN to me this
14th day of May, 2008
Marjorie M. Campsen
Signature of Notary Public
My commission expires: 7/30/17

[Signature]
1st Witness

91 K 04216

IN WITNESS WHEREOF, the undersigned Property Owner has hereby caused this instrument to be executed this 12 day of May, 2008.

L. Rowe Moore
1st Witness

By: Kay S. Otten
Kay S. Otten

[Signature]
2nd Witness

STATE OF SOUTH CAROLINA)
COUNTY OF SPARTANBURG)

PROBATE

PERSONALLY appeared before me, the undersigned witness, and made oath that (s)he was present and saw the within named Kay S. Otten, sign, seal, and as act and deed, deliver the foregoing Declaration of Protective Covenants; that deponent with the other witness whose name is subscribed above, witnessed the execution thereof.

SWORN to me this
12th day of May, 2008

Narjerie M. Campsen
Signature of Notary Public
My commission expires: 7/30/17

L. Rowe Moore
1st Witness

91 K 00217

IN WITNESS WHEREOF, the undersigned Property Owner has hereby caused this instrument to be executed this 12 day of May, 2008.

K. Rowe Moore
1st Witness

By: Melissa Dotson
Melissa Dotson

Betty Sorene
2nd Witness

STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

PROBATE

PERSONALLY appeared before me, the undersigned witness, and made oath that (s)he was present and saw the within named Melissa Dotson, sign, seal, and as act and deed, deliver the foregoing Declaration of Protective Covenants; that deponent with the other witness whose name is subscribed above, witnessed the execution thereof.

SWORN to me this
12th day of May, 2008

Marjorie M. Campen
Signature of Notary Public
My commission expires: 7/30/17

K. Rowe Moore
1st Witness

91 K 05218

IN WITNESS WHEREOF, the undersigned Property Owner has hereby caused this instrument to be executed this 13 day of May, 2008.

T. Rowe Moor
1st Witness

By: R Charles Blackwell
R. Charles Blackwell

Melissa Deaton
2nd Witness

By: Judy Blackwell
Judy Blackwell

STATE OF SOUTH CAROLINA)
COUNTY OF SPARTANBURG)

PROBATE

PERSONALLY appeared before me, the undersigned witness, and made oath that (s)he was present and saw the within named R. Charles Blackwell and Judy Blackwell, sign, seal, and as act and deed, deliver the foregoing Declaration of Protective Covenants; that deponent with the other witness whose name is subscribed above, witnessed the execution thereof.

SWORN to me this
13 day of May, 2008
Margaret M. Camper
Signature of Notary Public
My commission expires: 7/30/17

T. Rowe Moor
1st Witness

91-K 00719

IN WITNESS WHEREOF, the undersigned Property Owner has hereby caused this instrument to be executed this 9 day of May, 2008.

K. Rowe Moray
Witness
David G. Ingalls
Witness

Howell W. Willingham

By: Howell W. Willingham 5-9-08

STATE OF SC

COUNTY OF Spidee

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he was present and saw the within Grantor sign, seal, and as act and deed, deliver the within ^{Declaration of Protective} ~~that~~ ^{Covenant} deponent with the other witness whose name is subscribed above, witnessed the execution thereof.

SWORN to before me this 9 day of May, 2008.

David G. Ingalls
Notary Public for SC
My Commission Expires: 05-02-15

K. Rowe Moray
1st Witness

David G. Ingalls
Notary Public for South Carolina
My Commission Expires 05/02/15

(SEAL)

91 K 06720

EXHIBIT "A" **"DEFINITIONS"**

The following words, when used in this Declaration or in any Supplementary Declaration (unless the context shall prohibit), shall have the following meanings:

- (a) "Association" shall mean PALMETTO TOWNES HOMEOWNERS' ASSOCIATION, INC., a nonprofit South Carolina corporation, having its normal meaning under South Carolina Law.
- (b) "Board of Directors" or "Board" of the Association shall be the appointed or elected body, as applicable, having its normal meaning under South Carolina law.
- (c) "Bylaws" shall refer to the Bylaws of PALMETTO TOWNES HOMEOWNERS' ASSOCIATION, INC., attached to this Declaration as Exhibit "D" and incorporated herein by this reference.
- (d) "Common Property" shall mean any and all real and personal property and casements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners.
- (e) "Community" shall mean and refer to that certain real property and interests therein described in Exhibit "B", attached hereto, and (i) such additions thereto as may be made by Declarant by Supplementary Declaration of all or any portion of real property adjacent to the real property described on Exhibit B; and (ii) such additions thereto as may be made by the Association by Supplementary Declaration of other real property.
- (f) "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association. Such determination, however, must be consistent with the Community-Wide Standard originally established by Declarant.
- (g) "Declarant" shall mean and refer to PALMETTO TOWNES, LLC, a South Carolina limited liability company, and its successors-in-title and assigns, provided by such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "B", attached hereto, or additional real property submitted to this Declaration, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as "Declarant" hereunder by the grantor of such conveyance, which grantor shall be "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "B", attached hereto, which is now or hereafter subjected to this Declaration, there shall be only one (1) "Declarant" hereunder at any one point in time.
- (h) "Lot" shall mean any plot of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single-family dwelling site as shown on a plat recorded in the land records of the county where the Community is located. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto, whether or not separately described, all of the right, title, and

91 K PG 221

interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association.

(i) "Mortgages" means any mortgage, deed to secure debt, deed of trust, and any all other similar instruments used for the purpose of encumbering real property in the Community as security for the payment or satisfaction of an obligation.

(j) "Mortgagee" shall mean the holder of a Mortgage.

(k) "Occupant" shall mean a Person occupying all or any portion of a residence or other property located within the Community for any period of time, regardless of whether such Person is a tenant of the Owner of such property.

(l) "Owner" shall mean and refer to the record owner, whether one (1) or more Persons, of the fee simple title to any Lot located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(m) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, limited liability company or other legal entity.

(n) "Supplementary Declaration" means an amendment or supplement to this Declaration which imposes, expressly or by reference, additional restrictions and obligations on the land described therein, or both.

(o) "Total Association Vote" means all of the votes attributable to members of the Association (including votes of Declarant), and the consent of Declarant so long as Declarant owns any property for development and/or sale in the Community. y.

91 K 00222

EXHIBIT "B"
"PROPERTY SUBMITTED"

All that certain piece, parcel or lot of land situate lying and being in the County of Spartanburg, State of South Carolina, containing 2.71 acres as shown on that certain plat prepared for Jerry A. Horton, Ted M. Easler, and John David Wren by James V. Gregory, PLS. dated December 3, 1990, recorded in Plat Book 111 at page 836, Register of Deeds for Spartanburg County, South Carolina.

This being a portion of the same property conveyed to EHW, LLC by deed of Jerry A. Horton et. Al. recorded on January 3, 2001 in Deed Book 73-E at page 359, RMC Office for Spartanburg County. This also being the same property conveying a 1/3 interest to John David Wren by deed of EHW, LLC recorded on February 27, 2006 in Deed Book 85-E at page 32, RMC Office for Spartanburg County.

Tax Map No.: 2-44-06-039.02

91 K 00223

EXHIBIT "C"
ARTICLES OF INCORPORATION OF PALMETTO TOWNES HOMEOWNERS'
ASSOCIATION, INC.

91 K 77224

EXHIBIT "D"
BYLAWS OF PALMETTO TOWNES HOMEOWNERS' ASSOCIATION, INC.



DEE BK 122-J PG 653-678

Recorded 26 Pages on 01/09/2019 03:17:21 PM

Recording Fee: \$32.00

Office of REGISTER OF DEEDS, SPARTANBURG, S.C.

Dorothy Earle, Register Of Deeds

Palmetto Townes Homeowners' Association, Inc.

RECORDING OF DOCUMENTS PURSUANT TO
THE SOUTH CAROLINA HOMEOWNERS
ASSOCIATION ACT (S.C. CODE ANN. §§ 27-30-
110 TO -170):

1. BY-LAWS OF THE PALMETTO
TOWNESHOMEOWNERS ASSOCIATION.
2. PALMETTO TOWNES GOVERNING
DOCUMENTS ENFORCEMENT POLICY

Declaration originally recorded in Book 91-K at Page 187

WHEREAS, the South Carolina Homeowners Association Act (S.C. Code Ann. §§ 27-30-110 to -170) requires Homeowners Associations to record Governing Documents, Rules, Regulations, and amendments thereto; and

WHEREAS, the Declaration of Protective Covenants for Palmetto Townes was recorded on May 19, 2008 in the Office of the Register of Deeds for Spartanburg County in Deed Book 91-K at Page 187 (as amended and supplemented, the "**Declaration**"); and

WHEREAS, pursuant to the Declaration, Palmetto Townes Homeowners' Association, Inc. is the Homeowners Association for Palmetto Townes; and

WHEREAS, Palmetto Townes Homeowners Association INC desires to comply with the recording requirements of the South Carolina Homeowners Association Act by recording its Governing Documents, Rules, and Regulations, as amended, that have not already been recorded; and

NOW THEREFORE, in accordance with the foregoing, Palmetto Townes Homeowners Association, INC does hereby record the following to comply with the recording requirements of the South Carolina Homeowners Association Act:

1. By-laws of the Palmetto TownesHomeowners Association, attached as **Exhibit A**
2. Palmetto Townes Governing Documents Enforcement Policy, attached as **Exhibit B**

IN WITNESS WHEREOF, Palmetto Townes Homeowners Association, INC has by its duly authorized officer set its hand and seal this 9 day of January, 2019.

[SIGNATURE PAGE TO FOLLOW]

SIGNED SEALED AND DELIVERED
in the presence of:

[Signature]
(witness #1)
[Signature]
(witness #2)

Palmetto Townes Homeowners Association, INC

By: Phyllis Bobo (L.S.)

Print Name: Phyllis Bobo

Its: President

STATE OF SOUTH CAROLINA)
COUNTY OF SPARTANBURG)

ACKNOWLEDGEMENT

I, Susie M. Betenbaugh, Notary Public for the State of South Carolina, do hereby certify that Palmetto Townes Homeowners Association, INC, by Phyllis Bobo, its President, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 9 day of January, 2019.

[Signature]
Notary Public for South Carolina
My Commission Expires: 10-29-25

**BY-LAWS
OF THE
PALMETTO TOWNESHOME OWNERS ASSOCIATION**

**ARTICLE I
NAME AND LOCATION**

These are the By-Laws of the Palmetto Townes Home Owners Association, hereinafter referred to as the "Association." The principal office of the Corporation shall be located at 8499 Valley Falls Rd, Boiling Springs, SC, 29316, but meetings of Members and Directors may be held at such places as may be designated by the Board of Directors from time to time.

**ARTICLE II
DEFINITIONS**

The capitalized terms used herein shall have the same meaning as the defined terms set out in the Declaration of Protective Covenants for Palmetto Townes dated October 13, 2008 and recorded in the Office of the Register of Deeds for Spartanburg County in Book 91-K at Page 192.

**ARTICLE III
PURPOSE AND POWERS OF THE ASSOCIATION**

This Association does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation, and architectural control of the residential Lots, Common Area, Area of Common Responsibility, and Area of Extended Lot Owner Responsibility within those certain tract(s) and/or lot(s) of Property described in the Declaration and incorporated by reference, and to promote the health, safety and welfare of the residences within the Community and any additions thereto as may hereafter be brought within the jurisdiction of the Association, and for this purpose to:

(a) Exercise all of the powers and privileges and to perform, or delegate to an appropriate person or entity the authority to perform, all of the duties and obligations of the Association, including the establishment and amendment of the Regulations of the Association and the use and maintenance of the Common Area, Area of Common Responsibility, and Area of Extended Lot Owner Responsibility, as set forth in the Declaration as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as set forth in length;

(b) Fix, levy, collect and enforce payment by any lawful means, all Assessments pursuant to the terms of the Declaration; pay all expenses in connection therewith; and pay all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the Property of the Association;

(c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, or otherwise dispose of real or personal property including, but not limited to the Common Area, as determined advisable by the Board of Directors;

(d) Borrow money, mortgage, pledge, deed in trust, or hypothecate any and all of its real or personal property including, but not limited to the Common Area, as security for money borrowed or debts incurred upon arrival by the affirmative casting of two-thirds (2/3) of all the votes of the Association;

(e) Participate in mergers and consolidations with other nonprofit corporations organized for the same purpose or annex additional residential property and Common Area, provided that any such merger, consolidation, or annexation shall have the assent of Members of the

Association controlling a majority of all votes of the Association, provided, however, that this shall not affect the right of the Developer to add additional Property to the Community and Association as set out in the Declaration;

(f) Make, by decision of the Board of Directors, and subject to applicable law, any election of a fiscal year for the Association, as the Board of Directors shall determine from time to time;

(g) To have and exercise any and all powers, rights, and privileges which a corporation organized under the nonprofit corporation law of the state of South Carolina by law may now or hereafter have or exercise including the right to enter into agreement with other Associations and entities for the management and maintenance of Common Area of such Association or entities;

(h) Notwithstanding the purposes and powers of the Association enumerated above, the Association, after passage of control to the Owners and Co-owners by recorded assignment as set forth in the Declaration, shall not enter into, either directly or indirectly, contracts or leases with the Developer (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control in accordance with the Declaration, upon not more than ninety (90) days notice to the other party to the said contract or lease.

ARTICLE IV MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held at a time, date, and place established by the Developer within twelve (12) months after the Developer

assigns his rights to the Association. Such assignment will be recorded in the office of the Register of Deeds in Spartanburg County. Subsequent annual meetings of the Members shall be held at a time, date and place established by the Board of Directors each year so long as no annual meetings of the Members shall be scheduled on a legal holiday. Until the Developer assigns his rights to the association, the Developer shall appoint the Board of Directors whose members so not have to members of the association.

Section 2. Special Meetings. Special Meetings of the Members may be called at any time by the Developer, or by the President of the Board of Directors. Only those matters that are within the purpose or purposes described in the meeting notice may be conducted at a special meeting.

Section 3. Notice of Meetings. Written notice specifying the place, day and hour of the meeting of the Members, and, in the case of the special meeting, also specifying the purpose of each meeting and the description of the matter for which the meeting was called, shall be given by, including the Developer, any fair and reasonable manner. The mailing of a copy of such notice of a special or annual meeting by first class mail or registered mail, postage prepaid, at least ten (10) days (or if notice is mailed by other than first class or registered mail, at least thirty (30) days) and not more than sixty (60) days before such meeting date to each Member entitled to vote at the meeting, including the Developer, addressed to the Members' address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice shall be considered fair and reasonable. The notice requirement may be waived by a Member before or after the date and time of the meeting as stated in the notice. The waiver must be in writing, be signed by the Member and be delivered to the Association for inclusion in the minutes of the meeting, except

that the attendance of a Member at a meeting waives notice unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting. Also, an Emergency Meeting may be called with a twenty-four (24) hour notice to those Members entitled to vote, upon the unanimous vote of the Association's Board in the event an issue requires the immediate attention of the Members of the Association. If a meeting of Members is adjourned to a different date, time, or place, notice need not be given of the new date, time or place, if (1) the new date, time, or place is announced at the meeting before adjournment and (2) the record date fixed pursuant to Section 9 of this Article for the adjourned meeting is not changed for the new meeting (either voluntarily by the Board or as required under the Act).

Section 4. Quorum. The presence at a meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members present shall have power to adjourn the meeting from time to time, without notice as long as the requirements of Section 3 of this Article are met. The quorum at the new meeting shall be reduced to five percent (5%) of each Class of Members.

Section 5. Proxies. Votes may be cast in person or by proxy. All appointment of proxies shall be by written appointment form, signed either personally or by an attorney-in-fact and filed with the Secretary prior to the vote being taken at the meeting in the case of a vote that is taken at a scheduled meeting (or such other time set out on the appointment form or meeting notice) and by the deadline established by the appropriate notification of a vote to be taken in any other manner.

Except as otherwise allowed herein or by written authorization of the Board of Directors of the Association, no appointment form shall confer on the proxy a broader authority than to vote on the matter(s) or at the meeting(s) than is defined on the appointment form. Every proxy shall be revocable at the pleasure of the Owner or any one of the Co-owners issuing it, up to the time that the vote for which it was issued is cast and shall automatically cease upon conveyance by the Owner or any of the Co-owners of that Lot, the Member attending any meeting and voting in person, the Member signing, and delivery to the Secretary in writing revoking the appointment, or upon receipt of notice by the Secretary or the officer or agent authorized to tabulate the vote prior to the proxy casting vote of the death of the Member.

Section 6. Parliamentary Rules. Robert's Rules of order (latest edition) or such other rules as the Board of Directors may adopt shall govern the conduct of corporate proceedings when not in conflict with the Declaration, the Articles of Incorporation, these By-Laws or with the statutes of the State of South Carolina.

Section 7. Failure to Hold Meetings. The failure to hold an annual or regular meeting at a time stated in or fixed in accordance with these By-Laws does not affect the validity of a corporate action.

Section 8. Authorization to Vote and Notice by Owner. It shall at all times be the responsibility of any Lot Owner and all Co-owners to keep current with the Association, the name and address of the person authorized to cast the vote assigned to that Lot and to receive notification from the Association as to any meetings which the Association may be required to send. Proof of the authority to receive notice and to vote shall be presented to the Association in the form of a

certificate signed by the Owner or all of the Co-owners of the Lot. Such certificate shall be deemed valid until revoked by a subsequent certificate.

Section 9. Record Date. The Board of Directors shall set the record date for determining the Members entitled to notice of a Members meeting; to vote at a Members meeting; and to exercise any rights in respect of any other lawful action. The record date shall not be more than seventy (70) days before the meeting or action requiring a determination of the Members occurs.

Section 10. Voting Requirements. Unless otherwise required in these By-Laws, the Declaration, the Articles of Incorporation, or the law, the affirmative vote of the votes represented and voting, which affirmative vote also constitutes a majority of the required quorum, is the act of the Members.

Section 11. Action by Written Ballot. Any action that may be taken at any annual, regular or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter and the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at the meeting.

ARTICLE V BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number & Types. The affairs of this Association shall be managed by a Board of not less than three (3) Directors, who need not be Members of the Association; provided, however, that until the Developer assigns his rights by recorded instrument, all Directors shall be

appointed by the Developer unless the Developer voluntarily waives its appointment power and authorizes the Association to elect Directors in accordance with these ByLaws. At any time the Developer, until the Developer assigns his rights by recorded instrument, or the Association thereafter by the affirmative vote of a majority (51%) of all of the Members' votes, may increase or decrease the number of Directors of the Association so long as there are never less than three (3) Directors at any given point, and so long as the rest of the terms of these ByLaws are adhered to. All Directors elected after the Developer assigns his rights by recorded instrument must be Members in good standing with the Association in order to seek election to, or continue to hold a position on, the Board of Directors.

Section 2. Term of Office. At the first annual meeting after the assignment of the Developer's rights, the Members will elect three (3) Directors for terms in accordance with Article VI, Section 2 of these By-Laws.

Section 3. Removal At any time, any Director(s) appointed by the Developer may be removed from the Board, with or without cause, by the Developer by giving written notice of removal to the Director and either the presiding officers of the Board of Directors or the Association President or Secretary. Any Director(s) elected by the Association may be removed from the Board of Directors, with or without cause, by the affirmative casting of a majority (51%) of all of the votes of the Association. Any Director(s) who is a Member and who is not in good standing with the Association, or who misses three (3) consecutive Board meetings (unless such absence shall have been excused by the Chairman of the Board of Directors or other person(s) authorized to do so), may be immediately removed from the Board of Directors by the remaining Board members and

replaced in accordance with these By-Laws. In the event of death, resignation, or removal of a Director, a successor shall be selected by the Developer, if that Director was appointed by the Developer, or the remaining Members of the Board of Directors, if elected by the Members of the Association and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive Compensation for performance of their duties as a board member.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of a majority (51%) of the Directors, which shall represent a quorum. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6. Reversal of Board of Directors. A decision of the Board of Directors, an officer or a committee of the Association may be reversed or modified by the Developer as long as the Developer owns any portion of the Property.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Except where Directors are appointed or replaced by the Developer or the Board of Directors, nomination for election for the Board of Directors shall be made by a Nominating Committee or as specified in guidelines set forth by the Board of Directors. For purposes of the first Annual Meeting after the termination of the Developer's Class B membership, the Nominating Committee, when created, shall consist of a Chairman and at least two (2) more Members of the Association. For purposes of all subsequent Annual Meetings, at least one member

of the Nominating Committee shall be a member of the Board of Directors. The Nominating Committee shall be appointed by the Board of Directors. Members of the Nominating Committee shall serve from the close of the annual meeting until the close of the next 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. Such nominations may be made from among Members or non-Members.

Section 2. Election. Unless agreed to otherwise by the affirmative vote of a majority (51%) of Members entitled to vote and present at the meeting, election to the Board of Directors shall be by secret ballot. At such 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 these By-Laws and the Declaration. At the first annual meeting after the Developer assigns his rights by recorded instrument, the Members shall elect three (3) Directors, each for a term of one year; and at each annual meeting thereafter, the Members shall elect successor Directors for terms of one year. The term of any Director shall be automatically extended and shall not expire until the annual meeting at which a successor for that Director is elected. The person(s) receiving the largest number of votes shall be elected. If no nominee(s) are nominated pursuant to these ByLaws, that (or those) Director(s) shall be appointed by the current Board of Directors of the Association. Cumulative voting, voting more than one (1) time for any Director, is not permitted under any circumstances.

ARTICLE VII MEETING OF DIRECTORS

Section 1. Regular Meetings. Until the Developer assigns his rights by recorded

instrument, regular meetings of the Board of Directors shall be held at dates, times and places and as frequently as is deemed prudent by the Developer. Upon the assignment of the Developers rights by recorded instrument, regular meetings of the Board of Directors shall be held quarterly, or more frequently, and at dates, times and places determined by a majority (51%) of the Board of Directors. Without the approval of all of the Directors, no meeting shall fall upon a legal holiday. No notice shall be required for regular meetings.

Section 2. Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President of the Association or any two (2) Directors, after not less than two (2) days notice is given, either personally, by mail, or by telephone, to each Director, unless waived in writing signed by the Director or by attendance of the meeting without objection or participation.

Section 3. Quorum. A majority (51%) of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision authorized by a majority (51%) of the Directors either by written consent or when present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

ARTICLE VIII POWERS, DUTIES AND REQUIREMENTS OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors, When Empowered, shall have the power, but not the obligation, to perform such duties as authorized by the Declaration, to include, but not be limited, to:

(a) Adopt, amend and publish the Architectural Guidelines for the Community and Regulations of the Association governing the Area of Common Responsibility, the Area of

Extended Lot Owner Responsibility, and the Common Area and facilities thereon and the personal conduct of the Members and their guests upon the entire Community, and to establish Assessments for the infraction thereof;

(b) Suspend the voting rights, the right to use the recreational facilities on the Common Areas, and the services provided by the Association, including without limitation architectural review services, of a Member during any period in which each Member shall be in default in the payment of any Assessment levied by the Association or for any other violation of the Declaration, the Architectural Guidelines, or the Regulations;

(c) Exercise for the Association of all of the powers, duties, and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member (i) is absent from three (3) consecutive regular meetings of the Board of Directors unless such absence shall have been excused by the Chairman of the Board of Directors or other person(s) authorized to do so, or (ii) is otherwise not in good standing as a Member of the Association, including without limitation failure to pay Assessments when due;

(e) Employ a manager, an independent contractor, Treasurer of the Association or such other employees as they may deem necessary, to prescribe their duties and;

(f) Levy Assessments and to collect from the Members all costs of collection, including but not limited to court costs and reasonable attorney fees, for all infractions of the Association's Regulations, the Architectural Guidelines, the Declaration, Articles of

Incorporation or these By-Laws.

(g) Delegate, in part or in total, to any employee, agent, director, officer, contractor, manager or other appropriate entity, any power or authority given to the Board of Directors by the Covenants and Restrictions for the Community or these By-laws.

Section 2. Duties. It shall be the responsibility of the Board of Directors to:

- (a) Comply with the requirements of the Act regarding Annual Meetings;
- (b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) Perform such other duties as required by the Declaration, the Articles of Incorporation or the By-laws.
- (d) Take legal action where it is deemed prudent and to be in the best interest of the Association by the Board of Directors, including without limitation foreclosure of the lien against any Lot for which Assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner or Co-owners personally obligated to pay the same as provided in the Declaration, or both;
- (e) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. At all times the Association records with respect to payments made or due shall be deemed correct unless proper documentation to the contrary can be produced. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment. A reasonable charge may be made by the Board for the issuance of these certificates;

(f) Procure and maintain liability and hazard insurance on property owned by the Association in amounts established by the Board of Directors in its sole discretion and with insurance companies licensed to do business in South Carolina with a Best rating of AA or better;

(g) Cause and pay for all officers or employees having fiscal responsibilities to be bonded, if and as it may be deemed appropriate by the Board of Directors;

(h) Cause the Common Area to be maintained.

Section 3. Requirements: The Board shall not be authorized or obligated to initiate, and the Association shall not initiate, any judicial or administrative proceeding unless first approved by a seventy-five percent (75%) affirmative vote of the entire Association Membership, except that no such approval shall be required for actions or proceedings: (1) initiated to enforce the provisions of the Declaration, these By-Laws, Architectural Guidelines, or Regulations; (2) initiated to challenge property taxation or condemnation proceedings; (3) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it. This Section 3 of Article VIII of these By-Laws shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

ARTICLE IX OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The offices of this Association shall be a President and Vice President, who shall at all times be Members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board of Directors from time to time by resolution create.

Section 2. Appointment of Officers. All officers shall be appointed by the Board of Directors.

Section 3. Term. Officers of this Association shall be appointed annually by the Board, and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Directors may appoint such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may be removed from office with or without cause by a majority (51%) vote of the Board of Directors. Any Officer may resign at any time giving written notice to the Board of Directors, the President or Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person, otherwise no office may be held by the same person during the same time period. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the Officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; see that the orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, promissory notes, deeds and other written instruments and shall be authorized, along with the Treasurer and other authorized parties, to sign on all checking accounts. If any vote of the Board results in a tie, the President shall cast the tie-breaking vote.

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

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep any corporate seal obtained by the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing Members of the Association together with their addresses, authenticate the records of the Association and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by Resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; and keep proper books of accounts.

ARTICLE X
COMMITTEES AND ARCHITECTURAL CONTROL AUTHORITY

When Empowered, the Association's Board of Directors by majority vote shall appoint an Architectural Control Authority for the Community. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose, including the establishment of a Nominating Committee as required herein. Compensation for committee members and for any employees of the Association assigned to or hired by these committees shall be fixed or approved by the Board of Directors of the Association.

ARTICLE XI BOOKS, RECORDS, AND PUBLICATIONS

The books, records, publications, and papers of the Association shall at all times, during reasonable business hours, or other reasonable circumstances, and preferably by appointment, be subject to inspection by any Member. Upon reasonable notice to the Association or its designated manager, the Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies of the governing documents addressed in this paragraph may be purchased at a reasonable cost.

Upon written request, and pursuant to the Act, any Member shall be entitled to inspect the latest financial statements and accounting records of the Association.

ARTICLE XII FUNDS AND BONDS

Section 1. Payments and Depositories All monies collected by the Association shall be treated as the separate property of the Association and such monies may be applied by the said Association to the payment of any of the expense of operating and managing the Association, or to

the proper undertaking of all acts and duties imposed upon it by virtue of these By-Laws, the Articles of Incorporation and the Declaration. As the moneys for any Assessment is paid unto the Association by any Owner or Co-owner of a Lot the same may be commingled with the monies paid to the Association by the other Owners or Co-owners of Lots. All funds and other assets of the Association, and any increments thereto or profits derived there from, or from the leasing or use of the Common Areas, shall be held for the benefit of the Members of the Association.

The depository of the Association shall be such bank or other Federally Insured depository as shall be designated from time to time by the Board of Directors and in which the moneys of the Association shall be deposited. Withdrawal of moneys from such accounts shall only be by checks signed by such persons as are authorized by the Board of Directors.

In the event the Board of Directors uses funds collected and held in the Association's reserve account(s), the Board of Directors shall have the option, in its sole discretion and without notice to the Members, to replenish (in whole or in part) or not to replenish said reserve account(s).

Section 2. Bonds. At the discretion of the Board of Directors, fidelity bonds shall be required on all members of the Board of Directors, the Officers of the Association and any other persons, employees or entities handling or responsible for the funds of the Association. The amounts of such bonds shall be determined by the Directors, but if it is determined that bonds are to be obtained, they shall be at least equal to the amounts to be handled at any point by that person or entity. Unless verification that the bonds have been provided by such person or entity is obtained by or provided for the Board of Directors, the premiums for these bonds shall be paid by the Association as a common expense.

ARTICLE XIII
CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the name of the Association.

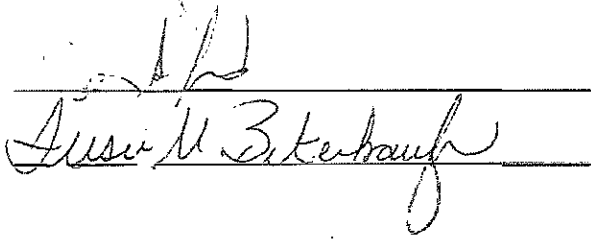
ARTICLE XIV
AMENDMENTS

Section 1. Except as otherwise required herein, by law, by the Declaration or by the Articles of Incorporation of the Association, these By-Laws may be amended by the affirmative casting of a majority (51%) of votes of the Board of Directors. Without limiting the foregoing, the Board of Directors, and for so long as the Developer owns any portion of the Property, the Developer, shall, at any time and from time to time as they see fit, have the right to cause this document to be amended to correct any clerical or scrivener's error(s) or to conform to the requirements of the Federal Housing Administration or the Veterans Administration or the Federal National Mortgage Corporation, FHLMC and such other secondary market agencies as the same may be amended from time to time.

Section 2. In addition to any other right to amend as set out herein, as long as the Developer owns any portion of the Property the Developer may amend and/or restate these By-Laws without the consent of the Owners, their mortgagees, or the Association. Subject to the Declaration and these By-Laws, every purchaser or grantee of any Lot or Common Area now and hereafter, by acceptance of a deed or other conveyance thereof, agrees that the By-Laws may be amended as provided herein.

IN WITNESS WHEREOF the undersigned incorporator of the Palmetto Townes
Homeowners Association has hereunto set their hand and seal on this 27th day of
November, 2012.

WITNESSETH:



Julie M. Bitterbaum

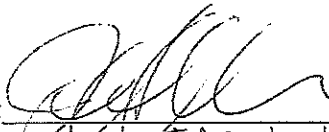
By: 
Print Name: JASON W. HIDDLE
Its: V. PRESIDENT

Exhibit B

PALMETTO TOWNES GOVERNING DOCUMENTS ENFORCEMENT POLICY

July 2, 2018

RE: Governing Documents Enforcement Policy

Dear Palmetto Townes Property Owner:

The Palmetto Townes Homeowners Association has the monumental task to protect the property values within the community to the best of its ability. It is the belief of the Palmetto Townes Board of Directors that the most effective way to keep property values at the highest level possible is by the fair and equitable enforcement of the Governing Documents; this belief is supported by the vast majority of Real Estate Professionals. The governing documents are The Declaration of Covenants, Conditions, Restrictions and Easements of Palmetto Townes, the Bylaws of Palmetto Townes Homeowners Association, Inc. and the published rules and regulations. In fact property values are the prime reason that the Developers encumbered the property within Palmetto Townes with Covenants and Restrictions. Real Estate Developers know that if they are going to get the most for their investment the communities they develop must be protected by these documents. This has prompted the Palmetto Townes Board of Directors to adopt a fair, equitable and effective enforcement policy. The board, working closely with the attorneys at McCabe, Trotter and Beverly, as well as Hinson Management, has developed the following procedure to ensure that the Palmetto Townes governing documents are enforced.

Palmetto Townes Property Owners have a legal responsibility to the Palmetto Townes Homeowners Association to conduct themselves and maintain their property so as to be in compliance with all the requirements set out in the governing documents. When a violation is reported to the Association's Management Company via the Resident Complaint Form the Association Manager and the Board of Directors will conduct an initial evaluation to determine if the complaint has validity. The Resident Complaint Form is available at www.hinsonmanagement.com. Select the "Homeowners Association" tab located on the left side of the home page. This will bring up a list of all the associations that we manage. Select "Resident Complaint Form" typed in blue located at the top of the list. This will download the form and you simply follow the directions printed on the form. This method is the only acceptable method available to report violations. Upon confirmation that the report appears to be valid the following process will be utilized to compel compliance.

Notice of Violation letter will be issued to the registered owner of the subject property by US Mail. Registered Lot Owners with improved or unimproved property who do not reside within the community are responsible for ensuring that the occupant of the property is aware of these requirements. However the Lot Owner will be held responsible for the actions of the occupant of the property. This notice will include the nature of the violation, the actions needed to remedy the violation and the time period in which the violation must be remedied. The property must be brought into compliance within the time period allowed in this notice or management personnel will proceed to the next step in the enforcement procedure.

Notice of Failure to Comply letter will be issued to the registered owner of the property by US Mail. This notice will reference the first notice and allow for an additional but much more restrictive time period to bring the property into compliance. **This notice will be the last opportunity for the property owner to bring his property into compliance and avoid fees and costs.** Expiration of this additional grace period without remedy of the violation will result in the Board meeting to determine the most effective and prudent remedy action. These actions may include the levying of monetary assessment for non compliance (schedule enclosed), self help remedies and/or retaining an Attorney to pursue a law suite in circuit court. Acting upon the Board's decision the Association's Executive Manager will proceed to the next much more aggressive step in the process.

Notice of Legal Action will be issued to the registered owner of the property by certified US Mail. This notice will detail the approved legal remedy or remedies being brought against the registered owner of the property on behalf of the Association. This notice will include a very specific and restrictive time period in which the property can be brought into compliance in order to avoid these actions. This time line will be strictly adhered to. **This notice will also be accompanied by an invoice for all costs associated with this breech that have been incurred by the Association to this point. This invoice as well as future invoices for assessments for noncompliance, attorney's fees, court costs and administrative fees will be collected from the registered owner of the property where the violation exists in accordance with the Association's governing documents and policies.**

The Palmetto Townes Board of Directors and Hinson Management have a strong desire to avoid the aforementioned actions. However this sincere desire is strongly overshadowed by their responsibility to all of the property owners within Palmetto Townes. It is our sincere hope that this policy will result in Palmetto Townes becoming a more desirable and harmonious place to call home. If you have any questions please contact Danny at (864)599-9019 ext 105.

SECTION VI

NON-COMPLIANCE ASSESSMENTS

| ACTIONS THAT START AND STOP | | First Non-Compliance* | Second Non-Compliance | Third Non - Compliance |
|--------------------------------------|--------------------------------|-----------------------|-----------------------|------------------------|
| Declaration Section Number and Title | | | | |
| 3 | Architectural & Landscaping | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 4 | Signs | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 5 | Vehicles | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 8 | Animals & Pets | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 9 | Nuisance | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 10 | Unsightly & Unkempt Conditions | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 11 | Antennas | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 15 | Garbage Cans | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 17 | Guns | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 18 | Fences | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 25 | Gardens & Pla Equipment | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 26 | Mailboxes | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 27 | Exteriors | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 28 | Clothesline | \$ 25.00 | \$ 50.00 | \$ 100.00 |
| 30 | Window Treatments | \$ 25.00 | \$ 50.00 | \$ 100.00 |

Simple (Observed) Verification

*Circumstances, determined by the Board of Directors, may only involve a Notice of Violation.