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TABLE OF EXHIBITS

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<u>Exhibit</u>	<u>Subject Matter</u>
"A"	Land Initially Submitted
"B"	Land Subject to Annexation
"C"	Initial Rules and Regulations
"D"	Bylaws of Preston at Park West, Inc.

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PRESTON AT PARK WEST**

This Declaration of Covenants, Conditions and Restrictions is made this 10th day of September, 2007, by **D.R. HORTON, INC.**, a Delaware corporation with an address of 503 Wando Park Blvd., Suite 200, Mt. Pleasant, SC 29464 (hereinafter the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, the Property has been previously submitted to certain imposed mutually beneficial covenants, conditions, restrictions and easements under a general plan of improvement for the benefit of all owners of residential property within a residential community known as "Park West" pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Park West Master Association dated December 17, 1997 and recorded on December 17, 1997 in Book P294 at Page 275, et seq., including all amendments thereto, records of Charleston County (hereinafter "The Master Declaration"); and,

WHEREAS, the real property described in the attached Exhibit "A" is a portion of that real property subjected to The Master Declaration; and,

WHEREAS, pursuant to Paragraph 1.1.15, Declarant herein is defined as a "Developer" pursuant to The Master Declaration, and is holding the Property for purpose of development into Units; and

WHEREAS, pursuant to Paragraphs 1.1.26, 1.1.27 and 2.4.4 a Developer may submit its Property within Park West to additional restrictions by creating a Subordinate Association and filing a Subordinate Declaration; and

WHEREAS, Declarant desires to provide a flexible and reasonable procedure for the overall development of the property known as Preston at Park West and the interrelationships of the component residential associations, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such property as is now or may hereafter be submitted to this Declaration. The Association hereby created may perform educational, recreational, charitable and other social welfare activities.

NOW, THEREFORE, Declarant, D.R. Horton, Inc., hereby declares as follows:

ARTICLE I
Creation of the Community

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1.1 Purpose and Intent.

Declarant, as the owner of the real property described in Exhibit "A" and as Developer under the Master Declaration, hereby declares that the real property described in Exhibit "A" and any additional property as may by subsequent amendment be added to and subjected to this Declaration, shall be held, sold and conveyed subject to The Master Declaration and the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of the property comprising Preston at Park West. An integral part of the development plan is the creation of a townhome neighborhood association known as Preston at Park West, Inc. (the "Townhome Association"), an association comprised of all Owners of real property in Preston at Park West, to own, operate or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents.

1.2 Binding Effect.

The property described in Exhibit "A" and any additional property which is made a part of Preston at Park West shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title or interest in any portion of Preston at Park West, their heirs, successors, successors-in-title, and assigns and shall inure to the benefit of each owner thereof. The provisions set forth in this Declaration shall be applicable only to Owners of any Units as defined herein in Article II Section 2.5.

This document does not and is not intended to create a condominium within the meaning of the South Carolina Horizontal Property Regime Act.

This Declaration, as it may be amended and supplemented from time to time, shall remain in effect and shall be enforceable by the Declarant, the Townhome Association, any Owner, and their respective legal representatives, heirs, successors and assigns for a term of Twenty (20) years from the date this Declaration is Recorded. After such time, this Declarations shall be extended automatically for successive periods of Ten (10) years each, unless an instrument signed by a majority of the then Owners has been Recorded within the year preceding any extension, agreeing to terminate this Declaration in which case it shall terminate as of the date specified in such instrument. Nothing in this section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

1.3 Governing Documents.

The Governing Documents create a general plan of development for Preston at Park West. The Governing Documents include The Master Declaration and this Declaration which shall be in addition to the covenants, conditions, restrictions and easements set forth in the Master Declaration. To the extent that this Declaration conflicts with The Master Declaration the latter shall control except to the extent the former establishes a higher or stricter standard or requirement for Preston at

Park West.

No Person shall record additional covenants, conditions, or restrictions affecting any portion of Preston at Park West without Declarant's written consent, so long as Declarant owns any portion of the real property described in Exhibit "A" or "B". Thereafter, Owners representing at least Seventy-five (75%) percent of the Townhome Association's total votes must consent to such additions. Any instrument Recorded without the required consent is void and of no force and effect.

If any provision of this Declaration is determined by judgment or court of competent jurisdiction to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions of applications.

ARTICLE II Definitions

2.1. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which by contract with any residential or condominium association with any commercial establishment or association, or with any apartment building owner or cooperative within Townhomes, become the responsibility of the Townhome Association.

2.2 "Assessment": shall include without limitation, general, special, specific or Neighborhood assessment.

2.3 The "Board of Directors or "Board": The body responsible for administering the Townhome Association, selected as provided in the By-Laws, a copy of which is attached hereto as Exhibit "C" and serving the same role as the board of directors under South Carolina corporate law.

2.4 "Common Area" or "Common Properties": All real and personal property now or hereafter owned by the Townhome Association for the common use and enjoyment of the Owners.

2.5 "Common Expenses": The actual and estimated expenses of operating the Townhome Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws and the Articles of Incorporation.

2.6 "Community": The real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with this Declaration and commonly known as Preston at Park West.

2.7 "Declarant": D.R. Horton, Inc., a Delaware Corporation, or any successor or assign which is designated as Declarant in a Recorded Instrument executed by the immediately preceding Declarant.

2.8 "FNMA, Freddie MAC, VA & FHA" shall mean and refer to the Federal National

Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration and Federal Housing Authority, respectively.

2.9 **“Master Association”**: Park West Master Association, Inc.

2.10 **“Member”**: A person or entity entitled to membership in the Townhome Association, as provided herein.

2.11 **“Neighborhood”**: Separately designed, developed residential areas comprised or various types of housing initially or by amendment made subject to this Declaration, for example and as by way of illustration and not limitation: patio home development, condominiums, or fee simple townhouses. In the absence of a specific designation of separate parcel status, all property made subject to this Declaration shall be considered a part of the same parcel; provided, however, the Declarant may designate in any subsequent amendment adding property to the terms and conditions of this Declaration that such property shall constitute a separate parcel or parcels.

2.12 **“Neighborhood Assessments”**. Neighborhood Assessments for common expenses for herein or by any supplementary Declaration shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the owners of the Units against which the specific parcel assessment is levied and of maintaining the property within a given Neighborhood, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized below.

The Neighborhood Assessment shall be levied equally against owners of Units in a Neighborhood for such purposes that are authorized by this Declaration or by the Board of Directors from time to time.

2.13 **“Owner”**: The record owner, whether one or more persons or entities, of any Townhome Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Townhome Unit is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser, (rather than the fee owner) shall be considered the Owner for purposes of this Declaration.

2.14 **“Person”**: A natural person, a corporation, a partnership, trustee, or other legal entity.

2.15 **“Properties”** or **“Property”**: The real property described in Exhibit “A” attached hereto and shall further refer to such additional property as may hereafter be annexed by amendment to this Declaration or which is owned in fee simple by the Townhome Association.

2.16 **“Townhome Association”** or **“Association”**: Preston at Park West, Inc., a South Carolina nonprofit corporation, its successors and assigns.

2.17 **“Unit”**: For purposes of this Declaration, “Unit” shall mean and refer to “Townhome Units”. Townhome Units are Units as defined in The Master Declaration. Moreover, a Townhome Unit consists of any plot of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction or

improvements, a single dwelling site for a Townhome that will be attached by one or more party walls to another Townhome. Where the dwelling on a Townhome Unit is attached by a party wall to one or more other dwellings, the boundary between Townhome Units shall be a line running along the center of the party wall separating the Townhome Units. The ownership of each Townhome Unit shall include the exclusive right to use and possession of any and all portions of the heating and air conditioning units that are appurtenant to and serve each Townhome Unit (including, but not limited to, compressors, conduits, wires and pipes) and any driveway, porch, deck, patio, steps, wall, roof, foundation, sunroom or any similar appurtenance as may be attached to a Townhome Unit when such Townhome Unit is initially constructed.

For the purpose of Article X of this Declaration, a newly constructed Unit shall come into existence and shall be liable for assessments upon the issuance of a certificate of occupancy by the appropriate agency of Charleston County, the City of Mount Pleasant or any other appropriate governmental or quasi-governmental entity.

ARTICLE III **Property Rights**

3.1 Members' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area subject to any restrictions or limitations contained in any deed or amendment to this Declaration conveying to the Townhome Association or subjecting to this Declaration such property. Any owner may delegate his or her right of enjoyment to the members of his or her family, tenants, and invitees subject to reasonable regulation and in accordance with procedures the Townhome Association may adopt.

3.2 Title to Common Properties. Declarant shall convey legal title to the Common Properties to the Townhome Association prior to the end of the Declarant Control Period, or to the Master Association, as appropriate, in accordance with the provisions of Section 2.2.3 of the Master Declaration. Further, Declarant shall remove all liens and encumbrances on the Common Properties, except those created by or pursuant to the Declaration, subject, however, to the following covenants, which shall be deemed to run with any land conveyed to the Townhome Association and shall be binding upon the appropriate Association, its successors and assigns:

In order to preserve and enhance the property values and amenities of the community, the Common Properties and all facilities now or hereafter built or installed thereon, shall at all times be maintained in good repair and condition and shall be operated in accordance with high standards. The maintenance and repair of the Common Properties shall include, but not be limited to, the repair of damage to pavement, walkways, outdoor lighting, and entrance. Further, it shall be an express affirmative obligation of the Association to keep all of the Common Properties conveyed to it and facilities appurtenant thereto, open, adequately staffed and operating during those months and during such hours as such property would normally be in operation in this locality.

This Section shall not be amended, except as provided for in Article XVIII, to reduce or

eliminate the obligation for maintenance and repair of the Common Properties.

3.3 Additions to Common Properties. In the event Declarant exercises the option set forth in Article VIII of this Declaration to bring additional properties within the scheme of this Declaration, it shall also have the right but not the obligation to construct additional recreational facilities and convey such land and facilities to the Townhomes Association or Master Association as Declarant deems appropriate.

3.4 Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Townhome Association and/or Master Association, as provided in its By-Laws to suspend the enjoyment rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulation;

(b) The right of the Townhome Association and/or Masters Association to charge reasonable admission and other fees for the use of the Common Properties;

(c) The right of the Townhome Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no dedication or transfer, determination as to the purpose or as to the conditions thereof, shall be effective unless an instrument signed by Members entitled to cast seventy-five (75%) percent of the eligible votes has been recorded, agreeing to such dedication, transfer, purpose or condition and unless written notice of the action is sent to every Member at least Thirty (30) days in advance of any action taken;

(d) The right of the Declarant and of the Townhome Association to grant and reserve easements and rights-of-way, in, through, under, over and across the Common Properties, for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, and other utilities, and the right of the Declarant to grant and serve easements and rights-of-way, in, through, under, over, upon and across the Common Properties for the completion of the Declarant's work.

ARTICLE IV **Membership and Voting Rights**

4.1 Membership. Every person or entity who is the record owner of a fee or undivided fee interest in any Unit that is subject to this Declaration shall be determined to have a membership in the Townhome Association. Membership shall be appurtenant to and may not be separated from such ownership. 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 or more persons, shall have more than one

membership per Unit owned. In the event of multiple owners of a Unit, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote for class I memberships be applicable to a particular Unit or be cast for each Unit.

4.2 Voting. The Townhome Association shall have two (2) classes of membership, Class "I" and Class "II" as follows:

(a) Class "I". Class "I" members shall be all Owners with the exception of the Class "II" members, if any.

Class "I" members shall be entitled on all issues to one (1) vote for each Unit in which they hold the interest required for membership by Section 1 hereof; there shall be only one (1) vote per Unit. When more than one person holds such interest in any Unit, the vote for such Unit shall be exercised as those owners themselves determine and advise the Secretary of the Townhome Association prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended in the event more than one person seeks to exercise it.

(b) Class "II". The sole Class II Member shall be the Declarant, its successor or assign. At the time Declarant records a subdivision plat of the Townhomes in the records of Charleston County, South Carolina, for any of the real property described in Exhibit "A" or "B", or made subject to this Declaration as provided herein, Declarant shall have voting rights under this section of all Units shown on such Plat(s). As to all matters with respect to which Members are given the right to vote under the Governing Documents, the Declarant shall be entitled to ten (10) votes per Unit owned and in addition, shall be entitled to appoint all of the members of the Board until termination of the Class II Membership. The Class II Membership shall cease to exist and shall be converted to Class I Membership only upon the earlier of the following:

(1) One Hundred Twenty (120) days after the conveyance by Declarant of all of ninety (90%) percent of the Units within the real property described in Exhibit "A" or "B" or made subject to this Declaration pursuant to Section 10.1 hereof; or

(2) A date selected by Declarant as evidenced by a recorded instrument, but not later than twenty (20) years after the recording of this Declaration.

ARTICLE V **Maintenance**

5.1. Townhome Association's Responsibility. The Townhome Association shall maintain and keep in good repair the Common Area not conveyed to the Master Association. The Townhome Association shall also maintain and keep in good repair the exterior of the Units, including but not limited to the landscaping around the Units which shall include the back yard of a Unit unless the back yard of such Unit has been enclosed by a fence which was approved by the Townhome and/or Master Association, and such maintenance to be funded, as hereinafter provided; provided, however, any sidewalk which may be a part of the Common Area, if not dedicated to

public maintenance, shall be maintained by the Townhome Association. This maintenance shall include the following:

- (a) periodic treatment of all exterior walls and foundations of the Units for termites; provided the Townhome Association shall not be liable if such treatment proves to be ineffective; and
- (b) maintaining all of the landscaping and other flora around each Unit in a manner and upon terms and conditions as determined by the Townhome Association, which maintenance shall include mowing lawns, pruning shrubbery, weed control removal and replacement of dead trees and shrubs and irrigation; and,
- (c) maintenance, repair, and replacement as necessary, including pressure washing, any sidewalks and driveways, including paved portions of the Units adjacent to the garage of any Unit if such driveway or paved portion is shared by two or more Units; and,
- (d) maintenance, repair, and replacement as necessary of any irrigation equipment, including, but not limited to sprinklers, wells, pumps water lines and time clocks wherever located, serving the front yard of each Unit, except that the Townhome Association shall have no responsibility for any of the aforementioned which is installed or altered by any Owner or Occupant of a Unit or his or her guest, agent, employee or contractor; and,
- (e) maintenance, repair, and replacement as necessary perimeter landscaping or walls within the perimeter easement are, if such perimeter walls or landscaping are initially installed by the Declarant or the Townhome Associations; and,
- (f) maintenance, repair, and replacement as necessary of any and all structures and improvements situated upon the Common Area owned by the Townhome Association; and,
- (g) at the end of its useful life, replacement of the roof and roof decking of Units as may be determined necessary in the sole and exclusive discretion of the Townhome Association in a manner consistent with the then-current industry standards prevalent in Charleston County. Nothing contained herein shall create an obligation or responsibility of the Townhome Association to repair, maintain or replace the roof or roof decking of Units other than the replacement at the end of its useful life as defined herein.
- (h) at the end of its useful life, replacement of the exterior siding of Units as may be determined necessary in the sole and exclusive discretion of the Townhome Association in a manner consistent with the then-current industry standards prevalent in Charleston County. Nothing contained herein shall create an obligation or responsibility of the Townhome Association to

repair, maintain or replace the exterior siding of Units other than the replacement at the end of its useful life as defined herein

All costs and expenses related to the Townhome Association's maintenance responsibility hereunder shall be part of the General Assessment; provided however that any cost or expense incurred by the Townhome Association as a result of the negligence or misconduct of any Owner or Occupant of a Unit or his or her guest, agent, employee or contractor shall be assessed as a Specific assessment against the Owner of such Unit.

5.2. Owner's Responsibility. Each Owner shall maintain his or her Unit and all structures, parking areas, backyards and other improvements comprising the Unit in a manner consistent with the standards of Preston at Park West and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Townhome Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit. Each Owner's maintenance responsibility shall include, but shall not be necessarily limited to, the following:

- (a) maintenance, repair, and replacement as necessary all pipes, lines, wires, conduits or other apparatus which serve only the Unit located wholly within the Unit boundaries, including all utility lines serving on the Unit; and
- (b) maintenance, repair, and replacement as necessary of the exterior surfaces of the Units, including window, and window frames, doors, and door frames, including garage doors, and any shutters, eaves, fascia, gutters and down spouts on the exterior of the Units; and
- (c) maintenance, repair, and replacement as necessary of the foundation and structure of the Unit; and
- (d) maintenance, repair, and replacement as necessary, including pressure washing of driveways, unless the driveway is shared by more than one Unit; and,
- (e) maintenance, repair and replacement as necessary of the roof including shingle and roof decking of the Unit.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Townhome Association may perform such maintenance responsibilities and assess all costs incurred by the Townhome Association against the Unit and the Owner as a Specific Assessment in accordance with Article X. The Townhome Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

In the event of damage or destruction of a Unit and the Owner does not complete the necessary repairs or replacements within the sixty (60) day time period and in accordance with the architectural requirements of this Declaration, the Townhome Association may, but is not obligated, to complete the necessary repairs or replacements and assess all costs incurred by the Townhome

Association in completing said repairs or replacements against the Unit and its Owner which assessment shall be a lien upon the Unit as provided in Article X, Section 10.1 and 10.5 of the Declaration and shall be collected as provided in Article X, Section 10.8 of the Declaration.

5.3. Standard of Performance. Notwithstanding anything to the contrary contained herein, the Townhome Association, and/or an Owner shall not be liable for property damage or personal injury occurring on, or arising out of the condition of, property which it does not own unless and only to the extent that it has been grossly negligent in the performance of its maintenance responsibilities.

ARTICLE VI

Insurance and Casualty Losses

6.1. Insurance. The Townhome Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area not herein conveyed to the Master Association against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The Board shall also obtain a public liability policy covering the Common Area, the Townhome Association, and its members for all damage or injury caused by the negligence of the Townhome Association or any of its members or agents, and, if reasonably available, directors' and officer's liability insurance. The public liability policy shall have minimum limits in the amounts that the Board deems reasonable. Premiums for all insurance on the Common Area shall be common expenses of the Townhome Association. The policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

Cost of insurance coverage obtained for the Common Area shall be included in the General Assessment, as defined in Article X. hereof.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Townhome Association, as Trustee, for the respective benefited parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in South Carolina holding a rating of AA or better in the Financial Category as established by A.M. Best Company, Inc., if available, or, if not available, the most nearly equivalent rating.

(b) All policies on the Common Area shall be for the benefit of the Unit Owners and their mortgagees as their interest may appear.

(c) Exclusive authority to adjust losses under policies in force on the property obtained by the Townhome Association shall be vested in the Townhome Association's Board of Directors; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Townhome Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual owners, occupants, or their mortgagees, and the insurance carried by the Townhome Association will be primary.

(e) The Townhome Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

- (i) A waiver of subrogation by the insurer as to any claims against the Townhome Association's Board of Directors, its Manager, the owners and their respective tenants, servants, agents and guests;
- (ii) A waiver by the insurer of its rights to repair and reconstruct instead of paying cash;
- (iii) That no policy may be cancelled, invalidated or suspended on account of any one or more individual owners;
- (iv) That no policy may be cancelled, invalidated or suspended on account of the conduct of any director, officer or employee of the Townhome Association or its duly authorized Manager without prior demand in writing delivered to the Townhome Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Townhome Association, its Manager, any owner or mortgagee; and
- (v) That any "other insurance" clause in any policy exclude individual owners' policies from consideration.

6.2. No Partition. Except as is permitted in the Declaration, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Property or any part thereof seek any such judicial partition until the happening of the conditions set forth in Section 4 of this Article in the case of damage or destruction, or unless the Properties have been removed from the provisions of this Declaration. This Section shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

6.3 Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction, as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area, or in the event no repair or reconstruction is made after making such settlement as is necessary and appropriate with the affected owner or owners and their mortgagee(s), as their interest may appear, if any Unit is involved, shall be retained by and for the benefit of the Townhome

Association. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

(b) If it is determined, as provided for in Section 4 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds in Section 3(a) hereof.

6.4 Damage and Destruction.

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

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless at least seventy-five (75%) percent of the total vote of the Townhome Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Townhome Association within said period, then the period shall be extended until such information shall be made available; provided, however, that such extension shall not exceed and additional sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the Common Area damage or destruction shall be repaired or reconstructed.

(c) In the event any damage or destruction to the Common Area includes damage or destruction to any exterior portion or roof of a Unit, the amount of the insurance proceeds paid as a result of such damage or destruction shall be used to repair or reconstruct such Common Area. If the insurance proceeds are not sufficient to pay for such repair or reconstruction, the Townhome Association shall pay all amounts necessary to repair or reconstruct said Common Area.

(d) In the event that it should be determined by the Townhome Association pursuant to subparagraph (b) above that the damage or destruction of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Townhome in a neat and attractive condition and any insurance proceeds paid as a result of such damage or destruction shall be paid to the Townhome Association.

6.5 Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Townhome Association's members, levy a special assessment against all owners in proportion to the number of

Units owned by such owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the cost of repair, such excess shall be deposited to the benefit of the Townhome Association.

6.6 Owner's Required Coverage. Each Owner shall be responsible for obtaining and maintaining at all times insurance covering all portions of his or her Unit including contents. In addition, to the extent not insured by policies of the Townhome Association or the extent insurable losses result in the payment of deductibles under the Townhome Association's policies, every Owner shall obtain and maintain at all times insurance covering consequential damages to any other Unit or the Common Area due to occurrences originating with the Owner's Unit and caused by the Owner's negligence, the Owner's failure to maintain the Unit or any other casualty within the Unit, which caused damage to any other Unit or the Common Area.

In the event of damage or destruction to a Unit, the Owner shall have sixty (60) days to complete any necessary repairs or reconstruction. Such repair or reconstruction shall conform to the architectural requirements set forth in this Declaration. In the event that an Owner does not complete the necessary repairs or reconstruction, the Townhome Association shall have the right, but not the obligation, to enter upon the Unit without further notice and complete the necessary repairs or reconstruction to bring the Unit into compliance with the Community Standard. All amounts expended by the Townhome Association to complete the repairs or reconstruction shall be assessed as a Specific Assessment against the Unit and the Owner in accordance with Article X. The Townhome Association shall not be held liable for any loss or damage arising out of the actions, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents or any injury, damages, or loss arising out of the manner or quality of the repairs or reconstruction to any Unit undertaken by the Townhome Association due to the failure of an Owner to comply with the requirements of this paragraph unless and only to the extent that it has been grossly negligent in the performance of such repairs or reconstruction.

At the Board's request, Owners shall file a copy of each individual policy or policies covering his or her Unit and personal property with the Board within ten (10) days after receiving such request. Such Owner shall promptly notify the Board in writing in the event such policy is canceled.

ARTICLE VII **Condemnation**

Whenever all or any part of the Common Area not conveyed to the Townhome Association shall be taken (or conveyed in lieu of and under threat of condemnation by the Board, acting on its behalf or on the written direction of all Owners of Units subject to the taking, if any) by any authority having the power of condemnation or eminent domain, each owner shall be entitled to notice thereof and to participate in the proceedings incident thereto, unless otherwise prohibited by law. The award made for such taking shall be payable to the Townhome Association, as Trustee for all owners, to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after taking the Declarant and at least

seventy-five (75%) percent of the Class "I" members of the Townhome Association shall otherwise agree, the Townhome Association shall restore or replace such improvements so taken on the remaining land included in the Common Area, to the extent lands are available therefor, in accordance with plans approved by the Board of Directors of the Townhome Association. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Townhome Association and used for such purposes as the Board of Directors of the Townhome Association shall determine.

ARTICLE VIII Annexation of Additional Property

8.1 Annexation Without Approval of Class "I" Membership. As the owner thereof, or if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege and option, but not the obligation, from time to time at any time until twenty (20) years from the date this Declaration is recorded in the office of the Register of Mesne Conveyances for Charleston County to subject to the provisions of the Declaration and the jurisdiction of the Townhome Association all or any portion of the real property described in Exhibit "B" attached hereto and by reference made a part thereof, whether in fee simple or leasehold, by filing in the Charleston County, South Carolina records, an amendment annexing such property. Such amendment to this Declaration shall not require the vote of members. Any such annexation shall be effective upon the filing for record of such amendment, unless otherwise provided therein.

Declarant shall have the unilateral right to transfer to any other person the said right, privilege and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of said real property described in said Exhibit "B" attached hereto.

The Declarant, its successors and assigns, shall have the right but not the obligation to bring the proposed additional development within the scheme of this Declaration unless such future developments intend to use the recreational facilities, roads, parking areas, sidewalks and tie into and connect with the sewer, water and drainage lines in the existing Properties.

Such supplementary Declaration may contain such complimentary additions and modifications of this Declaration as may be necessary to reflect the different character, if any, of the added Property as are not inconsistent with the scheme of this Declaration. In no event, however, shall such supplementary Declaration revoke, modify or add to the Covenants, Restrictions, Easements, Charges and Lien establishing this Declaration within the Properties.

8.2 Annexation With Approval of Class "I" Membership. Subject to the written consent of the owner thereof, upon the written consent or affirmative vote of a majority of the Class "I" members other than Declarant of the Townhome Association present or represented by proxy

at a meeting duly called for such purpose, the Townhome Association may annex real property other than that shown on Exhibit "B", and following the expiration of the right in Section 1, the property shown on Exhibit "B", to the provisions of this Declaration and the jurisdiction of the Townhome Association by filing of record in the office of the Register of Mesne Conveyances for Charleston County, South Carolina, a supplementary amendment in respect to the property being annexed. Any such supplementary amendment shall be signed by the President and the Secretary of the Townhome Association, and any such annexation shall be effective upon filing, unless otherwise provided therein. The time within which and the manner in which notice of any such meeting of the Class "T" members of the Townhome Association, called for the purpose of determining whether additional property shall be annexed, and the quorum required for the transaction of business at any such meeting, shall be as specified in the By-Laws of the Townhome Association for regular or special meetings, as the case may be.

ARTICLE IX

Rights and Obligations of the Townhome Association

9.1 The Common Area. The Townhome Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including furnishings and equipment related thereto), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof.

9.2 Personal Property and Real Property for Common Use. The Townhome Association, through action of its Board of Directors, may acquire, hold and dispose of any Common Properties, whether tangible or intangible personal property or real property. The Board, acting on behalf of the Townhome Association, shall accept any real or personal property, leasehold, or other property interests within Townhomes conveyed to it by the Declarant.

9.3. Rules and Regulations. The Townhome Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines which shall constitute a lien upon the owner's Unit or Units and suspension of the right to vote and the right to use the Common Area. In addition, the Board shall have the power to seek relief in any court for violations or to abate unreasonable disturbances. Imposition of Sanctions shall be as provided in the By-Laws.

9.4 Implied Rights. The Townhome Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE X
Assessments

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10.1 Creation of General Assessment. There are hereby created assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors. General Assessments shall be allocated equally among all Units within the Townhome Association and shall be for expenses determined by the Board to be for the benefit of the Townhome Association as a whole. Each owner, by acceptance of his or her deed, is deemed to covenant and agree to pay these assessments. All such assessments, together with interest at the highest rate allowable under the laws of South Carolina from time to time relating to usury for commercial real estate loans, costs, and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made.

Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such Unit at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first mortgagee who obtains title to a Unit pursuant to the remedies provided in the mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

Assessments 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 of the annual assessment for delinquents; unless the Board otherwise provides, the assessments shall be paid in monthly installments. It is the intention of this Declaration that assessments for the Townhome Association and the Master Association be collected by each association individually and that the creation of Townhome Association assessments shall in no way alleviate or reduce the amount of assessments which may be due under The Master Declaration. Such a system shall prejudice neither the right for direct collection nor the lien rights set out in Section 4 of this Article. Provided however, that pursuant to Section 6.9 of the Master Declaration, the Master Association may elect to bill the Townhome Association for any assessments due from the Owners thereby obligating the Townhome Association to collect any amounts due directly from the Owners.

10.2 Computation of Assessment. The Board shall prepare an annual budget, and the following provisions shall apply:

It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Townhome Association during the coming year. The budget shall include a capital contribution establishing a reserve fund, in accordance with a capital budget separately prepared, and shall separately list general and parcel expenses, if any. The Board shall cause a copy of the budget, and the amount of the assessments to be levied against each Unit for the following year, to be delivered to each owner at least fifteen (15) days prior to said budget's effective date. The budget and the assessments shall become effective unless disapproved at the meeting by a vote of at least a majority of the Board of Directors.

Notwithstanding the foregoing, however, in the event the Board disapproves the proposed budget or the Board fails for any reason to so 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.

10.3 Working Capital. The Townhome Association shall collect from each purchaser of a Unit at the time of purchase a working capital assessment in an amount equal to Two Hundred Fifty and no/100 (\$250.00) Dollars. The funds shall be used for such legal purposes as the Board of Directors may determine. Said working capital contribution shall be collected on all initial and all re-sales of Units.

10.4 Special Assessments. In addition to the assessments authorized in Section 1, the Townhome Association may levy a Special Assessment in any year. So long as the total special assessments authorized under this Article do not exceed Five Hundred and NO/100's (\$500.00) Dollars in any one year, the Board, by majority vote, may impose the special assessment. If such total be exceeded, any special assessment shall be effective only with the approval of a majority of the Class "I" members.

10.5. Specific Assessments. The Townhome Association acting by and through its Board shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which the Townhome Association may offer. The Townhome Association may levy Specific Assessments for special services in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Specific Assessment under this subsection (b).

10.6 Lien for Assessments. Such assessment shall constitute a lien on each Unit prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which, by law, would be superior thereto, and (2) the lien or charge of any first mortgage of record (meaning any recorded mortgage or deed of trust with first priority over other mortgages or deeds of trust) made in good faith and for value.

The Townhome Association, acting on behalf of the owners, shall have the power to bid for the Unit at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. During the period owned by the Townhome Association following foreclosure; (1) no right to vote shall be exercised on its behalf; (2) no assessment shall be assessed or levied on it; and (3) each other Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Townhome Association as a result of foreclosure.

Suit to recover a money judgment for unpaid common expenses, rent and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

10.7 Capital Budget and Contribution. The Board of Directors shall annually prepare

a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Townhome Association, as shown on the capital budget, with respect both to amount and timing to annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and assessment, as provided in Section 2 of this Article.

10.8 Collection of Assessments and Default. The Board may take prompt action to collect any assessment for common expenses due from any owner which remains unpaid for more than ten (10) days from the due date. Any regular, specific or special assessment levied which is not paid by the first (1st) day of each month, shall be in default. The assessment together with interest thereon at the rate of ten (10%) percent per annum and the costs of collection, including reasonable attorney fees, thereof, shall be a continuing lien upon the Unit belonging to the Owner against whom such assessment is levied. The Owner obligated to pay this delinquent assessment, may, by resolution of the Board of Directors, be subject to such penalty or "late charge" as the Board of Directors may fix prior to the fiscal period in which non-payment occurs. The Townhome Association may bring an action at law against the owner personally obligated to pay the same or foreclose and/or enforce the lien against the Unit then belonging to said owner in the manner now or hereinafter provided for the foreclosure of mortgages or other liens on real property in the State of South Carolina, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law, in either of which events interest, costs and reasonable attorney's fees shall be added to the amount of cash assessment.

10.9. Statement of Account. Upon written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Unit, the Townhome Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit, the amount of the current periodic assessment and the date on which such assessment becomes or became due, and any credit for advanced payments or prepaid items. Such statement shall be delivered to the requesting Person personally or by fax or by email. The Townhome Association may require the payment of a reasonable processing fee for issuance of such statement.

Such statement shall bind the Townhome Association in favor of Persons who rely upon it in good faith. Provided such request is made in writing, if the request for a statement of account is not processed within 14 days of receipt of the request, all unpaid assessments that became due before the date of making such request shall be subordinate to the lien of a Mortgagee that acquired its interest after requesting such statement.

10.10. Budget Deficits During Declarant Control.

During the Declarant Control Period, Declarant may (but shall not be required to):

(a) Advance funds to the Association sufficient to satisfy the deficit, if any, between the Association's actual operating expenses and the sum of the Base, Special, Neighborhood, and Specific Assessments collected by the Association in any fiscal year. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the Association in favor of Declarant. Declarant's failure to obtain a promissory note shall not invalidate the debt;

(b) Cause the Association to borrow any amount from a third party 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 Area or any of the improvements maintained by the Association shall be given in connection with such loan; or

(c) Acquire property for, or provide services to, the Association or the Area of Common Responsibility. Declarant shall designate the value of the property or the services provided, and such amounts, at Declarant's request, shall be evidenced by a promissory note. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Section.

ARTICLE XI

Architectural Standards and Control

No building, fence, wall or other structure, or change or alteration to the exterior of the Units, or in landscaping shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration thereto be made until the plans and specifications showing the nature, kind, shape, height, materials, color and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Townhome Association, or by an Architectural Committee composed of three or more representatives appointed by the Board. In the event said Board, or its designated committee fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The provisions of this paragraph shall not apply to Declarant. Further, the provisions of this paragraph shall be in addition to and not in place of any and all restrictions and/or requirements for approval as set forth in The Master Declaration.

The standards and procedures this Article establishes are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Community; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be based on aesthetic considerations only. The Reviewer shall not bear any responsibility for ensuring (a) the structural integrity or soundness of approved construction or modifications; (b) compliance with building codes and other governmental requirements; (c) that Units are of comparable quality, value, size, or of similar design, aesthetically pleasing, or otherwise acceptable to neighboring property owners; (d) that views from any other Units or the Area of Common Responsibility are protected; or (e) that no defects exist in approved construction.

Declarant, the Townhome Association, the Board, any committee, or any member of any of the foregoing shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the actions, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents; or any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Unit.

ARTICLE XII
Use Restrictions

BK P 638PG364

12.1. Framework for Regulation. The Governing Documents, including the initial Rules and Regulations which are set forth in the attached Exhibit "C", establish as part of the general plan of development for the Townhomes a framework of affirmative and negative covenants, easements, and restrictions to govern the Townhomes. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology which inevitably will affect the Townhomes, its Owners, and residents. Toward that end, this Article establishes procedures for modifying and expanding the initial Rules and Regulations set forth in Exhibit "C."

12.2. Regulation Making Authority.

(a) Board Authority. Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Townhome Association and its Members, the Board may adopt, repeal, and modify regulations governing matters of conduct and aesthetics and the activities of Members, residents, and guests within the Community, as defined by the Rules and Regulations set forth in Exhibit "C". The Board shall send notice by mail to all Members concerning any such proposed action at least five (5) business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

(b) Declarant's Authority. Notwithstanding the above provision, during the Declarant Control Period, the Declarant shall have the unilateral right to repeal, limit, modify or expand any of the initial Rules and Regulations set forth in Exhibit "C" without prior notice to the Board or to Members. However, any such amendment shall not materially adversely affect the substantive rights of any Owners, nor shall it adversely affect title to any Unit without the consent of the affected Owner(s).

(c) Members' Authority. Alternatively, Members representing more than fifty percent (50%) of the total votes in the Townhome Association, at a Townhome Association meeting duly called for such purpose, may vote to adopt regulations which modify, cancel, limit, create exceptions to, or expand the Rules and Regulations then in effect. Notwithstanding anything contained herein to the contrary, during the Declarant Control Period, any such action by the Members shall not be valid unless and until Declarant provides its written approval which approval or denial shall be granted in Declarant's sole and exclusive discretion.

(d) Notice; Opportunity To Disapprove. Notice of any Board resolution or Member action adopting, repealing, or modifying regulations shall be sent to all Members at least thirty (30) days prior to the effective date. Subject to Declarant's disapproval rights under the Bylaws, the resolution or Member action shall become effective on the date specified in the notice unless (i) Members petition for a special meeting, in accordance with the Bylaws, to reconsider such resolution, and (ii) the resolution is disapproved at the meeting by Members representing more than fifty percent (50%) of the total votes in the Townhome Association.

(e) Conflicts. Nothing in this Article shall authorize the Board or the Members to modify, repeal, or expand the Architectural Guidelines or other provisions of this Declaration. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control.

(f) Common Area Administrative Rules. The procedures required under this Section shall not apply to the enactment and enforcement of Board resolutions or administrative rules and regulations governing use of the Common Area unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative rules and regulations shall include, but not be limited to, hours of operation of a recreational facility and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times. The Board shall exercise business judgment and act in accordance with the business judgment rule, as described in the Bylaws, in the enactment, amendment, and enforcement of such administrative rules and regulations.

12.3 Limitations on Rules and Regulations. Except as may be contained in this Declaration either initially or by amendment, all Rules and Regulations shall comply with the following provisions:

(a) Signs and Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling. No Owner may post or display any sign, billboard, banner or item of similar nature so as to be visible outside of any dwelling without the prior written approval of the Architectural Review Committee, including but not limited to a "for sale," "for rent," or "garage sale" sign. No rules shall regulate the content of political signs; however, rules may regulate the time, place, and manner of posting such signs (including design criteria) and limit to a reasonable number the number of signs that may be posted. No sign shall be larger than 18" x 24" and any Owner posting an approved sign shall be responsible for removing such sign in a timely manner and shall be subject to enforcement actions for failing to do so. Notwithstanding anything contained herein to the contrary, the Townhome Association shall have the right, but not the obligation, to exercise self-help and to enter onto a Unit (but not the interior of a Unit) in a non-emergency situation, without notice and opportunity for hearing prior thereto for the purpose of removing any sign, billboard, banner or other item of similar nature posted or displayed in violation of this provision.

(b) Household Composition. No rule established pursuant to this Article shall interfere with the Owners' freedom to determine the composition of their households.

(c) Activities Within Dwellings. No rule established pursuant to this Article shall interfere with the activities carried on within the confines of dwellings, except that the Townhome Association may restrict or prohibit any activities that create monetary costs for the Townhome Association or other Owners; that create a danger to the health or safety of others; that generate excessive noise, parking congestion, or traffic; that create unsightly conditions visible outside the dwelling; or that create an unreasonable source of annoyance.

(d) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial

burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Townhome Association. Nothing in this provision shall prevent the Townhome Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area or violate the Governing Documents.

(e) Alienation. No rule promulgated pursuant to this Section shall prohibit leasing or transfer of any Unit or require consent of the Townhome Association or Board for leasing or transfer of any Unit; however, the Townhome Association or the Board may require a minimum lease term of up to twelve (12) months.

(f) Reasonable Rights To Develop. No rule or action by the Townhome Association shall unreasonably impede Declarant's right to develop the Community in accordance with the rights reserved to Declarant in this Declaration.

12.4 Owners' Acknowledgment and Notice to Purchasers.

All Owners and prospective purchasers are given notice that use of their Units and the Common Area is limited by the Rules and Regulations, as they may be amended, limited, repealed, expanded, or otherwise modified hereunder. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision, that the Rules and Regulations may change from time to time, and that the current Rules and Regulations may not be set forth in a Recorded instrument. All purchasers of Units are on notice that the Townhome Association may have adopted changes to the Rules and Regulations. The Townhome Association shall provide a copy of the current Rules and Regulations to any Member or Mortgagee upon request and payment of the reasonable cost of such copy.

ARTICLE XIII **Easements**

13.1 Easements for Utilities, Etc. Easements for ingress and egress and for the installation, use, maintenance, repair, and replacement of public and/or private utilities including but not limited to sewer, gas, electricity, telephone, TV cable, telecommunications, or water lines for the use of the Units hereinbefore described are hereby created over, under and across the property described on Exhibit "A" as set forth on any plat recorded by Declarant.

There is hereby reserved to Declarant, its successors and assignees, the power to grant reasonable easements upon, across, over and under all of the property for ingress, egress, installation, replacing, repairing, and maintaining master television antenna systems, security and similar systems, and all utilities, including, but not limited to, water, sewer, telephones, telecommunications and electricity. The Declarant shall, upon written request, grant such easements as may be reasonable necessary for the development of any property reserved by it or annexed as herein provided.

This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing dwelling on a Unit, and any damage to a Unit resulting from the exercise of this easement shall promptly be repaired by, and at the

expense of, the Person exercising the easement. The exercise of this easement shall not unreasonable interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

Declarant specifically grants to the local water supplier and electric provider easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into the dwelling on any Unit, nor shall any utilities be installed or relocated on the Properties, except as approved by the Board or Declarant.

Declarant specifically grants to the Townhome Association easements across the properties for ingress and egress for the purpose of maintaining the exterior of the Units and the landscaping around the Units and for any necessary repair or reconstruction as provided in Article VI, Section 6.

13.2 Developmental Easements. Declarant reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the Properties, for the purpose of completing its work upon the real property described in Exhibit "A" and development of the additional properties if it is brought within the scheme of this Declaration. Further, Declarant reserves the right to continue to use the Properties, and any roadways, walkways, sales offices, model units, signs and parking spaces located on The Properties, in its efforts to market commercial units or lots constructed on the Properties. This paragraph may not be amended without the written consent of Declarant.

13.3 Encroachments. There shall be reciprocal appurtenant easements of encroachment as between each Unit or as between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than one (1) foot, as measured from any point on the common boundary between each Unit or as between said adjacent Units, as the case may be, along a line perpendicular to such boundary at such point; provided, however, that in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an owner or tenant.

13.4 Easements for Cross-Drainage. Every Unit and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter, change, obstruct or rechannel the natural drainage on any Unit whatsoever so as to materially increase the drainage of storm water onto adjacent portions of the Properties without the written consent of the Owner of the affected property.

13.5 Right of Entry. The Townhome Association, or its duly authorized Manager, shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article V or VI hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, By-Laws, and rules, which right may be exercised by any member of the Board, the Townhome Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Townhome Association to enter upon any Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure

the condition within a reasonable time after requested by the Board. BK P 638PG368

ARTICLE XIV
CERTAIN RIGHTS OF DECLARANT

14.1 Declarant Rights. Notwithstanding any other provisions herein, so long as the Declarant continues to own any of the Units, the following provisions shall be deemed to be in full force and effect:

(a) The Declarant shall have the right at anytime to sell, transfer, lease or relet any Unit(s) which the Declarant continues to own after this Declaration has been recorded, without regard to any restrictions, if any, relating to the sale, transfer, lease or form of lease of Units contained herein and without the consent or approval of the Townhome Association or any other Owner being required.

(b) Without limiting the foregoing, the Declarant shall have the power, but not the obligation, acting alone, at any time (and from time to time) so long as the Declarant owns at least one Unit to: 1) amend the Declaration to cause the same to conform to the requirements of the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation, as set forth, respectively, in "FNMA Conventional Home Mortgage Selling Contract Supplement" and "Seller's Guide Conventional Mortgages", as the same may be amended from time to time; and/or 2) the requirements of the Department of Housing and Urban Development as same may be amended from time to time.

(c) The Declarant shall have the rights (i) to use or grant the use of a portion of the Common Elements for the purpose of aiding in the sale or rental of Units; (ii) to use portions of the Property for parking for prospective purchasers or lessees of Units and such other parties as the Declarant determines; (iii) to erect and display signs, billboards and placards and store and keep the same on the Property; (iv) to distribute audio and visual promotional material upon the Common Elements; and (v) to use any Unit which it owns or leases as a sales and/or rental office, management office or laundry and maintenance facility.

14.2 Maintenance Easement. Declarant reserves for itself and its successors and assigns, and for the Townhome Association, and its officers, agents employees and successors and assigns, an easement to enter on, across, over, in and under any portion of the Properties for the purpose of maintaining the exterior of and the landscaping around the Units.

14.3 Utility Easements. Declarant hereby reserves for itself and its successors and assigns a general easement upon, across, over, in and under the Properties for ingress and egress and for installation, replacement, repair and maintenance of all utilities, including, but not limited to water, sewer, gas, telephone, and electrical, cable and other communications systems and indoor sprinkler systems. No water, sewer, gas, telephone, electrical, communications, sprinkler systems or other utility or service lines, systems or facilities may be installed or relocated on, under and over the Property unless approved in writing by Declarant. These items may be temporarily installed above ground during construction, if approved by Declarant, subject to the requirements, if any of the County of Charleston or any other authority having jurisdiction over the Properties.

14.4 Drainage and Irrigation Easements. Declarant reserves for itself and its successors and assigns, and for the Townhome Association, and its officers, agents, employees, and successors and assigns, an easement to enter on, across, over, in and under any portion of the Property for the purpose of modifying the grade of any drainage channels on the Property to improve the drainage of water. Declarant also reserves the right to use or delegate the use of any irrigation ditches existing on the Property on the date this Declaration is recorded, and Declarant reserves for itself and its successors and assigns the right to construct, access and maintain additional irrigation ditches and lines on the Property for the maintenance of the Common Elements and for such other purposes as Declarant may from time to time deem appropriate.

14.5 General Provision. Any entity using these general easements provided under this Article XIV shall use its best efforts to install and maintain the easements for utilities, drainage, or irrigation ditches without disturbing the uses of the Owners, the Townhome Association and Declarant; shall prosecute its installation and maintenance activities as promptly as reasonably possible after completion of its work, shall restore the surface to its original condition as soon as possible after completion of its work. Should any entity furnishing a service covered by these general easements request a specific easement by separate recordable document, Declarant shall have, and is hereby given the right and authority to grant such easement upon, across, over, or under any part or all of the Property without conflicting with the terms of this Declaration. This general easement shall in no way affect, avoid, extinguish, or modify any other recorded easement affecting the Property.

14.6 Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Elements, together with the right to store materials on the Common Elements and to make such other use of the Common Elements as may be reasonably necessary or incident to the construction of Units on the Property and other consideration by Declarant.

14.7 General Reservations. Declarant reserves (a) the right to dedicate any access roads and streets serving the Property for and to public use, to grant road easements with respect thereto and to allow such street or road to be used by owners of adjacent land; and (b) the right to enter into, establish, execute, amend, and otherwise deal with contracts and agreements for the use, lease repair, maintenance, or regulation of parking and/or recreational facilities, which may or may not be a part of the Property for the benefit of the Owners, and/or the Townhome Association.

ARTICLE XV Mortgage Provisions

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws of the Townhome Association, notwithstanding any other provisions contained therein:

15.1. Notices of Action.

An institutional holder, insurer, or guarantor of a First Mortgage which provides a written request to the Townhome Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates), thereby becoming an ("Eligible Holder"), shall 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 Unit 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 a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within sixty (60) days of receiving notice of such violation;

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

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

15.2. Other Provisions for First Lien Holders.

To the extent not inconsistent with South Carolina law and any other provisions of the Governing Documents

(a) any restoration or repair of the Community after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless Eligible Holders representing more than fifty percent (50%) of the votes of Units subject to Mortgages held by Eligible Holders elect otherwise; and

(b) termination of the Townhome Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders representing more than fifty percent (50%) of the votes of Units subject to Mortgages held by Eligible Holders.

15.3. 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 Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

15.4. Notice to Townhome Association.

Upon request, each Owner shall be obligated to furnish to the Townhome Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

15.5. 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 Townhome Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

15.6. Construction of Article XIV.

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

ARTICLE XVI**Party Walls**

16.1 General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Units upon the Properties and placed on the dividing line between two or more Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damages due to negligence or willful acts or omissions shall apply thereto.

16.2 Sharing of Repair and Maintenance. The reasonable repair and maintenance of a party wall not covered by insurance shall be shared by the Owners who make use of the wall in proportion to such use.

16.3 Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his or her negligence or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

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

16.5 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the owners under any rule of law regarding liability for negligent or willful acts or omissions.

16.6 Structural Integrity. No Owner, his or her tenant, guest, invitees or contractors shall by their acts or omissions impair or cause to be impaired the structural integrity of any party wall or party fences without prior written consent of all Owners having an interest therein.

ARTICLE XVII
DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

17.1. Consensus for Townhome Association Litigation. Except as provided in this Section, the Townhome Association shall not commence a judicial or administrative proceeding without the approval of Members representing at least seventy-five percent (75%) of the total votes of the Townhome Association. This Section shall not apply, however, to: (a) actions brought by the Townhome Association to enforce the Governing Documents (including, without limitation, the foreclosure of liens); (b) the collection of assessments; (c) proceedings involving challenges to *ad valorem* taxation; (d) actions, including counterclaims, brought by the Declarant; or (e) counterclaims brought by the Townhome Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Prior to the Townhome Association or any Owner commencing any judicial or administrative proceeding to which Declarant is a party and which arises out of an alleged defect at the Community or any improvement constructed upon the Property, Declarant shall have the right to meet in good faith and discuss the subject of the proceeding with the Owners, or the particular Owner, and to access, inspect, correct the condition of, or redesign any portion of the Community, including any improvement as to which a defect is alleged. In addition, the Townhome Association, or the Owner, shall notify the builder who constructed such improvement prior to retaining any other expert witness or for other litigation purposes.

17.2 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Townhome Association, Declarant, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party covenants and agrees to use good faith efforts to resolve those claims, grievances, or disputes described in Sections 17.3 ("Claims") using the procedures set forth in Section 17.4

17.3 Claims.

Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application, or enforcement of the Governing Documents, or the rights, obligations, and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Property (other than matters of aesthetic judgment under Article XI, which shall not be subject to review) shall be subject to the provisions of Section 17.4. Notwithstanding

the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 17.4:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article X;

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration;

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

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

(e) any suit as to which any applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 17.4(a) unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article; and

(f) any suit initiated by the Declarant.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 17.4.

17.4. Mandatory Procedures.

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

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

(ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(iii) Claimant's proposed remedy; and

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

(b) Negotiation and Mediation.

(i) The Parties shall make every reasonable effort to meet in person and confer

for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

(ii) If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under an independent agency providing dispute resolution services in Charleston County or surrounding areas.

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

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

(v) Within five (5) days of the Termination of Mediation, the Claimant shall make a final written demand ("Settlement Demand") to the Respondent, and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimants' original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(c) Final and Binding Arbitration.

(i) If the Parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration contained in Exhibit "E" or such rules as may be required by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; however, nothing herein shall release or discharge Respondent from any liability to Persons other than Claimant.

(ii) This subsection (c) is an agreement to arbitrate and is specifically enforceable under any applicable arbitration laws of the State of South Carolina. The arbitration award ("Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the South Carolina laws.

17.5. Allocation of Costs of Resolving Claims.

(a) Subject to Section 17.5(b), each Party shall bear its own costs, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

(b) Any Award that is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award that is equal to or less favorable to Claimant than any Respondents' Settlement Offer shall award such Respondent its Post Mediation Costs.

17.6. Enforcement of Resolution.

If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 17.4 and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with an Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 17.4. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

ARTICLE XVIII
General Provisions

18.1 Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Townhome Association, any Member, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, until September 30, 2027 unless otherwise expressly limited herein, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by Seventy-five (75%) percent of the Unit Owners has been recorded, agreeing to change said covenants and restrictions in whole or in part. Provided, however, that no such agreement to change shall be effective unless made and recorded three (3) years in advance of the effective date of such change, and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken. Notwithstanding the foregoing, the easements, licenses, rights and privileges established and created with respect to the Properties shall be perpetual, run with the land and shall survive any destruction, reconstruction and relocation of the physical structures, unless said provision is abrogated by the unanimous written consent of all the Unit Owners. Unless specifically prohibited herein, the Declaration may be amended by an instrument signed by Members holding not less than Seventy-five (75%) percent of the votes of the membership. Any amendment must be properly recorded to be effective.

18.2 Amendment by Declarant. Notwithstanding anything contained in this

Declaration to the contrary, during the time the Class II Membership exists, Declarant, its successors or assigns, shall have the right to unilaterally amend any provision of this Declaration provided that such amendment does not materially alter or change any Owner's right to the use and enjoyment of such Owner's Unit, as determined in the sole judgment of the Declarant. Each Owner by acceptance of a deed or other conveyance to a Unit, agrees to be bound by such amendments as are permitted by this Section.

18.3 Disposition of Assets Upon Dissolution of Association. Upon dissolution of the Townhome Association, its real and personal assets, including the Common Properties, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Townhome Association. In the event such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Townhome Association. No such disposition of the Townhome Association properties shall be effective to divest or diminish any right or title of any Member vested in him under the licenses, covenants and easements of this Declaration, or under any subsequently recorded covenants and deeds applicable to the Properties, unless made in accordance with the provisions of this Declaration or said covenants and deeds.

18.4 Indemnification. The Townhome Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon 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 he or she 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 Townhome Association (except to the extent that such officers or directors may also be members of the Townhome Association), and the Townhome 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, or former officer or director, may be entitled. The Townhome Association shall, as a common expense, maintain adequate general liability insurance and officers' and directors' liability insurance to fund this obligation.

18.5 Compliance and Default. In the event of a violation (other than non-payment of an assessment) by an Owner, (the "Defaulting Owner") of the provisions of this Declaration and/or By-Laws as the same may be amended from time to time, the Townhome Association may notify the Defaulting Owner and its Mortgagee, if any, in writing of said violation and if such violation shall continue for a period of ten (10) days from the day notice is mailed to the last known address provided to the Townhome Association by the Defaulting Owner, the Townhome Association shall have the election to (a) fine the Defaulting Owner as the Board of Directors may fix fines for violation for the fiscal year prior to the year the violation occurs; or (b) file an action at law to recover damages on behalf of the Townhome Association and/or remaining owners; or (c) file an action to enforce performance on the part of the Defaulting Owner; or (d) file an action for such relief as may be necessary. If a Court of competent jurisdiction decides in favor of the

Townhome Association, the Defaulting Owner shall reimburse the Townhome Association the attorney's fees, court costs, and expenses incurred in bringing the action. If a Court of competent jurisdiction decides in favor of the Defaulting Owner, the Townhome Association shall reimburse the Defaulting Owner the attorney's fees, court costs, and expenses incurred in defending the action

In the event the Townhome Association fails to file an action to cure a default or violation by a Defaulting Owner within thirty (30) days from the date a written request therefor is made to the Townhome Association from any other Owner, then the non-defaulting Owner is hereby authorized to bring action in the manner aforesaid on behalf of the Townhome Association and said non-defaulting Owner shall be entitled to the same remedies and obligations herein provided.


18.6 Delegation of Use. Any owner may delegate, in accordance with the By-Laws of the Townhome Association, his or her right of enjoyment to the Common Area and facilities to the members of his or her family, tenants, and social invitees.

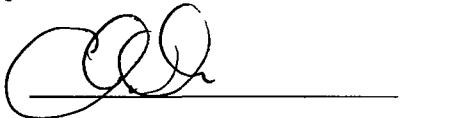
18.7 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

18.8 Perpetuities. If any of the covenants, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of President George W. Bush.

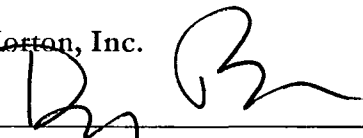
18.9 Exhibits. Exhibit "A," and "B" attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Declaration. Exhibit "C" is incorporated by this reference and may be amended in accordance with ArticleXII or this Article. Exhibit "D" is attached for informational purposes and may be amended as provided therein.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 10th day September, 2007.





D.R. Horton, Inc.

By: 

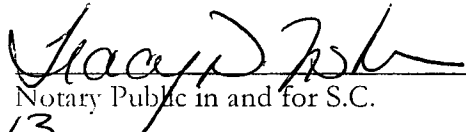
R. Douglas Brown
Division President

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON) (S.C. CODE ANN. §30-5-30(B)(C))

ACKNOWLEDGMENT

I, the undersigned, a Notary Public for South Carolina, do hereby certify that R. Douglas Brown, as Division President of D.R. Horton, Inc. personally appeared before me this day and acknowledged the due execution of the foregoing instrument, as the act and deed of said corporation.

Witness my hand and official seal this 10th day of September, 2007

 (L.S.)
Notary Public in and for S.C.

My Commission Expires: 9-16-13

EXHIBIT "A"
LAND INITIALLY SUBMITTED

All that certain piece, parcel or tract of land, situate, lying and being in the Town of Mt. Pleasant, Charleston County, SC, being show and designated as Parcel 30, containing 15.434 acres, more or less, on a plat of survey made by Southeastern Surveying of Charleston, Inc. entitled, "A Subdivision Plat of Parcel 30 Park West, Owned by Park West Development, Inc., Located in the Town of Mt. Pleasant, Charleston County, SC dated March 17, 2005 and recorded May 23, 2005 in the RMC Office for Charleston County, SC in Plat Book EH at page 946. Said piece, parcel or tract of land, having such size, shape, dimensions, and boundaries as will by reference to said plat more fully appear.

This being the identical property conveyed to D.R. Horton the Grantor herein by deed of Park West Development Inc. dated October 6, 2005 and filed in the RMC Office for Charleston County on October 12, 2005 in Book V557 at Page 881.

TMS No. 540-00-00-148

EXHIBIT "B"
LAND SUBJECT TO ANNEXATION

Any and all real property lying and being within five miles from any boundary of the property described in Exhibit "A."

Initial Rules and Regulations

The following rules, regulations and restrictions shall apply to Preston at Park West until such time as they are amended, modified, repealed, or limited pursuant to Article XII of the Declaration.

1. Residential Purposes. The Community shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for Declarant to assist in the sale of property described in Exhibits "A" or "B," offices for any property manager retained by the Townhome Association, and business offices for Declarant or the Townhome Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities and Prohibited Conditions. The following activities and/or conditions are prohibited within the Community *unless expressly authorized in writing by the Board*, and then, subject to such conditions as the Board may impose:

(a) Exterior Additions or Alterations. Construction, erection, placement, or modification of any structure or thing, permanently or temporarily, on the outside portion of a Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article XI of the Declaration. This shall include, without limitation, conversion of any carport or garage to finished space for habitable use, modification of any landscaped or grassed areas, removal of trees, signs, basketball hoops, swing sets, and similar sports and play equipment; clotheslines, garbage cans, woodpiles, in-ground swimming pools, docks, piers, and similar structures, hedges, walls, dog runs, animal pens, or fences of any kind. Under no circumstances shall the ARC approve the replacement of all or a majority of the grassed area of a Unit with mulch or stone.

(b) Vehicles. Parking any vehicles on streets, thoroughfares or Areas of Common Responsibility (with exception of designated parking areas) and parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other water craft, trailers, snowmobiles, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, however, construction, service, and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or Area of Common Responsibility.

(c) Motorized Vehicles. Operation of motorized vehicles with exception of those designed for use by handicapped persons, including, without limitation, any golf carts, electric or gas powered scooters, four-wheelers, go-carts, or similar vehicles, on any walking or jogging trails, sidewalks or other pathways intended for pedestrian traffic.

(d) Animals. Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats (the combined number of

dogs and cats not to exceed three(3)), or other usual and common household pets may be permitted in a Unit; however, those pets which are permitted to roam free, or, in the Board's sole discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units, shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Owners shall clean up behind any Pet while walking such Pet on any Common Property. Pets shall be registered, licensed, and inoculated as required by law.

(e) Nuisance or Offensive Activities. Any noxious or offensive activity which, in the reasonable determination of the Board, tends to cause embarrassment, discomfort, annoyance, or nuisance to the occupants of other Units or persons using the Area of Common Responsibility or other conditions which tend to disturb the peace of or threaten the safety of the occupants of other Units or persons using the Area of Common Responsibility. Without limiting the generality of the foregoing, any activity which emits foul or obnoxious odors outside the Unit, barking dogs, or the use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units (except alarm devices used exclusively for security purposes) are prohibited.

(f) Illegal Activities. Any activity which violates local, state, or federal laws or regulations.

(g) Unsanitary Activities. Any activities which tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit, including, without limitation, accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers. Such containers shall be either screened from view or kept inside, except as reasonably necessary for garbage pick ups;

(h) Burning. Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit;

(i) Firearms/Fireworks. Discharge of firearms, firecrackers, fireworks or other explosive devices.

(j) Dumping. Dumping grass clippings, leaves, or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Community, except that fertilizers may be applied to minimize runoff, and Declarant and builders may dump and bury rocks and trees removed from a building site on such building site;

(k) Storage. On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and for operation of lawn mowers and similar tools or equipment, and the Townhome Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Article XI;

(l) Wildlife. Capturing, trapping, or killing of wildlife within the Community, except in circumstances posing an imminent threat to the safety of persons using the Community.

(m) Environment. Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Community.

(n) Drainage. Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(o) Irrigation Systems. Installation of any sprinkler or irrigation systems or wells of any type, other than those initially installed by Declarant or a Declarant approved builder, which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Community, except that Declarant and the Townhome Association shall be permitted and shall have the exclusive right and easement to draw water from such sources within the Community for purposes of irrigation and such other purposes as Declarant or the Townhome Association shall deem desirable;

(p) Bodies of Water. Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams, or other bodies of water within the Community, provided, however, that fishing from the shore shall be permitted with appropriate licenses. The Townhome Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes ponds, streams, or other bodies of water within or adjacent to the Community.

(q) Time-Sharing. Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program.

(r) Business or Trade. Any business, trade or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Community; (iii) the business activity does not involve door-to-door solicitation of residents of the Community; (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked within the Community which is noticeable greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents within the Community, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether; (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a builder approved by Declarant with respect to its development and sale of the Community or its use of any Units which it owns within the Community, including the operation of a timeshare or similar program.

(s) Subdivision of Property. Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit, after a subdivision plat including such Unit has been approved and Recorded, except that Declarant shall be permitted to subdivide or replat Units which it owns.

(t) General. Plants, animals, devices, or other things 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;

(u) Unsightly Structures. Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair;

(v) Exterior Antennas. Satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind, except that (i) satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; and (iii) antennas designed to receive television broadcast signals (i), (ii), and (iii), collectively, "Permitted Devices") shall be permitted; however, any such Permitted Device must be placed in the least conspicuous location on the Unit at which an acceptable quality signal can be received and is not visible from the street, Common Area, or neighboring property, or is screened from the view of adjacent Units in a manner consistent with the Community-Wide Standard and the Architectural Guidelines. Notwithstanding anything contained herein to the contrary, Declarant and the Townhome Association shall have the right, without obligation, to erect or install and maintain satellite dishes, antennas, or similar devices for the benefit of all or a portion of the Community

(w) Exterior Decorative Items. Installation, display, or presence of exterior decorative items, including, but not limited to, statuary, wishing balls and fountains, but not including flags.

3. Leasing of Units. "Leasing," for purpose of this Paragraph, is defined as regular exclusive occupancy of a Unit by any person, other than the Owner, for which the

Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term; however, in no case shall such term be shorter than twelve months. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Governing Document.

EXHIBIT "D"

BK P 638PG386

**BYLAWS
OF
PRESTON AT PARK WEST, INC.**

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BYLAWS

BK P 638PG389

OF

MANSFIELD AT PARK WEST, INC.

A South Carolina Nonprofit Mutual Benefit Corporation

Pursuant to the provisions of the South Carolina Nonprofit Corporation Act, the Board of Directors of Preston at Park West, Inc., a South Carolina nonprofit mutual benefit corporation, has or intends to adopt the following Bylaws for such corporation.

Article I

Name, Principal Office, and Definitions

1.1 Name.

The name of the corporation is Preston at Park West, Inc. ("Association").

1.2 Principal Office.

The Association's principal office shall be located in Charleston County, South Carolina. The Association may have such other offices, either within or outside the State of South Carolina, as the Board of Directors may determine or as the Association's affairs require.

1.3 Definitions.

The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for Preston at Park West filed in the Office of Register of Mesne Conveyances for Charleston County, South Carolina, as it may be supplemented and amended ("Declaration"), unless the context indicates otherwise.

Article II

Association: Membership, Meetings, Quorum, Voting, Proxies

2.1 Members.

Each Owner of a Unit (as defined in the Declaration) shall be a Member of the Association. The Association shall have two classes of membership as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference subject to such terms and conditions as set forth in the Declaration and these Bylaws.

2.2 Notice of Ownership.

In order to confirm Membership, upon purchasing a Unit in Preston at Park West, the Owner of such Unit shall promptly furnish to the Association a legible copy of the instrument conveying ownership to the Owner, which copy shall be maintained in the records of the Association.

2.3 Place of Meetings.

Association meetings shall be held at the Association's principal office or at such other suitable place convenient to the Members as the Board may designate.

2.4 Annual Meetings.

The first Association meeting, whether a regular or special meeting, shall be held not later than sixty (60) days after the Class II Membership shall cease to exist and be converted to a Class I Membership as set for the Declaration, unless otherwise set by the Declarant. Meetings shall be of the Members. Subsequent regular annual meetings shall be held each year at a time set by the Board.

2.5 Special Meetings.

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed by at least twenty-five percent (25%) of the voting interest of the Members. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

2.6 Notice of Meetings.

It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of each Unit (as shown in the records of the Association) a notice of each annual or special meeting of the Association stating the time and place where it is to be held and in the notice of a special meeting, the purpose thereof. If an Owner wishes notice to be given at an address other than the Unit, the Owner shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices for annual and special meetings shall be served at least thirty (30) days but not more than sixty (60) days in advance of such meeting.

If mailed, the notice of a meeting shall be deemed to be delivered upon the earliest of: (a) the date received; (b) five (5) days after its deposit in the United States mail, as evidenced by its postmark, if mailed with first class postage affixed; (c) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, and signed by or on behalf of the addressee; or (d) thirty (30) days after its deposit in the United States mail, as evidenced by the postmark, if mailed with other than first class, registered, or certified postage affixed.

2.7 Waiver of Notice.

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.8 Adjournment of Meetings.

If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At any such adjourned meeting, the necessary quorum shall be eighty (80%) percent of the Members who were present either in person or by proxy at the original meeting, any business which might have been transacted at the meeting originally called may be transacted without further notice.

2.9 Voting.

The Declaration shall set forth the Member's voting rights; such voting rights provisions are specifically incorporated by this reference.

2.10 Authority of Person Voting.

The Board shall have the authority to determine, in its sole discretion, whether any person claiming to have authority to vote on behalf of or as a Member has such authority. If the Member is a corporation, partnership, limited liability company, trust, or similar entity, the Association may require the person purporting to vote on behalf of such Member to provide reasonable evidence that such person (the "Representative") has authority to vote for such Member. Unless the authority of the Representative is challenged in writing at or before the time of voting, or is challenged orally at the time of voting, the Association may accept such Representative as a person authorized to vote for such Member, regardless of whether evidence of such authority is provided.

2.11 Proxies.

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

2.12 Majority.

As used in these Bylaws, the term “majority” shall mean those votes of the Members, or other group as the context may indicate, totaling more than fifty percent (50%) of the votes of Members at a meeting at which a quorum is present.

2.13 Quorum

At all meetings of Members, regular or special, the presence, in person or by proxy, of at least ten percent (10%) of the total eligible vote of the Association shall constitute a quorum. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. Any amendment to this Section shall comply with the provisions of Section 33-31-1023 of the South Carolina Nonprofit Corporation Act.

2.14 Conduct of Meetings.

The President shall preside over all Association meetings, and the Secretary shall keep the minutes of the meetings and record in the minute book all resolutions adopted and all other transactions occurring at such meetings. Further, Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation, the Declaration, these By-Laws or the statutes of the State of South Carolina.

2.15 Action Without a Meeting.

Any action to be taken at a meeting of the Members, or which may be taken at a meeting of the Members, may be taken without a meeting if written consents setting forth the action so taken are signed by Members holding at least eighty percent (80%) of the Association’s voting power. Action taken without a meeting shall be effective on the date that the last consent is executed or, if required, the date Declarant consents to the action unless a later effective date is specified therein. Each signed consent shall be delivered to the Association and shall be included in the minutes of the meetings of the Members filed in the permanent records of the Association.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1 Governing Body; Composition.

The business and affairs of the Association shall be governed by a Board of Directors. Each director shall have one equal vote. Except with respect to directors appointed by Declarant during the Declarant Control Period, the directors shall be Members or residents of the

Community; provided, however, that no two persons, being either Owners or residents, of any one Unit may serve on the Board at the same time. A "resident" shall be any person eighteen (18) years of age or older whose principal residence is a Unit within the Community. In the case of a Member which is not an individual, any officer, director, partner, member or manager of a limited liability company, or trust officer of such Member shall be eligible to serve as a director unless a written notice to the Association signed by such Member specifies otherwise; however, no Member may have more than one such representative on the Board at the time, except in the case of directors appointed by Declarant.

3.2 Number of Directors

The initial Board shall consist of three (3) directors designated in the Articles of Incorporation. Thereafter, the Board shall consist of three (3) to seven (7) directors, as provided in Section 3.4 below.

3.3 Nomination and Election Procedures.

(a) Nomination of Directors. Except with respect to directors appointed by Declarant during the existence of the Class II Membership, nominations for election to the Board shall be made by a "Nominating Committee." The Nominating Committee shall consist of a Chairman, who shall be a Board member, and three (3) or more Members or representatives of Members. The Board shall appoint the Nominating Committee not less than thirty (30) days prior to each election to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such election. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but in no event less than the number of positions to be filled as provided in Section 3.4 below. Nominations shall also be permitted from the floor. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

3.4 Election and Term of Office.

(a) During Existence of Class II Membership. The Declarant shall have the sole and exclusive right to appoint and to remove the directors of the Association until the first to occur of the following:

- (i) one hundred twenty (120) days from when ninety percent (90%) of the Units permitted for development within the Property have certificates of occupancy issued thereon and have been conveyed to Persons other than a successor Declarant;
- (ii) twenty (20) years after this Declaration is Recorded; or
- (iii) Upon Declarant's surrender in writing of the authority to appoint and remove directors and officers of the Association.

Notwithstanding its right to appoint and remove officers and directors of the Association, Declarant reserves the right to approve or disapprove specified actions of the Association as provided in Section 3.18 herein.

(b) Subsequent to the Existence of Class II Membership. Upon termination of the Class II Membership, directors shall be elected by the Members and hold office as follows:

(i) The Association shall call a special meeting to be held at which Members shall elect three (3) directors to serve until the next annual meeting of the Members. At the next annual meeting of the Members following termination of Class II Membership, the Members shall elect two (2) directors for an initial term of two (2) years and one (1) director for an initial term of one (1) year. At the expiration of the initial term of office of each director, a successor shall be elected to serve for a term of two (2) years. The directors shall hold office until their respective successors shall have been elected by the Association.

(ii) Thereafter, directors shall be elected at the Association's annual meeting. Each Member may cast the entire vote assigned to his Unit for each position to be filled. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

(iii) After the Class II Membership terminates, upon the affirmative vote of sixty-seven (67%) percent of the Members, the number of directors may be expanded to any odd number up to and including seven (7) directors. In the event the Members vote to expand the Board, the additional directors shall each serve a term of two (2) years on a staggered basis such that in one year three (3) directors would be elected for a term of two (2) years, and the following year either two (2) or four (4) directors would be elected for a term of two (2) years each, depending on total number of directors.

3.5 Removal of Directors and Vacancies.

At any regular or special meeting of the Association duly called, any one or more directors may be removed, with or without cause, by a vote of a majority of the Members and a successor may then and there be elected to fill the vacancy thus created. A director whose removal has been proposed by the Members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any director who had three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than thirty (30) days may be removed by a majority vote of the remaining directors at a meeting.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Members may elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by Declarant. Declarant shall be entitled to appoint or remove Directors at any time during the Declarant Control Period. Thereafter, Declarant may appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director it has appointed.

B. Meetings.

3.6 Annual Meetings.

The Board shall hold an annual meeting within ten (10) days following each annual meeting of the Members at such time and place the Board shall fix.

3.7 Regular Meetings.

The Board may hold regular meetings at such time and place a majority of the directors shall determine, but the Board shall hold at least four (4) such meetings during each fiscal year with at least one per quarter. The Board shall give notice of the time and place of a regular meeting to directors not less than six (6) days prior to the meeting; provided, the Board need not give notice of a meeting to any director who has signed a waiver of notice or a written consent to holding the meeting.

3.8 Special Meetings.

The Board may hold special meetings when called by written notice signed by the President, the Vice President, or any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least six (6) business days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic communication shall be delivered or communicated at least seventy-two (72) hours before the time set for the meeting. Notices of such meetings shall also be delivered to the Members contemporaneously with the directors' notices.

3.9 Waiver of Notice.

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

3.10 Telephonic Participation in Meetings.

Members of the Board or any committee the Board designates may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence at such meeting.

3.11 Quorum of Board of Directors.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless the Bylaws or the Declaration specifically provide otherwise. A meeting at which a quorum is present initially may continue to transact business notwithstanding the withdrawal of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present the Board may transact without further notice any business which it might have transacted at the original meeting. Any amendments to this Section shall comply with the provisions of the Section 33-31-1024 of the South Carolina Nonprofit Corporation Act.

3.12 Compensation.

Directors shall not receive any compensation from the Association for acting as such. The Association may reimburse any director for expenses incurred on the Association's behalf. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies he or she furnishes to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director makes his or her interest known to the Board prior to entering into such contract and a majority of the Board, excluding the interested director, approves such contract.

3.13 Conduct of Meetings.

The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14 Open Meetings.

Subject to the provisions of Section 3.15, all Board meetings shall be open to all Members, but attendees other than directors may not participate in any discussion or deliberation unless a director requests permission for that person to speak. In such case, the President may limit the time such person may speak. Notwithstanding the above, the President may adjourn any

Board meeting and reconvene in executive session, and may exclude persons other than directors. Only the following matters are open for discussion in executive session:

- (a) matters pertaining to Association employees or involving the employment, promotion, discipline, or dismissal of an officer, agent or employee of the Association;
- (b) consultation with legal counsel regarding disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) investigative proceedings concerning possible or actual criminal conduct;
- (d) matters subject to specific constitutional, statutory; or judicially imposed requirements protecting particular proceedings or matters from public disclosure; and
- (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

3.15 Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors, or any action that may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16 Powers.

The Board shall have all of the powers and duties necessary for managing the business and affairs of the Association and for performing all responsibilities and exercising all of the Association's rights as set forth in the Governing Documents and as provided by law. The Board may do or cause to be done all acts and things not limited by the Governing Documents or South Carolina law to be done and exercised exclusively by the Members.

3.17 Duties.

The Board's duties shall include, without limitation:

- (a) causing to be prepared and adopting, in accordance with the Declaration, an annual budget establishing each Member's share of the Common Expenses and any Neighborhood Expenses;
- (b) levying and collecting such assessments from the Members;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of

Common Responsibility and entering into agreements with adjacent property owners to allocate maintenance responsibilities and costs of certain public rights-of-way and other property within or adjacent to the Community;

(d) designating, hiring, and dismissing the personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' business judgment, in depositories other than banks;

(f) making and amending Rules and Regulations in accordance with the Declaration;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;

(i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in Section 8.5 of the Declaration;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 6.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Community;

(o) indemnifying an Association director, officer, or committee member, or former Association director, officer, or committee member to the extent such indemnity is required by South Carolina law, the Articles of Incorporation, or the Declaration; and

(p) assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration.

3.18 Right of Declarant to Disapprove Actions.

During Declarant Annexation Period as set forth in the Declaration, Declarant shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in Declarant's sole judgment, would tend to impair rights of Declarant or any builders approved by Declarant under the Declaration or these Bylaws, interfere with the development or construction of any portion of the Community, or diminish the level of services the Association provides.

(a) The Association shall give Declarant written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Sections 3.7, 3.8, 3.9, and 3.10 and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Association shall give Declarant the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

Declarant, its representatives, or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. Declarant, acting through any officer, director, agent or authorized representative, may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions, but shall not include a right to require any action or counteraction on behalf of the Board, the Association, or any committee. Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repair or any expenditure required to comply with applicable laws and regulations.

3.19 Management.

The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority. Declarant or an affiliate of Declarant may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

3.20 Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) the Association's cash accounts shall not be commingled with any other accounts;
- (d) the managing agent shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, services fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) the managing agent shall disclose to the Board promptly any financial or other interest which the managing agent may have in any firm providing goods or services to the Association;
- (f) an annual report consisting of at least the following shall be made available to all Members within one-hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; however, upon written request of any holder, guarantor, or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement. During the Declarant Control Period, the annual report shall include certified financial statement.

3.21 Borrowing.

The Association shall have the power to borrow money for any legal purpose; however, the Board shall obtain Member approval in the same manner provided in Section 9.2 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous twelve (12) month period, exceeds or would exceed twenty percent (20%) of the Association's budgeted gross expenses for that fiscal year. No Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Members representing at least eighty percent (80%) of the total vote in the Association.

3.22 Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with residential or nonresidential owners' associations within the outside the Community; however, any common management agreement shall require the Board's consent.

3.23 Enforcement.

In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable monetary fines, which shall constitute a lien upon the Unit of the violator, and to suspend an Owner's right to vote for violation of any duty imposed under the Governing Documents. In addition, the Board may suspend any services the Association provides to an Owner or an Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, tenant, employee, guest or invitee of a Unit violates the Governing Documents and a fine is imposed, the Association shall first assess the fine against the occupant, tenant, employee, guest, or invitee; however, if the occupant does not pay the fine within the time period the Board sets, the Owner shall pay the fine upon notice from the Association. The Board's failure to enforce any provision of the Governing Documents shall not be deemed a waiver of the Board's right to do so thereafter.

(a) Notice. Prior to imposition of certain sanctions requiring notice under the Declaration, the Board, or its delegate, shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; however, the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted ten (10) day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Governing Documents by self help (specifically including, but not limited to, towing vehicles that are in violation of parking rules) or, following compliance with the dispute resolution procedures set forth in Article XIII of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessary compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or Person responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Unit for purposes or exercising this power of self help shall not be deemed as trespass.

3.24 Board Standards.

While conducting the Association's business affairs, the Board shall be protected by the business judgment rule. The business judgment rule protects a director appointed by Declarant from personal liability so long as the director: (i) serves in a manner the director believes to be in the best interests of the Association and the Members; or (ii) serves in good faith. The business judgment rule protects a director not appointed by Declarant from liability for actions taken or omissions made in the performance of such director's duties, except for liability for wanton and willful acts or omissions.

In fulfilling its governance responsibilities, the Board's actions shall be governed and tested by the rule of reasonableness. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

The burden of proof in any challenge to an action or inaction by a director shall be on the party asserting liability.

The operational standards of the Board and any committee the Board appoints shall be the requirements set forth in the Governing Documents or the minimum standards which Declarant, the Board, and the Architectural Review Committee may establish. Such standard shall, in all cases, meet or exceed the standards set by Declarant and the Board during the Declarant Control Period. Operational standards may evolve as the needs and demands of the Community change.

3.25 Board Training Seminar.

Each director is encouraged to complete a board training seminar within such director's first six months of directorship. Such seminar shall educate the directors about their responsibilities and duties. The seminar may be in live, video or audio tape, or other format.

Article IV Officers

4.1 Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members; other officers may, but need not be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. The same person may hold any two (2) or more offices, except the offices of the President and Secretary. Moreover, the Secretary shall be responsible for preparing minutes of all directors' and Members' meetings and for authenticating records of the corporation.

4.2 Election and Term of Office.

The Board shall elect the officers of the Association at the first Board meeting following each annual meeting of the Members, to serve until their successors are elected.

4.3 Removal and Vacancies.

The Board may remove any officer whenever in its judgment the Association's interests will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4 Powers and Duties.

The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Secretary shall prepare, execute, certify, and Record amendments to the Declaration as provided in Section 16.3 of the Declaration. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent or both.

4.5 Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the 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.

4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks and other Association instruments shall be executed by at least two (2) officers or by such other person or persons as a Board resolution may designate.

4.7 Compensation.

Officers' compensation shall be subject to the same limitations as directors' compensation under Section 3.12.

**Article V
Committees**

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

**Article VI
Miscellaneous**

6.1 Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

6.2 Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (the then current edition) shall govern the conduct of Association proceedings when not in conflict with South Carolina law or the Governing Documents.

6.3 Conflicts.

If there are conflicts between the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of South Carolina law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

6.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any

Member, or the duly appointed representative of any of the foregoing, at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, Bylaws, and Articles of Incorporation, including any amendments, any Supplemental Declarations, the Rules and Regulations, the membership register, books of account, and the minutes of meetings of the Members, the Board and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Community as the Board shall designate.

(b) Rules for Inspection. The Board shall establish 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 requested.

(c) Inspection by Directors. Every director shall have the absolute right, at any reasonable time, to inspect all Association books, records, and documents and the physical properties the Association owns or controls. The director's right of inspection includes the right to make a copy of relevant documents at the Association's expense.

6.5 Notices.

Unless the Declaration or these Bylaws otherwise provide, all notices, demands, bills, statements, or other communications under the Declaration or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

6.6 Amendment.

(a) By Declarant. During the Declarant Control Period, Declarant unilaterally may amend these Bylaws for any purpose. Thereafter, Declarant or the Board unilaterally may amend these Bylaws at any time, and from time to time, if such amendment is necessary: (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender,

purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; provided, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

(b) By Members Generally. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing greater than fifty percent (50%) of the total vote in the Association, and the consent of Declarant, so long as Declarant during Declarant Annexation Period. In addition, the approval requirements set forth in Article XVII of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) FHA/VA Approval of Amendments. The U.S. Department of Veterans Affairs (if it is guaranteeing Mortgages in the Community or has issued a project approval for the guaranteeing of such Mortgages) and/or the U.S. Department of Housing and Urban Development (if it is then insuring any Mortgage in the Community or has issued a project approval for the insuring of such Mortgages) shall have the right to veto amendments to these Bylaws during the Declarant Control Period.

(d) Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective upon Recordation, unless the amendment specifies a later effective date. Any procedural challenge to an amendment must be made within one year of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws. The Secretary shall prepare, execute, certify, and Record amendments to these Bylaws.

No amendment may remove, revoke, or modify any of Declarant's rights or privileges without its written consent during the Declarant Annexation Period.

SIGNATURE PAGE TO FOLLOW

BK P 638P6407

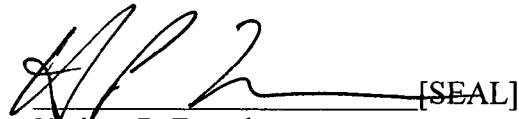
Certification

I, undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Preston at Park West, Inc., a South Carolina Non Profit Corporation;

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 10th day of September, 2007.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 10th day of September, 2007


Herbert P. French
Secretary

BK P 638PG408

RECORDER'S PAGE

NOTE: This page **MUST** remain with the original document



Filed By:

WILLCOX, BUYCK, & WILLIAMS
1991 GLENN'S BAY ROAD
SURFSIDE BEACH SC 29575

Number of Pages:

69

FILED
September 13, 2007
11:38:03 AM

BK P 638PG340

Charlie Lybrand, Register
Charleston County, SC

DESCRIPTION	AMOUNT
DECLAR/COV/ETC	\$ 74.00
Postage	\$ 2.00
TOTAL	\$ 76.00

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PROVISIONS IN THE DECLARATION

1. It is hereby agreed that the aforesaid Declaration, including all previous amendments thereto, shall be and the same is hereby ratified, confirmed and adopted in all respects and all particulars as to each and every provision thereof except as to those provisions expressly amended as set forth herein and shall be, and hereby are, binding upon all present and future Owners their mortgagees and lien holders. It is further agreed that this document shall, and does hereby constitute the First Amendment to the aforesaid Declaration with regard to the matters and things set forth herein.

2. This First Amendment to the Declaration shall be binding upon and inure to the benefit of all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner thereof.

AMENDMENTS

1. Section 10.3 entitled "Working Capital" shall be deleted in its entirety and in its place and stead shall be inserted the following:

10.3 Working Capital.

(a) Initial Sales.

Upon acquisition of record title to a Unit by the first Owner thereof, other than Declarant, a payment shall be made by or on behalf of the purchaser to the **working capital of the Townhome Association in an amount equal to Five Hundred and no/100 (\$500.00) Dollars per Unit**. This amount shall be in addition to, not in lieu of, the General Assessment attributable to said Unit, and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow at closing and disbursed therefrom to the Townhome Association. The Townhome Association shall deposit this amount into the operating account of the Townhome Association for use in covering operating expenses and other expenses incurred by the Townhome Association pursuant to this Declaration and the By-Laws, including but no limited to expenses incurred by Declarant in providing infrastructure or other Common Area to the Community. This amount may be increased or decreased in the sole and exclusive discretion of the Board; provided, however, that in no event shall this initial contribution equal more than the annual General Assessment for the year in which the acquisition of title by the first Owner, other than Declarant, occurs.

(b) Transfer Fee on Resales.

Each time a Unit is sold, transferred or otherwise conveyed to a new Owner, the purchaser of the Unit shall pay to the Townhome Association at the time of settlement a **transfer**

fee in the amount of Two Hundred Fifty and no/100 (\$250.00) Dollars. This amount shall be deposited into the purchase and sales escrow at closing and disbursed therefrom to the Townhome Association. The Townhome Association shall deposit this amount into the operating account of the Townhome Association for any legitimate purposes as the Board of Directors may determine, but said amounts shall not be considered as advance payments of general assessments. This provision shall not apply to the following transfers: (I) involuntary conveyances; (ii) conveyances pursuant to testacy or as a part of the Owner's estate planning; or (iii) conveyances between family members when no consideration is paid.

2. Section 10.6 entitled "Lien for Assessments" shall be deleted in its entirety and in its place and stead shall be inserted the following:

10.6 Lien for Assessments.

Subject to the limitations of any applicable provisions of South Carolina law, the Townhome Association shall have a statutory lien against each Unit to secure payment of any delinquent assessments, including but not limited to General, Specific, Special and Capital assessments, as well as interest, late charges, and costs of collection (including reasonable attorneys' fees). Such lien shall be perfected upon the Recordation of this Amendment.

Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior; (b) the lien or charge of any Recorded First Mortgage made in good faith and for value.

Such lien, when delinquent, may be enforced in the same manner as provided for the foreclosure of Mortgages under South Carolina law. All such costs and expenses of any such foreclosure shall be secured by the lien being foreclosed.

The Townhome Association may bid for the Unit, as applicable, at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Townhome Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged to the foreclosed Unit had the Association not acquired it. The Townhome Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the First Mortgage shall extinguish the lien as to any installments of such assessments due prior to the Mortgagee's foreclosure, except as otherwise provided in this Section. Uncollected assessments shall be deemed Common Expenses collectible from Owners of all Units subject to

assessment under this Article X, including such acquirer, its successors, and assigns. The subsequent Owner of the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment, including such acquirer, its successors, and assigns

3. The following Sections shall be added to Article X of the Declaration:

10.11 Authority To Assess Owners; Time of Payment.

Declarant hereby establishes and the Townhome Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay all assessments levied against each Unit shall commence as to each Unit on the first day of the month in which the sale of a Unit to a Person other than Declarant occurs. The first annual General Assessment levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

The Board may require advance payment of assessments at closing of the transfer of title to a Unit and/or impose special requirements for Owners with a history of delinquent payment. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

10.12 Personal Obligation for Assessments.

Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Community, covenants and agrees to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of ten percent (10%) per annum or such higher rate as the Board may establish, subject to the limitations of South Carolina law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be each Owner's personal obligation and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay General Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself from liability for assessments by non-use of Area of Common Responsibility, abandonment of his or her Unit, or any other means. The obligation to pay all assessments authorized in this Article X is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

10.13 Exempt Property.

The following real property shall be exempt from payment of General Assessments, Specific Assessments, Special Assessments, and Capital Assessments:

- (a) all Common Area and such portions of the property owned by Declarant as are included in the Area of Common Responsibility; and
- (b) any property dedicated to and accepted by any governmental authority or public utility; and
- ©) any and all property owned by the Declarant.

4. The following Section shall be added to Article XI of the Declaration:

Notwithstanding anything contained herein to the contrary or in any of the Governing Documents, including all Exhibits attached thereto and rules or regulations promulgated by the Townhome Association, no Unit Owner shall construct, erect, locate or place upon a Unit or cause to be constructed, erected, located or placed upon a Unit a fence of any kind.

5. Exhibit "D" of the Declaration entitled "By-Laws of Preston at Park West, Inc." contains a scrivener's error on the initial page of said by-laws. The word "Mansfield" in the caption is hereby replaced with the word "Preston".

SIGNATURE PAGES TO FOLLOW

IN WITNESS WHEREOF, D.R. Horton, Inc. by its duly authorized officer, has executed this First Amendment to the Declaration of Covenants, Conditions and Restrictions for Preston at Park West this 23rd day of January, 2009.

Sara Disk

D. R. HORTON, INC.

By: R. Doug Brown

R. Doug Brown
Division Vice President

Maure L Barnett

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

ACKNOWLEDGMENT

I, the undersigned, a Notary Public for South Carolina, do hereby certify that R. Doug Brown as Division Vice President of D.R. Horton, Inc. personally appeared before me this day and acknowledged the due execution of the foregoing instrument as the act and deed of said corporation.

Witness my hand and official seal this 23rd day of January, 2009.

Maure L Barnett
Notary Public of South Carolina



My Commission Expires: 9/30/15

By executing below, Preston at Park West, Inc. does hereby acknowledge its obligation to collect assessments as provided herein and acknowledge this the First Amendment to the Declaration.

Kim Waters

PRESTON AT PARK WEST, INC.
By: Mitchell M. Flannery
Mitchell M. Flannery
President

Marie L. Barnett

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

ACKNOWLEDGMENT

I, the undersigned, a Notary Public for South Carolina, do hereby certify that Mitchell M. Flannery as President of Preston at Park West, Inc. personally appeared before me this day and acknowledged the due execution of the foregoing instrument as the act and deed of said corporation.

Witness my hand and official seal this 23rd day of January, 2009

Marie L. Barnett
Notary Public of South Carolina



My Commission Expires: 9/30/15

RECORDER'S PAGE



NOTE: This page **MUST** remain with the original document

Filed By:

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0032	999	Misc/Amend
Charlie Lybrand, Register Charleston County, SC		

MAKER:

D R HORTON INC

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RECIPIENT:

PRESTON AT PK WEST

Note:

Recording Fee	\$ 10.00
Extra Reference Cost	\$ -
Extra Pages	\$ 3.00
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Chattel	\$ -
TOTAL	\$ 13.00

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P638

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STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

AMENDMENT TO THE BYLAWS OF PRESTON AT
PARK WEST, INC. (ORIGINAL BYLAWS RECORDED IN DEED
BOOK P638 AT PAGE 386)

THIS AMENDMENT TO THE BYLAWS OF PRESTON AT PARK WEST, INC. (the "*Amendment*") is made on the Execution Date (hereinafter defined) by Preston at Park West, Inc., a South Carolina non-profit corporation (the "*Association*").

WHEREAS, The Declaration of Covenants, Conditions and Restrictions for Preston at Park West was recorded September 13, 2007, in the RMC Office for Charleston County in Deed Book P638 at Page 340 (as further amended and supplemented the "*Declaration*"); and

WHEREAS, The Bylaws of Preston at Park West, Inc. (the "*Bylaws*") were recorded as Exhibit D to the Declaration; and

WHEREAS, Article III, Section 3.4(b)(iii) provides the following:

After the Class II Membership terminates, upon the affirmative vote of sixty-seven (67%) percent of the Members, the number of directors may be expended to any odd number up to and including seven (7) directors. In the event the Members vote to expand the Board, the additional directors shall each serve a term of two (2) years on a staggered basis such that in one year three (3) directors would be elected for a term of two (2) years, and the following year either two (2) or four (4) directors would be elected for a term of two (2) years each, depending on total number of directors; and

WHEREAS, pursuant to Article II, Section 2.15 of the Bylaws, which permits action without a meeting pursuant to written consents signed by members holding at least eighty (80%) percent of the Association's voting power, by vote of 80% the Association has authorized the following Amendment to the Bylaws.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Association hereby declares that the Bylaws are amended as follows:

1. Delete Article III, Section 3.2 and replace with the following:

The Board shall consist of five (5) directors.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Association has by its duly authorized officer set its hand and seal this 24th day of September, 2014 (the "Execution Date"), and by doing so acknowledges and affirms that the amendment requirements of the Bylaws have been met and therefore the provisions contained in this Amendment have been duly approved and authorized by the Members of the Association.

WITNESSES:

ASSOCIATION:

Jerry Watson
(witness #1)

Preston at Park West, Inc.
By: William H. Heck

Print Name: William H. Heck

K. D. Dejean
(witness #2)

Its: TREAS

STATE OF SOUTH CAROLINA)
)
COUNTY OF Charleston)

ACKNOWLEDGEMENT

I, Jerry Watson, a Notary Public for the State of South Carolina, do hereby certify that **Preston at Park West, Inc.**, by William Heck, its Treasurer personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Given under my hand and official seal this 24th day of September, 2014.

Jerry Watson
Notary Public for South Carolina
My Commission Expires: 3/12/23

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