

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS**

WATERSIDE CROSSING

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**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

WATERSIDE CROSSING

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made as of the ____ day of _____, 2006 (the "Effective Date"), by CRESCENT COMMUNITIES S.C., LLC, a Delaware limited liability company ("Declarant"). All capitalized terms shall have the meanings set forth in Article I or elsewhere in this Declaration.

STATEMENT OF PURPOSE

Declarant is the successor by merger to Crescent Communities S.C., Inc., the original Declarant under that certain Declaration of Covenants, Conditions and Restrictions, dated March 20, 2000 (the "Original Declaration"), recorded on March 23, 2000 in Book 1079, Page 243, in the Office of the Register of Deeds, Oconee County, South Carolina ("Oconee County Registry"). The Original Declaration was amended and supplemented by the following recorded documents: (i) the Supplement to the Declaration of Covenants, Conditions and Restrictions - WaterSide Crossing, recorded in Book 1107, Page 79 in the Oconee County Registry (the "Phase II Supplemental Declaration"); (ii) the Amendment to Declaration of Covenants, Conditions and Restrictions - WaterSide Crossing, recorded in Book 1182, Page 109 in the Oconee County Registry (the "First Amendment"); (iii) the Supplemental Declaration of Covenants, Conditions and Restrictions - WaterSide Crossing Phase V, recorded in Book 1230, Page 71 in the Oconee County Registry (the "Phase V Supplemental Declaration"); (iv) the Second Amendment to Declaration of Covenants, Conditions and Restrictions - WaterSide Crossing, recorded in Book 1310, Page 343, in the Oconee County Registry (the "Second Amendment"); (v) the Multi-Phase Supplemental Declaration of Covenants, Conditions and Restrictions - WaterSide Crossing (for Lots in Phase III, Phase IV and Phase VI), recorded in Book 1413, Page 224 in the Oconee County Registry (the "Multi-Phase Supplemental Declaration"); (vi) the Third Amendment to Declaration of Covenants, Conditions and Restrictions - WaterSide Crossing, recorded in Book 1428, Page 244 in the Oconee County Registry (the "Third Amendment"); (vii) the Phase I Supplemental Declaration for Lots 75-83 of Phase I (the "Phase I Supplement"), recorded in Book 1495, Page 185, in the Oconee County Registry; and (viii) the Phase VII Supplemental Declaration for Lots 276 - 294 (the "Phase VII Supplement"), recorded in Book 1532, Page 105 in the Oconee County Registry.

Declarant desires to develop on the Property a single-family residential community named WaterSide Crossing (the "Development"). Declarant desires to insure the attractiveness of the Development, to prevent any future impairment thereof, to prevent nuisances, and to enhance the value and amenities of all properties within the Development. Furthermore, Declarant desires to provide for the maintenance and upkeep of certain Common Areas within the Development. As part of such Common Area, Declarant desires to construct and provide for the maintenance and upkeep of a lighted Entrance Monument to be located at the entrance to the Development, which Entrance Monument will be for the common use and benefit of all Owners. In addition, as part of such Common Area, Declarant reserves the right to construct an Amenity Area (including, but not limited to, a pool, clubhouse, parking area and tennis courts), Parking

Area(s), Boat Storage Area, Boat Dock Facilities and Boatslips over the waters of Lake Keowee (the “Lake”). The Boat Dock Facilities and Boat Storage Area will be for the use and benefit of Owners who are entitled to use those improvements, as more specifically provided in this Declaration.

Declarant desires to provide for a system in which all Owners will pay for the maintenance and upkeep of the Common Areas; provided, however, that maintenance and upkeep of the Boat Dock Facilities and Boat Storage Area will be paid for only by Owners in the Development who are entitled to the use of one of the Boatslips and/or Boat Storage Spaces, as more specifically provided in this Declaration. The maintenance, repair and upkeep of the Private Roads will be paid for by each group of Private Road Lot Owners who obtain access to their Lots from a particular Private Road, as more specifically provided in this Declaration. All Owners in the Development will pay the cost associated with leasing the Street Lights and the cost of maintenance and upkeep of the Amenity Area, Entrance Monument, Parking Area(s), Roadways (prior to their acceptance for public maintenance), and such other Common Areas as such Owners are entitled to use and enjoy.

To these ends, Declarant desires to subject the Property to the covenants, conditions, restrictions, easements, charges and liens described in this Declaration, each of which is and all of which are for the benefit of the Property and each Owner.

Declarant further desires to create an organization to which will be delegated and assigned the powers of: (a) owning, maintaining and administering the Common Areas, except as otherwise provided in this Declaration; (b) administering and enforcing these covenants and restrictions; and (c) collecting and disbursing the Assessments to efficiently preserve, protect and enhance the values and amenities in the Development, including the Common Areas, to ensure specific rights, privileges and easements in the Common Areas, to provide for the maintenance and upkeep of the Common Areas, as provided in this Declaration.

Declarant has incorporated WaterSide Crossing Owners Association, Inc. under South Carolina law, pursuant to the Articles of Incorporation, attached as Exhibit A, as a non-profit corporation to be governed by the Bylaws, attached as Exhibit B.

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

ARTICLE I

DEFINITIONS

Section 1.1. “Additional Property” shall mean and refer to any additional real property in the vicinity, of or contiguous to the Property, which may be made subject to the terms of this Declaration pursuant to Section 2.2.

Section 1.2. “Amenity Area” or “Amenity Areas” shall mean and refer to the parcel or parcels of land labeled “Amenity Area” (or a similar term) on the Map, together with any parking area, clubhouse, pool, or other recreational amenity or facility constructed or placed thereon for the common use and enjoyment of all Owners.

Section 1.3. “Architectural Changes Committee” shall have the meaning set forth in Section 9.11.

Section 1.4. “Architectural Control Committee” shall mean and refer to the committee appointed by the Board to oversee the development and enforcement of architectural control standards and restrictions with respect to the Development and to perform certain other functions described in this Declaration.

Section 1.5. “Architectural, Landscape and Lake Buffer Guidelines” or “Guidelines” shall have the meaning set forth in Section 9.3.

Section 1.6. “Articles of Incorporation” or “Articles” shall mean and refer to the Articles of Incorporation for the Association attached as Exhibit A.

Section 1.7. “Assessments” shall mean and refer to the Annual Assessments, Supplemental Annual Assessments, Special Assessments, Special Individual Assessments, Septic System Assessments, Supplemental Septic System Assessments, Private Road Assessments, Boatslip Assessments, Supplemental Boatslip Assessments, and Special Boatslip Assessments, as more particularly described in this Declaration.

Section 1.8. “Association” shall mean and refer to WaterSide Crossing Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

Section 1.9. “Board” or “Board of Directors” shall mean and refer to the Board of Directors of the Association, which shall be elected and shall serve pursuant to the Bylaws.

Section 1.10. “Boat Dock Facilities” shall mean and refer to the Piers and Boatslips which adjoin Lake Access Areas and are intended for the use of Boatslip Lot Owners.

Section 1.11. “Boat Storage Area” shall mean and refer to a portion of the Common Area shown on the Map which shall be used exclusively by Lot Owners who have contracted with the Association to lease or use Boat Storage Spaces.

Section 1.12. “Boat Storage Space” shall mean and refer to the assigned spaces which are located in the Boat Storage Area, which may be used for boat or trailer storage or other purposes, as determined by the Board in its Rules and Regulations, from time to time.

Section 1.13. “Boatslip” or “Boatslips” shall mean and refer to those certain Boatslips located in the Boat Dock Facilities, within the area shown as “Boatslip Area” on Exhibit D, which Declarant shall construct or install if the required approvals from Duke and FERC are obtained.

Section 1.14. “Boatslip Lease” shall mean and refer to each sublease agreement between Declarant and a Boatslip Lot Owner, assigning the right to use one of the Boatslips, subject to the Duke Lease. Once all the Boatslip Leases are executed, all of the Boatslip Leases will be assigned to the Association.

Section 1.15. “Boatslip Lots” shall mean and refer to those Lots in the Development which have, as an appurtenance to the Lot, the right to use an assigned Boatslip, as set forth in Section 4.8 of this Declaration.

Section 1.16. “Bylaws” shall mean and refer to the Second Amended and Restated Bylaws for the Association, attached as Exhibit B.

Section 1.17. “Common Area” or “Common Areas” shall mean and refer to the Amenity Area, Lake Access Areas, Boat Dock Facilities, Piers, Boatslips, Entrance Monument, Parking Area(s), Boat Storage Area, Street Lights and the Roadways, (including sidewalks, drainage facilities and other Improvements located therein) prior to their acceptance for maintenance by the Oconee County Public Works Department), and any other real property specifically shown and designated on the Map as “Common Open Area,” “Common Open Space,” “COS” or “COS/Roadway.” The Common Areas shall be owned by the Association (except as otherwise provided herein) for the common use, benefit and enjoyment of the Owners. The portion of the Common Area shown and designated on the Map as “COS/Roadway” (including sidewalks, drainage facilities and other improvements located on the “COS/Roadway”) shall be maintained by the Association in accordance with the requirements of Section 4.6 and the Owners of the Lots fronting thereon, their heirs, successors and assigns are hereby granted an easement for access, ingress, egress and request to their Lots and for the installation and maintenance of any utilities and drainage facilities. Provided, however, (i) only the Owners of Boatslip Lots shall be entitled to the exclusive rights applicable to the use, benefit and enjoyment of the Piers and Boatslips, subject to an individual Boatslip Lot Owner’s exclusive rights to use a specified Boatslip; and (ii) only the Owners of Lots using Boat Storage Spaces shall be entitled to the use, benefit and enjoyment of the Boat Storage Areas, subject to the exclusive right of an individual Lot Owner to use a specified Boat Storage Space. Declarant reserves the right, but not the obligation, to provide additional Common Areas within the Subdivision.

Section 1.18. “CPI” shall mean and refer to the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84 = 100) issued by the United States Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, the Board shall use the index that is most similar to the CPI that is published by the United States Government to indicate changes in the cost of living.

Section 1.19. “Declarant” shall mean and refer to Crescent Communities S.C., LLC, a Delaware limited liability company, and such of its successors and assigns to whom the rights of Declarant hereunder are transferred by written instrument recorded in the Oconee County Registry.

Section 1.20. “Development” shall mean and refer to WaterSide Crossing, a single-family residential development developed on the Property by Declarant.

Section 1.21. “Duke” shall mean and refer to Duke Power Company LLC, dba Duke Energy Carolinas, LLC, its successors and assigns, and its division, Duke Energy Lake Services.

Section 1.22. “Duke Lease” shall mean and refer to the lease agreement between Duke and Declarant pertaining to the area of the lake bed of Lake Keowee underlying the Boatslips and the Boat Dock Facilities.

Section 1.23. “Dwelling” shall mean and refer to a structure for the use and occupancy as a detached single-family residence. Each Lot shall contain no more than one (1) Dwelling.

Section 1.24. “Entrance Monument” shall mean and refer to the area(s) designated by Declarant over the parcels designated as “Entrance Monument Easement,” “Entrance Monument Area” or “COS” (or a similar term) located at the entrance to the Subdivision, as shown on the Map, and the monuments and entrance signs located on such parcels, together with lighting, irrigation system, landscaping and other Improvements to be constructed within such Entrance Monument Areas, to be used as entrances for the Development.

Section 1.25. “FERC” shall mean and refer to the Federal Energy Regulatory Commission.

Section 1.26. “Interior Lots” shall mean and refer to Lots 1-2, 7-8, 26-31, 34, 52-53, 57, 60, 64-68, 75-76, 80-83, 113-129, 138-148, 151-157, 186-187, 200-211, 216-224, 247-248, 254-256, 260-262, 264-275, 276-280 and 294, as shown on the Map. Lots 77, 130, 281 and 293 shall each be considered an Interior Lot for the limited purpose of leasing a Boatslip.

Section 1.27. “Improvement” shall mean and refer to any and all man-made changes or additions to any portion of the Property, including without limitation, the examples set forth in Section 9.4.

Section 1.28. “Joint Pier Lot” shall mean and refer to a Waterfront Lot that does not have a Pier Zone dedicated specifically to that Lot, due to the narrowness of the cove or other terrain features, but shares a Pier Zone with one or more other Waterfront Lot(s). The Joint Pier Lots are (a) Lot 246 and (b) Lot 249.

Section 1.29. “Joint Pier Zone” shall mean and refer to those portions of the Joint Pier Lots designated as “Joint Pier Zone” (or a similar term) on the Map. Joint Pier Lots 246 and 249 shall share a Joint Pier Zone.

Section 1.30. “Joint Pier Improvements” shall mean and refer to those certain Improvements constructed by Declarant in the Joint Pier Zone. Upon completion of construction, the Joint Pier Improvements will be dedicated to and the applicable Joint Pier Lot Owners and maintained by the applicable Joint Pier Lot Owners, as set forth in Section 8.29 of this Declaration.

Section 1.31. “Lake Access Area(s)” shall mean and refer to the portions of the Property designated as “Lake Access Area” (or a similar term) on the Map, to be used for the

common use, enjoyment and benefit of the Owners and to provide pedestrian access for Boatslip Lot Owners to access their assigned Boatslips.

Section 1.32. “Lake Buffer Area” shall mean and refer to the area that is fifty (50) feet from the 800’ MSL contour, but in no event below the 804’ MSL contour.

Section 1.33. “Lot” or “Lots” shall mean and refer to the separately numbered parcels depicted on the Map, which Lots do not include the Common Areas.

Section 1.34. “Map” shall mean and refer to (i) the following maps of WaterSide Crossing Subdivision recorded in the Oconee County Registry in Plat Book A743, Pages 1-8 (Lots 1-74, Phase I); Plat Book A775, Pages 1-4 (Lots 148-207, Phase II); Plat Book A888, Pages 8-9 (Lots 236-255, Phase V); Plat Book B61, Pages 4-7 (Lots 125-147 and Lots 208-224, Phase III); Plat Book B60, Pages 9-10 (Lots 113-124, Phase IV); Plat Book B61, Pages 8-9 (Lots 256-275, Phase VI); Plat Book B130, Pages 1-2 (Lots 75-83, Phase I); and Plat Book B159, Pages 7-8 (Lots 276-294, Phase VII); and (ii) any revision of any such Map recorded in the Oconee County Registry.

Section 1.35. “Member” shall mean and refer to every person or entity who holds a membership in the Association.

Section 1.36. “Mortgage” shall mean any mortgage constituting a first lien on a Lot.

Section 1.37. “Mortgagee” shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 1.38. “Oconee County Registry” shall mean and refer to the Office of the Register of Deeds, Oconee County, South Carolina.

Section 1.39. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot within the Development, including Declarant if it owns any Lot, but excluding any Mortgagee.

Section 1.40. “Parking Area(s)” shall mean and refer to the parking lot or lots which may be constructed over the Amenity Area(s) and/or other Common Areas for the common use, benefit and enjoyment of the Owners, their families, guests and invitees.

Section 1.41. “Person” shall mean and refer to any natural person, corporation, joint venture, partnership (general or limited), limited liability company, association, trust or any other legal entity.

Section 1.42. “Phase” shall mean and refer to any phase, section or portion of the Property for which a separate Map or Maps are recorded in the Oconee County Registry.

Section 1.43. “Pier” or “Piers” shall mean and refer to the pier or piers containing the Boatslip(s), which will be constructed in and over the waters of the Lake, including the Piers shown on the Map.

Section 1.44. “Pier Zones” shall mean and refer to the portions of the Waterfront Lot designated as “Pier Zone” (or a similar term) on the Map, to be used for purposes of constructing a dock or pier as set forth in Section 8.22 of this Declaration.

Section 1.45. “Private Road Easements” shall mean and refer to the non-exclusive, perpetual easements fifteen (15) feet to thirty-five (35) feet in width and identified on the Map as “Private Road Easements” or “Private Drive Easements” which are established for the benefit of the Private Road Lot Owners, their heirs, successors and assigns for access, ingress, egress and regress to and for the Private Road Lots. The Private Road Easements are also reserved unto Declarant and the Association, their successors and assigns for access, ingress and egress to the Private Road Lots, for the installation and maintenance of the Private Roads and for the installation and maintenance of any utilities and drainage facilities.

Section 1.46. “Private Roads” shall mean and refer to those certain roads or drives specifically shown on the Map as a “Private Road” or “Private Drive” which will provide access to each of the Private Road Lots upon completion and which will be dedicated to the ownership of the Private Road Lots, to be maintained as set forth in Section 8.28.

Section 1.47. “Private Road Lots” shall mean and refer to Lots 166-175, 196-202, 211-217, 120-124, 241-246 and 265-268.

Section 1.48. “Private Road Lot Group” shall mean and refer to each of the following: (a) Lots 166-175 (Quiet Water Way); (b) Lots 196-202 (Windy Pine Lane); (c) Lots 211-217 (Highridge Drive); (d) Lots 120-121 (White Pine Lane); (e) Lots 122-124 (Inwood Court); (f) Lots 241-246 (Baywood Court); and (g) Lots 265-268 (Oakdale Lane); provided, however, if the Owner of Lot 265 or the Owner of Lot 268 is able to access their respective Dwelling from the Roadway that fronts their Lot and does not need to use the Private Road for access, either or both of them can elect that their Lot or Lots shall not be considered Private Road Lots.

Section 1.49. “Property” shall mean and refer to the real property shown on the Map, exclusive of the public rights-of-way (Roadways) as shown on the Map, which Property includes the Lots, the Common Areas, and Private Roads as shown on the Map.

Section 1.50. “Roadways” shall mean and refer to all roads and cul-de-sacs in the Subdivision (except Private Roads) as shown on the Map as “Public Road R/W,” which shall be maintained by the Association as set forth in Section 4.6 of this Declaration until accepted for dedication and public maintenance by the Oconee County Public Works Department or other governmental entity.

Section 1.51. “Rules and Regulations” shall mean and refer to all rules and regulations adopted, from time to time, by the Board.

Section 1.52. “Septic System” shall mean and refer to an individual ground absorption sewage disposal system (including, septic tanks and all related equipment) individually installed and maintained by the Lot Owner.

Section 1.53. “Septic System Assessments” shall mean and refer to the amount to be levied annually by the Association against each Lot for the purposes set forth in Article VI-A.

Section 1.54. “Special Individual Assessment” shall mean and refer to the amount to be levied by the Association for the purposes set forth in Section 5.6.

Section 1.55. “Special Assessment” shall mean and refer to the amount to be levied annually by the Association against each Lot for the purposes set forth in Section 5.5.

Section 1.56. “Street Lights” shall mean and refer to the street lights which may be constructed upon and over the rights-of-way of the Roadways, Parking Area(s) and other Common Areas.

Section 1.57. “Subdivision” shall mean and refer to WaterSide Crossing Subdivision, as shown on the Map.

Section 1.58. “Supplemental Declaration” or “Additional Declaration” shall mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions filed in the Oconee County Registry to bring any portion of Additional Property within the coverage of this Declaration and the jurisdiction of the Association, as more particularly described in Section 2.2.

Section 1.59. “Water Access Easement” shall mean and refer to the non-exclusive, perpetual easement identified on the Map as “Ingress, Egress Utility Easement,” which has been established over portions of Lots 236A, 237A and 238A for the benefit of the Water Access Lot Owners, their heirs, successors and assigns for parking of automobiles. The Water Access Easement is also reserved unto Declarant and the Association, their successors and assigns for the installation and maintenance of the Water Access Parking Area.

Section 1.60. “Water Access Lot” shall mean and refer to the following: (a) Lots 236 and 236A, (b) Lots 237 and 237A, and (c) Lots 238 and 238A, each of which shall be considered a single Lot for purposes of voting and Assessments.

Section 1.61. “Water Access Parking Area” shall mean and refer to those certain parking spaces which shall provide access, ingress, egress, and regress for each of the Water Access Lot Owners upon completion, and which shall be dedicated to the Owners of the Water Access Lots, and maintained by the Owners of the Water Access Lots as addressed in Section 8.30 of this Declaration.

Section 1.62. “Waterfront Lots” shall mean and refer to Lots 3-6, 9-25, 32-33, 35-51, 54-56, 58-59, 61-63, 69-74, 78-79, 131-137, 149-150, 158-185, 188-199, 212-215, 239-246, 249-253, 257-259, 263 and 282-292, all as shown on the Map. Lots 77, 130, 281 and 293 shall be considered Waterfront Lots for all purposes set forth in this Declaration, with the exception of Section 8.22.

ARTICLE II

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

Section 2.1. Property. The Property is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association, together with any Additional Property which is subsequently added to this Declaration.

Section 2.2. Additions to the Property.

(a) Declarant may cause Additional Property (including Common Areas) to be made subject to the terms and scheme of this Declaration by filing one or more Supplemental Declarations in the Oconee County Registry containing a description of the Additional Property and a statement of its intent to extend the operation and effect of this Declaration to the Additional Property.

(b) Any Supplemental Declaration may contain complementary additions to these covenants and restrictions as may be necessary in Declarant's judgment to reflect the different character of the Additional Property. No Supplemental Declaration shall revoke, modify or add to the covenants and restrictions contained herein with respect to the Property, or revoke, modify, change or add to the covenants and restrictions established by previously filed Supplemental Declarations, without meeting the requirements for amendment set forth in this Declaration. Declarant or the Association shall have the right, without meeting the requirements for amendment set forth in Section 15.3 of this Declaration, to amend this Declaration to reconfigure any proposed Piers, Boatslips, Boat Dock Facilities, or Boat Storage Areas to reflect the actual final configuration of such areas and the "as-built" construction of such amenities.

(c) So long as Declarant owns any part of the Property, the prior written consent of Declarant shall be required for any parties to modify, change and/or amend, in whole or in part, the terms and provisions of this Declaration, any Supplemental Declaration and/or any Additional Declaration or to impose new or additional covenants, conditions, restrictions or easements on any part of the Property.

ARTICLE III

PROPERTY RIGHTS

Section 3.1. Ownership of Common Area. On or about the Turnover Date set forth in Section 4.3, Declarant shall convey to the Association the Common Areas to be owned and maintained by the Association. Declarant reserves the right to construct the following within the Common Areas: (i) certain Improvements within the Amenity Area (including, but not limited to the Parking Area(s), clubhouse, tennis courts and swimming pool); (ii) the Boat Dock Facilities, Boatslips, Piers and pathways and other Improvements within the Lake Access Areas and other similar Common Areas used to access Boatslips; (iii) the Entrance Monument(s) to be located at the entrance(s) to the Development; (iv) Boat Storage Areas; (v) the Private Roads and

the Common Area Roadways; and (vi) the Roadways (including sidewalks, drainage facilities and other Improvements), as reflected on the Map, for the use and enjoyment of the Owners who are entitled to the use of such Common Areas as provided in this Declaration. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas and the Private Roads shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public (with the exception of the Roadways, which shall eventually be accepted for public dedication and maintenance by the Oconee County Public Works Department or other governmental entity). Furthermore, the Private Road Easements over and upon portions of the Private Road Lots are for the sole benefit and use of the Owners of the Private Road Lots, as provided in Section 3.4 and Section 8.28 of this Declaration, and are not Common Area.

Section 3.2. Owners' Rights to Use and Enjoy Common Areas. Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas, and such right shall be appurtenant to and conveyed with title to such Owner's Lot, subject to the following:

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

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

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

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

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

Section 3.3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Common Areas and facilities located thereon to the members of his or her family, guests, invitees, or tenants.

Section 3.4. Rights of Roadways, Private Road Easements and Private Roads. Each Owner, Declarant and the Association is granted a perpetual, non-exclusive right, in common with the general public, to use the Roadways for the purpose of providing access to and from each Lot and the Common Areas. Declarant or the Association shall be responsible for petitioning the Oconee County Public Works Department to accept the Roadways for public maintenance at the appropriate time. Notwithstanding the foregoing, Declarant shall have the right, but not the obligation, to maintain the Roadways at its cost and expense prior to acceptance for public maintenance by the Oconee County Public Works Department, as described in the Declaration.

Each Private Road Lot Owner, Declarant and the Association, their successors and assigns, is granted the perpetual, exclusive right to use the Private Road Easements and Private Roads within the Private Road Easements, for the purpose of pedestrian and vehicular access, ingress, egress and regress to and from each Private Road Lot and the Common Areas, for installation and maintenance of the Private Roads, drainage facilities and other utilities to serve the Private Road Lots. The rights granted in this Section 3.4 to Private Road Lot Owners shall only extend and apply to the Private Road(s) fronting the respective Private Road Lot in the Private Road Lot Group.

ARTICLE IV

THE ASSOCIATION

Section 4.1. Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, and shall be governed by the Bylaws.

Section 4.2. Classes of Lots and Voting Rights. The voting rights of the Membership shall be appurtenant to the ownership of Lots. There shall be two (2) classes of Lots with respect to voting rights:

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

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

Section 4.3. Turnover of Control. The Class B membership shall cease and be converted to the Class A membership upon the earliest to occur of the following: (a) the date on which Declarant no longer owns any part of the Property; (b) the date Declarant shall elect, in its sole discretion, by giving written notice to the Board that the Class B membership shall cease and be converted to the Class A membership (which election shall be memorialized by Declarant in a written instrument recorded in the Oconee County Registry; or (c) December 31, 2009. The earliest to occur of (a), (b) or (c) above is the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A Member.

Section 4.4. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Development as well as its own books, records, and financial statements available for inspection by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots. All such documents shall be available upon reasonable notice and during normal business hours. In addition, any Mortgagee

may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

Section 4.5. Management Contracts. The Association may engage the services of any person, firm or corporation to act as managing agent or manager (“Manager”) of the Association at a compensation level to be established by the Board and to perform all of the powers and duties of the Association. The term of any such agreement with a Manager shall not exceed one (1) year and shall only be renewed by agreement of the parties for successive one (1) year terms. Any such contract shall be terminable by the Association with or without cause upon ninety (90) days prior written notice to the Manager without payment of a termination fee.

Section 4.6. Maintenance. Prior to their acceptance for public maintenance, the Roadways shall be maintained by the Association, provided that Declarant, in its sole discretion has the right to reimburse the Association for maintenance costs until the Roadways are accepted for maintenance by the Oconee County Public Works Department or other governmental entity. The maintenance shall include repair and reconstruction, when necessary. Maintenance of the Roadways shall conform to the standard of maintenance which would be required by the Oconee County Public Works Department or other governmental entity before it would accept such Roadways for public maintenance. Maintenance of the Private Roads shall be the sole responsibility of the Private Road Lot Owners in each Private Road Lot Group (enforceable by any Private Road Lot Owner in the Private Road Lot Group). Provided, however, in accordance with Section 15.1 of this Declaration, Declarant and/or the Association hereby reserves the right and easement, but not the obligation, to go upon any portion of the Private Roads at any time in order to repair and maintain such Private Roads where needed, in the sole discretion of Declarant or the Association, to bring such Private Roads within the standards required by Declarant and/or the Association. If Declarant and/or the Association perform maintenance and repairs on the Private Roads, each Private Road Lot Group of Private Road Lot Owners shall be obligated to Declarant and/or the Association for his or her share of all related costs of such maintenance and repairs.

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

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

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

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

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

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

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

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

(h) The Association shall not be responsible for the maintenance of any Lot or any portion of any Lot or the Improvements within the boundaries thereof, including, without limitation, any dock, pier or boatslip located within the Pier Zone (as defined in Section 8.22) adjacent to any Waterfront Lot. The Owners of Waterfront Lots shall be solely responsible for such maintenance.

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

(j) The Association shall have the right, but not the obligation, to maintain and repair areas within the right-of-way of any Roadways which are adjacent to Common

Areas, adjacent to Lots without a completed Dwelling, and/or where trash or litter is present.

(k) Intentionally deleted.

(l) The Association shall not be responsible for the maintenance or repair of any Private Road. The Private Roads located within the Private Road Easements which serve the Private Road Lots shall be maintained by the Owners of Private Road Lots within each Private Road Lot Group. Such maintenance shall include cleaning, maintaining, repairing, reconstruction and replacing (if destroyed), when necessary, the Private Roads, and such maintenance practices shall conform to the same standards of maintenance which would be required by the Oconee County Public Works Department or other governmental entity for that of public roads, as more particularly set forth in Section 8.28 of this Declaration. Provided, however, the Association reserves the right, but not the obligation, to go upon any portion of the Private Roads at any time in order to repair and maintain the Private Roads, as more particularly set forth in Section 8.28.

Section 4.7. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of Improvements located on all Common Areas and the Roadways (prior to acceptance) and in order to fund unanticipated expenses of the Association or to acquire equipment or services deemed necessary or desirable by the Board. The reserve fund shall be collected and maintained out of the various types of Assessments.

Section 4.8. Piers and Boatslips. Subject to and contingent upon the approval of the FERC, Duke and any other regulatory body having jurisdiction, Declarant shall have the exclusive right to construct some or all of the Piers and Boatslips (including all Improvements located thereon), in the approximate locations shown on the Map or as otherwise shown in any Supplemental Declaration or other document which may be filed pursuant to the provisions of this Declaration. Declarant shall not construct more Boatslips than are approved by Duke pursuant to Declarant's Boatslip permit request for the Subdivision. The Piers and Boatslips, to the extent available, will be offered to Owners of Interior Lots on a first come, first served basis; thereafter, on such basis as Declarant shall determine in Declarant's sole discretion.

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

(i) Pursuant to that certain Boatslip lease form provided by Declarant (the "Boatslip Lease"), each Interior Lot Owner will lease a Boatslip from Declarant. Each Boatslip Lease shall be appurtenant to the ownership of the applicable Interior Lot and shall only be assigned as provided below.

(ii) The Lot to which a Boatslip Lease is entered into as an appurtenance shall thereafter be a Boatslip Lot subject to the provisions of Section 4.8(a)(iii) below. Once entered into between Declarant and the Boatslip Lot Owner, the relevant Boatslip Lease shall not be separated from the ownership

of the Boatslip Lot to which it is appurtenant. The Boatslip Lease shall run with the title to such Boatslip Lot unless and until such Boatslip Lease is assigned by the Boatslip Lot Owner to another Interior Lot Owner in accordance with Section 4.8(a)(iii). Provided the applicable Boatslip Lease has not been previously assigned in accordance with Section 4.8(a)(iii), any conveyance by a Boatslip Lot Owner of its ownership interest in a Boatslip Lot shall automatically assign to the transferee of such ownership interest all rights and duties of the Boatslip Lot Owner under the Boatslip Lease; provided, however, in such event, the Boatslip Lot Owner and the transferee of the Boatslip Lot Owner's ownership interest in the Boatslip Lot shall immediately execute and record an instrument in the Oconee County Registry, to provide record evidence of such assignment. The Boatslip Lot Owner shall provide a copy of the assignment to Declarant, as Lessor, and the Association following recordation. Any Mortgage of a Boatslip Lot shall also encumber the appurtenant Boatslip Lease, even if not expressly mentioned in the Mortgage; provided, however, no Mortgagee shall acquire any greater rights in the relevant Boatslip than the Boatslip Lot Owner may have under the Boatslip Lease at the time of such Mortgage. The Mortgage shall at all times be and remain subordinate and subject to all of the terms and conditions of the Boatslip Lease and to all of the rights of Declarant (as lessor). Any successor to a Boatslip Lot Owner's interest in a Boatslip Lease, no matter how the interest is obtained, shall take such interest subject to all of the terms, covenants, conditions, duties, and obligations of such Boatslip Lot Owner under the Boatslip Lease, shall be deemed to have attorned to Declarant (as lessor) and shall execute an attornment agreement upon the request of Declarant.

(iii) Any Boatslip Lease may be assigned by the relevant Boatslip Lot Owner only to another Interior Lot Owner who does not already have a Boatslip Lease. Upon such assignment, the Boatslip Lot Owner and the assignee of such Boatslip Lot Owner's interest in the Boatslip Lease shall immediately execute and record an instrument in the Oconee County Registry (a filed copy of which shall be provided to Declarant, as lessor, and the Association), sufficient to provide record evidence of such assignment. Following such assignment, the assignor's Interior Lot shall automatically cease to be a Boatslip Lot and the assignee's Interior Lot shall thereafter be a Boatslip Lot (until further assignment of the assignee's lease rights), in which case the relevant Boatslip Lease shall then run with the title to such Boatslip Lot, as set forth in Section 4.8(a)(ii). No Boatslip Lease shall be separated from the ownership of any Interior Lot and assigned to any Person other than another Interior Lot Owner in accordance with this Section 4.8(a)(iii).

(b) Declarant (or Association) shall have the right to use Boatslips not leased to another Owner and shall have the obligation to pay Boatslip, Supplemental Boatslip and Special Boatslip Assessments on any Boatslips constructed by Declarant and actually used by Declarant (or Association) and not leased to another Owner. Declarant (or Association) shall not be required to pay Boatslip, Supplemental Boatslip and Special Boatslip Assessments for any Boatslips not actually used by Declarant (or Association). At Declarant's option, Declarant shall be entitled to assign all rights and duties of

Declarant under any Boatslip Lease and/or the Duke Lease (as defined below) to any person or entity, including, without limitation, the Association, whereupon Declarant shall have no further rights, duties, obligations or liabilities thereunder.

(c) In the event that a Pier contains Boatslips which have not been leased as an appurtenance to a Boatslip Lot, the unleased Boatslip may be retained by Declarant and the Association for the common use and enjoyment of only the Owners of Boatslip Lots, their families, guests and invitees, for the purpose of temporarily docking boats, and may not be leased or otherwise transferred by Declarant to, or used by, any other party or the public. No boat or other recreational vehicle shall be permitted to remain overnight in any unleased Boatslip.

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

(i) Rules and Regulations for use promulgated by Declarant and/or Association;

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

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

(iv) the terms and provisions of the Duke Lease pertaining to the lease of the lake bed underlying the Boatslips.

(d) The Board, pursuant to the Bylaws, shall adopt Rules and Regulations governing the use of the Piers and Boatslips and the personal conduct of the Boatslip Lot Owners and their families, guests and invitees. If the Boatslip Lot Owners desire to amend such Rules and Regulations, then a meeting of the Members owning Boatslip Lots may be called and held, in accordance with the terms and provisions of the Bylaws, for the purpose of voting to amend such Rules and Regulations. If such a meeting is duly called and held, the Boatslip Lot Owners may direct the Board to make such amendments to the Rules and Regulations governing the use of the Piers and Boatslips, approved by a vote of the Members owning Boatslip Lots in accordance with the Bylaws, permitted under the Duke Lease, and consented to by Declarant, so long as Declarant is the Owner of any Lot. Boatslips may only be installed by Declarant.

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

Section 4.9. Parking Area(s). Declarant shall construct, and the Association shall maintain, repair and, if destroyed, replace as a common expense of the Association, any paved Parking Area(s) constructed by Declarant and located on the Common Areas. The Parking Area(s) shall be constructed and maintained in order to provide parking for the Owners, and may be used by Declarant and its assigns and the Owners, their families, guests and invitees, in connection with their use of the Amenity Area and/or Boatslips.

Section 4.10. Boat Storage Area. The Boat Storage Area shall be graded, covered with gravel and/or paved and divided into individual spaces exclusively by Declarant for the use by Lot Owners using Boat Storage Spaces. On or before the Turnover Date, Declarant shall transfer all of its rights in and to the Boat Storage Area to the Association, including but not limited to, the right to lease or use Boat Storage Spaces based on the Association's Rules and Regulations concerning the Boat Storage Area and the Boat Storage Spaces, whereupon Declarant shall have no further rights, duties, obligations or liabilities thereunder pertaining to the Boat Storage Area. The Boat Storage Spaces may be leased or used by any Lot Owners based on the Association's Rules and Regulations. The Boat Storage Area may not be leased by the Association to, or used by, any other party or the general public.

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

(i) Rules and Regulations for use promulgated by Declarant and/or Association; and

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

(b) The Board, pursuant to the Bylaws shall adopt Rules and Regulations governing the use of the Boat Storage Area and Boat Storage Spaces and the personal conduct thereon of the Lot Owners using Boat Storage Spaces and their families, guests and invitees. If Members who have rights to use Boat Storage Spaces desire to amend such Rules and Regulations, then a meeting of the Members who have rights to use Boat Storage Spaces may be called and held, in accordance with the terms and provisions of the Bylaws, to vote on amending such Rules and Regulations. If such a meeting is duly called and held, the Members who have rights to use the Boat Storage Spaces may recommend that the Board consider making such amendments to the Rules and Regulations governing the use of the Boat Storage Area and Boat Storage Spaces, including additions to and deletions of portions of such Rules and Regulations, as approved by a vote of the Members who have rights to use the Boat Storage Spaces, in accordance with the Bylaws.

Section 4.11. Liability Limitations. Neither Declarant, nor any Association Member, nor the Board, nor any officers, directors, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Association Member, whether or not such other Association Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm or association making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof. The Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the

performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

Section 4.12. Private Roads. Declarant shall have the exclusive right to construct the Private Roads within the Private Road Easements, in the approximate location shown on the Map. The Private Roads and the Private Road Easements shall be maintained and repaired by the Private Road Lot Owners, as more particularly set forth in Section 8.28. No structures, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of the Private Roads or other utilities or drainage facilities located therein.

Section 4.13. Water Access Parking Area. Declarant shall have the exclusive right to construct the Water Access Parking Area within the Water Access Easement, in the approximate location shown on the Map. The Water Access Parking Area and the Water Access Easement shall be collectively maintained and repaired by the Water Access Lot Owners, as more particularly set forth in Section 8.30. No structures, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation, maintenance and repair of the Water Access Parking Area. The Water Access Lot Owners shall be jointly and severally responsible for keeping the Water Access Parking Area in good repair and maintaining it to the standard set forth in Section 8.30.

ARTICLE V

COVENANT FOR ANNUAL AND SPECIAL ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation for Annual, Supplemental Annual, Special and Special Individual Assessments. Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not expressed in such deed, is deemed to covenant and agrees to pay to the Association Annual Assessments, Supplemental Annual Assessments, Special Assessments and Special Individual Assessments. Any such Assessment, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such Assessment is made. Each Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, provided such Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a continuing lien upon the Lot against which such Assessments are made.

Section 5.2. Purpose of Annual Assessment. The Assessments to be levied annually by the Association against each Lot ("Annual Assessments") shall be used as follows:

- (a) to repair, maintain, reconstruct (when necessary) and keep clean and free from debris the Common Areas and any Improvements located thereon, including, but not limited to, the Amenity Area, Street Lights, Entrance Monument(s) (but excluding the Boat Dock Facilities, Piers, Boatslips, Boat Storage Areas and Private Roads), and to

maintain the landscaping thereon in accordance with standards of similar amenities in comparable developments within the vicinity of the Development;

(b) to maintain and repair the Roadways to the standards of the maintenance (if one is ascertainable) which would be required by the Oconee County Public Works Department or other governmental entity before it would accept such Roadways for maintenance;

(c) to pay all costs associated with the lease of the Street Lights, including, but not limited to, monthly lease payments and utility costs;

(d) to pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association (other than the Boat Dock Facilities, Piers, Boatslips, Boat Storage Area, Private Roads, and any Improvements located thereon and any other property owned in connection therewith);

(e) to pay the premiums on all insurance carried by the Association, except for such insurance carried specifically in connection with the Boat Dock Facilities, Piers, Boatslips and Boat Storage Areas and any Improvements located thereon;

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

(g) to maintain contingency reserves for the purposes set forth in Section 4.7 in amounts determined by the Board.

Section 5.3. Payment of Annual Assessments; Due Date. Annual Assessments shall be established by the Board for each calendar year as of January 1st. The Annual Assessment for each and every year shall be in an amount set by the Board, in accordance with Section 5.4, and shall be due and payable in one annual payment, due and payable no later than January 31 of each such year. The Board shall fix the amount of the Annual Assessment as to each Lot for any calendar year at least thirty (30) days prior to January 1 of such calendar year, and the Association shall send written notice of the amount of the Annual Assessment, as well as the amount of the payment due, to each Owner on or before January 5 of such calendar year. The failure of the Association to send, or of a Member to receive, such notice shall not relieve any Member of the obligation to pay Annual Assessments. Notwithstanding the forgoing, the Board may alter the dates of the fiscal year for setting the Annual Assessments, and may increase or decrease the frequency of the collection of the Annual Assessments (or installments thereof) in any reasonable manner.

Section 5.4. Maximum Annual Assessment.

(a) The Board, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Annual Assessment each year by a maximum amount equal to the previous year's Annual Assessment times the greater of (i) ten percent (10%) or (ii) the annual percentage increase in the CPI (the "Maximum Annual Assessment"). If the Annual Assessments are not increased by the maximum amount permitted under the

terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Annual Assessments may be increased by that amount in the following two years, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board, without a vote of the Members; provided, however, that the “reach-back” shall expire after two years.

(b) The Maximum Annual Assessment may be increased above the maximum amount set forth in subparagraph (a) of this Section 5.4 by a vote of a majority of the votes appurtenant to the Lots, plus the written consent of Declarant (so long as Declarant owns any part of the Property).

(c) If the Board levies less than the Maximum Annual Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser amount, the Board may, by vote in accordance with the Bylaws, levy a supplemental Annual Assessment (“Supplemental Annual Assessment”). In no event shall the sum of the Annual and Supplemental Annual Assessments for any year exceed the applicable Maximum Annual Assessment for such year, other than as set forth in Section 5.4(b).

Section 5.5. Special Assessments for Capital Improvements. In addition to the Annual Assessment, the Association may levy, in any calendar year, a special assessment (“Special Assessment”) applicable to that year only for the purpose of defraying, in whole or in part, the cost of (i) the construction of any Common Area Improvements which are not originally constructed by Declarant; or (ii) the reconstruction, repair or replacement of the Common Areas, including, but not limited to, the Roadways (prior to acceptance for public maintenance), the Amenity Area or the Entrance Monument(s) (but excluding the Boat Dock Facilities, Piers, Boatslips, Boat Storage Areas and Private Roads) and all Improvements located thereon, including fixtures and personal property related thereto. Provided, however, any Special Assessment must be approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Lots which are then subject to this Declaration.

Section 5.6. Special Individual Assessment. In addition to the Annual Assessments and Special Assessments, the Board shall have the power to levy a special assessment applicable to any particular Lot Owner (“Special Individual Assessment”) (i) for the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, including the Roadways (prior to acceptance for public maintenance), Amenity Area, Entrance Monument(s), Street Lights, Lake Access Areas (and similar Common Areas used to access Boatslips), Boat Dock Facilities, Boatslips, Piers and Boat Storage Areas, including all Improvements located thereon, whether occasioned by any act or omission of such Lot Owner(s), members of such Lot Owner’s family, or such Lot Owner’s agents, guests, employees or invitees and not the result of ordinary wear and tear; (ii) for payment of fines, penalties or other charges imposed against any particular Lot Owner relative to such Lot Owner’s failure to comply with the terms and provisions of this Declaration, the Bylaws, the Guidelines or any Rules or Regulations promulgated by the Association or Declarant pursuant to this Declaration or the Bylaws; (iii) for the purpose of paying for the costs incurred by the

Association in exercising its rights set forth in Section 8.28 relating to the maintenance and repair of Private Roads (which Private Road Assessments shall only be levied against Private Road Lot Owners in the applicable Private Road Lot Group); (iv) for the purpose of paying for any costs incurred by the Association for right-of-way maintenance in front of any Lot; or (v) for the purpose of paying for any costs incurred by the Association in acting pursuant to Section 4.6(j). Provided, however, Declarant shall not be obligated to pay any Special Individual Assessment, except with Declarant's prior written approval. The due date of any Special Individual Assessment levied pursuant to this Section 5.6 shall be fixed in the Board resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of the Special Individual Assessment to the affected Owner(s) at least thirty (30) days prior to the due date.

Section 5.7. Assessment Rate.

(a) Subject to the exception set forth in Section 5.7(b), Annual, Supplemental Annual and Special Assessments must be fixed at a uniform rate for all Lots.

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

ARTICLE VI

COVENANT FOR BOATSLIP, SUPPLEMENTAL BOATSLIP
AND SPECIAL BOATSLIP ASSESSMENTS

Section 6.1. Creation of the Lien and Personal Obligation for Boatslip, Supplemental Boatslip and Special Boatslip Assessments. Declarant, for each Boatslip Lot owned within the Property, hereby covenants, and each Owner of any Boatslip Lot by acceptance of a deed, whether or not expressed in such deed, or by entering into a Boatslip Lease (or an assignment thereof) for a Boatslip as an appurtenance to such Owner's Lot as more particularly set forth in Section 4.8 of this Declaration is deemed to covenant and agrees to pay to the Association, Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments for maintenance and repair costs of the Boat Dock Facilities, Piers and Boatslips (including all Improvements thereon). Any such Boatslip Assessment, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Boatslip Lot against which each such Boatslip Assessment is made and upon the right to use the Pier and the Boatslip appurtenant to such Boatslip Lot. Each such Boatslip Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Boatslip Lot effective at the time when the assessment falls due. The personal obligation for delinquent Boatslip Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, provided such Boatslip Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a continuing lien upon the Boatslip Lot against which such Assessments are made.

Section 6.2. Purpose of Boatslip Assessments. The assessments to be levied annually by the Association against each Boatslip Lot (the “Boatslip Assessments”) shall be used as follows:

- (a) to clean, maintain, repair and reconstruct when necessary, the Boat Dock Facilities, Piers and Boatslips, including all lighting and other fixtures, wires, railings and other facilities located thereon (if any), all as more particularly set forth in Section 4.8 of this Declaration;
- (b) to provide and pay for lighting of and water service to the Boat Dock Facilities, Piers and Boatslips (if any) to the extent necessary for the safety and enjoyment of the users thereof,
- (c) to pay all ad valorem taxes levied against the Boat Dock Facilities, Piers and Boatslips and any other property owned by the Association in connection therewith;
- (d) to pay all lease payments under the Duke Lease to Duke;
- (e) to pay the premiums on all insurance carried by the Association in connection with the Boat Dock Facilities, Piers and Boatslips;
- (f) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties in connection with the Boat Dock Facilities, Piers and Boatslips; and
- (g) to maintain reserves for the purposes set forth in Section 4.7 in amounts as determined by the Board.

Section 6.3. Payment of Boatslip Assessments; Due Dates. The Boatslip Assessments provided for herein shall be payable, annually, in advance, and shall commence as to each Boatslip Lot (to which a completed Boatslip is appurtenant), and shall be due and payable thirty (30) days following the lease of a completed Boatslip to a Boatslip Lot as set forth in Section 4.8 of this Declaration (which Boatslip Assessment shall be prorated from the date of such lease through the remainder of the calendar year for which such Boatslip Assessment is due). The Boatslip Assessments shall be established by the Board, in accordance with Section 6.4, and shall be due and payable no later than January 31 of each such year. The Board shall fix the amount of the Boatslip Assessment as to each Boatslip Lot for any year at least thirty (30) days prior to January 1 of such year, and the Association shall send written notice of the amount of the Boatslip Assessment to each Boatslip Lot Owner on or before January 5 of such year. Failure of the Association to send the notice described in this Section 6.3 shall not relieve the Boatslip Lot Owners of their liability for Boatslip Assessments. Notwithstanding the forgoing, the Board may alter the dates of the fiscal year for setting the Boatslip Assessments, and may increase or decrease the frequency of the collection of the Boatslip Assessments (or installments thereof) in any reasonable manner.

Section 6.4. Maximum Boatslip Assessment.

(a) The Board, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Boatslip Assessment each year by a maximum amount equal to the previous year's Boatslip Assessment times the greater of (i) ten percent (10%); or (ii) the annual percentage increase in the CPI (the "Maximum Boatslip Assessment"). If the Boatslip Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed, and the Boatslip Assessment may be increased by that amount in the following two years, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board, without a vote of the Members; provided, however, that the "reach-back" shall expire after two years.

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

(c) If the Board shall levy less than the Maximum Boatslip Assessment for any calendar year and thereafter, during such year, determine that the important and essential functions of the Association as to the Piers and Boatslips cannot be funded by such lesser amount, the Board may, by a vote in accordance with the Bylaws, levy a supplemental Boatslip Assessment (the "Supplemental Boatslip Assessment"). In no event shall the sum of the Boatslip and Supplemental Boatslip Assessments for any year exceed the applicable Maximum Boatslip Assessment for such year, other than as set forth in Section 6.4(b).

Section 6.5. Special Assessments for Boatslip Improvements. In addition to the Boatslip Assessments, the Association may levy, in any calendar year, a special Boatslip Assessment (the "Special Boatslip Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of the Piers and Boatslips, and any capital improvement located thereon, including lighting, water lines and other fixtures, poles, wires, railings and other facilities located thereon and personal property related thereto. Provided, however, (i) any such Special Boatslip Assessment must be approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Boatslip Lots, and (ii) any such Special Boatslip Assessment may be levied only against the Owners of Boatslip Lots.

Section 6.6. Assessment Rate.

(a) Except as set forth in Section 6.6(b), Boatslip, Supplemental Boatslip and Special Boatslip Assessments must be fixed at a uniform rate for all Boatslip Lots.

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

ARTICLE VI-A

COVENANT FOR SEPTIC SYSTEM ASSESSMENTS

Section 6A.1. Creation of the Lien and Personal Obligation for Septic System Assessments. Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed, whether or not expressed in such deed, is deemed to covenant and agrees to pay to the Association, Septic System Assessments for the inspection of each Lot Owner's Septic System. Any such Septic System Assessment, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such Septic System Assessment is made. Each such Septic System Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner effective at the time when the Septic System Assessment falls due. The personal obligation for delinquent Septic System Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, provided such Septic System Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a continuing lien upon the Lot against which such Septic System Assessments are made.

Section 6A.2. Purpose of Septic System Assessments. The assessments to be levied annually by the Association against each Lot upon which a septic system has been constructed (the "Septic System Assessments") shall be used to inspect each Lot Septic System to ensure such Septic Systems are in compliance with any requirements imposed by the Association or any governmental authority.

Section 6A.3. Payment of Septic System Assessments; Due Date. The Septic System Assessments shall be payable, annually, in advance, and shall commence as to each Lot, and shall be due and payable thirty (30) days following the completion of construction on each Lot. The initial Septic System Assessments applicable to all Lots (for the calendar year in which construction is completed on such Lot) shall be established by the Board, together with the amount of the annual Septic System Assessment for a biennial inspection. Septic System Assessments for each and every year after the first year that construction is completed on a Lot shall be payable no later than January 31 of such year. The Septic System Assessments for each and every year thereafter shall be in an amount as set by the Board, in accordance with Section 6A.4 and shall be due and payable no later than January 31 of each such year. The Board shall fix the amount of the Septic System Assessment as to each Lot for any year at least thirty (30) days prior to January 1 of such year, and the Association shall send written notice of the amount of the Septic System Assessment to each Lot Owner on or before January 5 of such year. Failure of the Association to send the notice described in this Section 6A.3 shall not relieve the Owners of their liability for Septic System Assessments. Notwithstanding the forgoing, the Board may alter the dates of the fiscal year for setting the Septic System Assessments, and may increase or decrease the frequency of the collection of the Septic System Assessments (or installments thereof) in any reasonable manner.

Section 6A.4. Maximum Septic System Assessment.

(a) For years following the first year of Septic System Assessments and thereafter, the Board, by a vote in accordance with the Bylaws, without a vote of the

Members, may increase the Annual Assessment each year by a maximum amount equal to the previous year's Annual Assessment times the greater of (i) ten percent (10%) or (ii) the annual percentage increase in the CPI (the "Maximum Septic System Assessment"). If the Septic System Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Septic System Assessments may be increased by that amount in the following two years, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board, without a vote of the Members; provided, however, that the "reach-back" shall expire after two years.

(b) The Maximum Septic System Assessment may be increased above the maximum amount set forth in this Section 6A.4(a) by a vote of a majority of the votes appurtenant to the Lots which are then subject to this Declaration, plus the written consent of Declarant (so long as Declarant owns any part of the Property).

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

Section 6A.5. Assessment Rate.

(a) Subject to the exception set forth in Section 6A.5(b), Septic System Assessments and Supplemental Septic System Assessments must be fixed at a uniform rate for all Lots.

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

ARTICLE VII

GENERAL ASSESSMENT PROVISIONS

Section 7.1. Certificate Regarding Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 7.2. Effect of Nonpayment of Assessments; Remedies of the Association. Any Assessment (or installment thereof) not paid by its due date, shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by

law, whichever is less. In addition to such interest charge, the delinquent Owner shall also pay a late charge established by the Board to defray the costs arising because of late payment. The Association may bring an action at law against the delinquent Owner (or foreclose the lien against the Lot), and interest, late payment charges, costs and reasonable attorneys' fees related to such action or foreclosure shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments by not using the Common Areas, or such Owner's Boatslip, if applicable, or by abandoning such Owner's Lot or Boatslip.

Section 7.3. Subordination of the Lien to Mortgages. The lien of the Assessments provided for in Articles V, VI, and VI-A of this Declaration shall be subordinate to the lien of any first Mortgage on a Lot. Sale or transfer of any Lot shall not affect the Assessment lien. The sale or transfer of any Lot pursuant to a foreclosure under any first Mortgage on a Lot, or any proceeding in lieu thereof, however, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer; provided, however, that the Board may in its sole discretion determine such unpaid Assessments to be collectable pro rata from all Owners (or from Boatslip Lot Owners if Boatslip, Special Boatslip or Supplemental Boatslip Assessments) (or from all Lot Owners if Septic System or Supplemental Septic System Assessments), including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners (or Boatslip Lot Owners if Boatslip, Special Boatslip or Supplemental Boatslip Assessments) (or from all Lot Owners if Septic System or Supplemental Septic System Assessments), notwithstanding the fact that such pro rata portions may cause the Annual Assessment, Boatslip Assessment or Septic System Assessment to exceed the Maximum Annual Assessment, Maximum Boatslip Assessment or Maximum Septic System Assessment permitted under this Declaration. No sale or transfer shall relieve the purchaser of such Lot from liability for any Assessments thereafter becoming due or from the lien thereof, but the lien shall continue to be subordinate to the lien of any first Mortgage on a Lot.

ARTICLE VIII

RESTRICTIONS

Section 8.1. Residential Restrictions. Each Lot shall be used exclusively for single-family, non-transient residential purposes; provided, however, Declarant shall have the right to use the Lots designated from time to time by Declarant for the purpose of construction and operation of construction offices and sales/marketing offices (and for related uses) for the Development until the Turnover Date. No trade, business or business activity of any kind shall be conducted upon a Lot or any part thereof except (a) by Declarant as described in this Section 8.1; (b) with the written approval of the Board; or (c) a home office or home based business or business activity, so long as such business does not otherwise violate the provisions of this Declaration, does not create a disturbance and does not unduly increase traffic flow or parking congestion on the Property or in the Development. The Board may also issue reasonable rules regarding permitted business activities, from time to time. Leasing of a Dwelling on a Lot shall not be considered a business or business activity.

Except for construction offices or sales marketing offices by Declarant, no structure shall be erected, placed, altered, used or permitted to remain on any Lot other than one detached single-family private Dwelling and one private garage (either attached or detached from the

Dwelling) for not less than two (2) vehicles and only such other accessory structures which receive the prior written approval of the Architectural Control Committee pursuant to the Guidelines. No Lot and no Improvements may be used for hotel or other transient residential purposes. Each lease of a Dwelling shall be for a term of at least six (6) months, must be in writing, and must provide that the tenant is obligated to observe and perform all of the terms and provisions of this Declaration applicable to such Dwelling.

Subject to the requirements of this Declaration and the Guidelines, fixed piers and floating boat dock facilities incidental to the residential use of Waterfront Lots are allowed only within the Pier Zone of Waterfront Lots upon the condition that they are not rented, leased or otherwise used for remuneration. Furthermore, no boat (including a houseboat), whether existing on a Lot, docked at a pier or a floating boat dock appurtenant to any Waterfront Lot in the Development, may at any time be used as a residence.

Section 8.2. Dwelling Size. The square footage requirements set forth below are for enclosed heated floor area and are exclusive of the areas in heated or unheated basements, vaulted ceiling areas and attics, unheated porches of any type, attached or detached garages, porte cocheres and unheated storage areas, decks and patios.

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

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

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

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

Section 8.3. HVAC Equipment. No air conditioning or heating equipment or apparatus shall be installed on the ground in front of, or attached to any front wall of, any Dwelling on a Lot. Additionally, air conditioning and heating equipment and apparatus shall be

screened from view from streets by landscape improvements, as more particularly provided in the Guidelines.

Section 8.4. Exterior Lighting. Exterior lighting on Lots shall be subject to the applicable requirements and limitations in the Guidelines. Night lighting of recreational facilities on Lots is not permitted.

Section 8.5. Fences and Walls. No fence or wall (regardless of the materials) shall be erected on a Lot unless otherwise approved in advance in writing by the Architectural Control Committee. No fence may be erected nearer the front lot line of the Lot than the front face of the Dwelling located on such Lot. In the case of a corner Lot, no sideyard fence shall be located nearer than the side face of the Dwelling located on such Lot. No wooden fences, or brick or stone walls, greater than six (6) feet in height are permitted. Chain link or other metal fencing is not permitted. Perimeter fencing shall not have more than fifty percent (50%) of any of its surface closed as viewed from a point on a line of sight perpendicular to the line of the fence (“Openness Test”). A wall constructed of brick or stone and used in lieu of a fence is exempt from the Openness Test. All fences and walls shall be erected in accordance with the provisions of the Guidelines. The restrictions described herein shall not apply to any Improvements originally installed by Declarant on any Common Area.

Section 8.6. Signs. No signs of any kind may be displayed to the public view on any Common Area, other than the Entrance Monument. No sign of any kind shall be displayed to the public view on any Lot with the following exceptions which may not exceed five (5) square feet in size: (a) one sign (per each Lot) advertising the property for sale; (b) one sign on the Lot only used by a builder to advertise the Lot during the construction and sales period; and (c) temporary political signs. The Architectural Control Committee shall have the power, but not the obligation, to adopt and issue from time to time sign guidelines, as part of the Guidelines, to assist the Architectural Control Committee in reviewing and approving proposed signs to be erected on the Property. Declarant shall have the right to erect and maintain signs and billboards, permanent or temporary, advertising the Property, or the Development.

Section 8.7. Temporary Structures; Structure Materials. No Dwellings or Improvements of a temporary nature shall be erected or allowed to remain on any Lot; provided, pursuant to the building of a Dwelling or Improvements on a Lot, a construction office trailer may be located on that particular Lot until completion of the Dwelling or Improvements. No metal, fiberglass, plastic or canvas tent, barn, carport, garage, utility building, storage building or other metal, fiberglass, plastic or canvas structure shall be erected on any Lot or attached to any residence. Prior to the Turnover Date Declarant may erect or move temporary buildings onto Lots owned by Declarant to be used for storage, or for construction or sales offices.

Section 8.8. Utilities. All utilities and utility connections shall be located underground, including electrical telephone and cable television lines. Transformers, electric, gas or other meters of any type, or other apparatus shall be located at the rear of the buildings constructed on Lots or, if approved by the Architectural Control Committee in writing, located elsewhere on the Lot; provided, however, they are adequately screened as required by the Architectural Control Committee in accordance with this Declaration.

Section 8.9. Erosion and Sediment Controls. Prior to any earth-disturbing activity, erosion and sediment control measures shall be implemented and undertaken by the Owner or Owner's builder in accordance with the applicable provisions of the Guidelines.

Section 8.10. Building Envelope. No building or other Improvement on any Lot (including any stoops or porches, patios, decks, terraces, etc.) shall be erected or permitted to remain outside of the building envelope for that particular Lot as established by the Architectural Control Committee (as to each Lot, the "Building Envelope"). The Building Envelope approved for any Lot will be available from the Architectural Control Committee on an unrecorded map. Provided, however, (i) docks, piers (including any gazebos proposed to be attached thereto) and boatslips are exempt from this Building Envelope restriction, provided they are approved by the Architectural Control Committee in accordance with the applicable provisions of the Guidelines; (ii) exterior steps at the front and rear of a Dwelling may project into the setback area established by the Building Envelope up to a distance of five (5) feet; and (iii) fireplace chimney structures projecting from the side of a Dwelling may encroach no more than eighteen (18) inches into the side yard setback established by the Building Envelope. The Architectural Control Committee shall have the right in its sole discretion to make exceptions to any Building Envelope to recognize any special topography, vegetation, Lot shape or dimension, or other site-related conditions. In the event any zoning or subdivision ordinance, floodway regulation or other ordinance, law or regulation applicable to a Lot shall prescribe greater setbacks, then all Improvements erected while such requirements are in effect shall comply with such requirements.

Section 8.11. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. During construction of Improvements on a Lot, all rubbish and debris shall be stored and disposed of in accordance with the rules and regulations set forth in the Guidelines.

Section 8.12. Combination or Subdivision of Lots. If the Owner of two or more adjacent Lots desires to combine them as one Lot, then such Lots shall (except in connection with the payment of Assessments and except as provided herein) be considered as one Lot for the purposes of this Article VIII upon the recordation in the Oconee County Registry, of an instrument by such Owner expressing such intent (the instrument shall refer specifically to this Section in this Declaration, identify the Lots to be considered as one Lot for purposes of this Article VIII, and a copy of such recorded instrument shall be promptly delivered by such Owner to the Architectural Control Committee). In each such case, Building Envelopes, setback lines, and easements reserved in this Declaration shall be adjusted accordingly by the Architectural Control Committee. No Lot shall be subdivided by sale, lease or otherwise without the prior written consent of Declarant. Provided, however, Declarant reserves the right to change the size, boundaries or dimensions of any Lot owned by Declarant for any reason.

Section 8.13. Restricted Activities in Common Areas. No cutting of vegetation, dumping, digging, filling, destruction or other waste shall be committed on the Common Areas. There shall be no obstruction of the Common Areas, nor shall anything be kept or stored in the Common Areas, nor shall anything be altered, or constructed or planted in, or removed from the Common Areas, without the prior written consent of Declarant and the Association. Each Owner shall be liable to the Association and/or Declarant for any damage to any Common Area caused

by the negligence or willful misconduct of the Owner or his family, tenants, guests, agents, employees, or invitees. Provided, however, the provisions in this paragraph shall not apply to Declarant in connection with Declarant's construction activities on the Property.

Section 8.14. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any Lot, other than in enclosed garages.

Section 8.15. Rules and Regulations of the Board. All Owners of any Lot shall abide by all Rules and Regulations adopted by the Board from time to time. The Board shall have the power to enforce compliance with the Rules and Regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said Rules and Regulations shall be liable to the Association and/or Declarant for all damages and costs, including attorneys' fees.

Section 8.16. Entrance Monument Easement. Declarant hereby reserves a non-exclusive perpetual easement for the purpose of landscaping and maintaining the entryway and erecting and maintaining the Entrance Monument for the Subdivision. An easement is hereby reserved by Declarant for itself, its successors in interest and assigns, and granted to the Association over portions of the Subdivision identified as "Entrance Monument Easement," "Entrance Monument Area" or other similar term on the Map (the "Easement Tract").

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

Section 8.17. Parking.

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

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

(c) The Owner of each Lot will be responsible for providing on such Owner's Lot a sufficient paved parking area for all vehicles normally parked on such Lot.

(d) No recreational vehicles or related equipment, including any boat, houseboat, trailer, motor home or "camper" vehicle may be maintained, stored or kept on any portion of the Property, except in enclosed garages or in an enclosure specifically approved for such maintenance or storage by the Architectural Control Committee.

(e) No construction office trailers may be placed, erected or allowed to remain on any Lot after completion of building or Improvement on that particular Lot, except as approved in writing by the Architectural Control Committee. Provided, however, Declarant may erect or move temporary buildings onto Lots owned by Declarant to be used as construction or sales offices. Other construction vehicles (trucks, vans, cars, construction equipment, equipment trailers, etc.) may be left overnight on the Property (including any Lot or Roadway) only in accordance with such rules established by the Architectural Control Committee.

Section 8.18. Nuisances. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her property. No Lot shall be used, in whole or in part, for the deposit, storage or burial of any property or thing that will cause such property to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within any Lot, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Development. There shall not be maintained on any Lot any plants or animals or device or thing of any sort whose activity or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Development. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot unless required by law.

Section 8.19. Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed Dwelling or other Improvements shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. All construction must be completed within one (1) year after the date upon which it commenced, unless a longer time is approved by the Architectural Control Committee. Any damage to the Roadways, curbs or sidewalks or any part of any Common Area or any utility system caused by an Owner or Owner's builder or such builder's contractors or subcontractors shall be repaired by such responsible Owner. Any builder of Improvements (and such builder's contractors and subcontractors) on any portion of the Property shall keep such portion of the Property free of unsightly construction debris, in accordance with the construction rules established by the Architectural Control Committee, and shall similarly keep contiguous public and private areas free from any dirt, mud, garbage, trash, or other debris which is occasioned by construction of

Improvements. The Board may levy a Special Individual Assessment against an Owner's Lot to pay for the cost of repairing any damage to Roadways, curbs or sidewalks or any part of any Roadway, Common Area or utility system, to pay for the cost of cleaning public and private areas, including the Roadways, and to pay for the cost of the removal of garbage, trash or other debris, which are occasioned by the activities of an Owner or Owner's builder or such builder's contractors or subcontractors during the construction of Improvements. Declarant, and each Owner, shall be responsible for erosion control protection during any earth-disturbing operation, as described and defined in the "Erosion Control Practices" on Exhibit C.

Section 8.20. Public Water System; No Wells. Declarant shall cause to be constructed a water system in order to provide water supplies necessary to serve the Subdivision (the "Water System"). All water mains, pipes and other equipment necessary for the operation and maintenance of the Water System shall be located within the utility easements described in this Declaration, or within the Roadway rights-of-way. Upon its completion of the Water System and all mains, pipes and equipment and other personal property which is part thereof, Declarant or the Association shall use reasonable good faith efforts to dedicate the Water System to Seneca Light and Water or other governmental authority. All Owners are required to connect into the Water System for domestic water service. The Water System shall be the sole provider of water supply to the Subdivision, and no well may be dug or constructed on any Lot for the purpose of providing domestic water supply.

Section 8.21. Marine Toilets. No water craft equipped with a marine toilet having a fixed or portable holding tank, or a through hull or overboard discharge toilet, shall be permitted at any Waterfront Lot Owners' docks or piers, unless otherwise approved by Declarant or Architectural Control Committee. No water craft equipped with a marine toilet having a fixed or portable holding tank, or a through hull or overboard discharge toilet, shall be permitted at the Piers or Boatslips shown on the Map.

Section 8.22. Docks and Piers. Only the Owner of a Waterfront Lot may construct one (1) pier within the area designated as "Pier Zone" on the Map or in any Supplemental Declaration or other document which may be filed pursuant to the provisions of this Declaration adjacent to Waterfront Lot (in accordance with the applicable provisions of the Guidelines), provided that such Lot is not located in an area where the narrowness of a cove precludes construction of a dock or pier as determined by Duke and/or any governmental entity having jurisdiction at the time such Improvements are to be constructed.

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

- (a) easements, restrictions, rules and regulations for construction and use promulgated by the Association;
- (b) all laws, statutes, ordinances and regulations of all Federal, State and local governmental bodies having jurisdiction thereon, including without limitation, FERC; and

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

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

Section 8.23. Boat Ramps. No boat ramps of any kind shall be permitted on any Lot, no vehicles (including, without limitation, construction vehicles) shall be allowed in the Lake Buffer Area, and no boat shall be placed in (or removed from) the waters of the Lake from any Lot, provided, however, small watercraft such as canoes, dinghies, kayaks and jet skis may be launched from any Lot if launched without a ramp and without the use of a vehicle.

Section 8.24. Mail and Newspaper Boxes. All mail and newspaper boxes shall be constructed or installed on any Lot in accordance with the applicable provisions of the Guidelines.

Section 8.25. Animals. No animals, livestock or poultry shall be raised, bred or kept on any portion of the Property, except that dogs, cats or other household pets may be kept, but not for any commercial purposes, provided that they do not create a nuisance (in the judgment of the Board) such as, but without limitation, by noise, odor, damage or destruction of property or refuse. The number of household pets kept or maintained outside the Dwelling on a Lot shall not exceed three (3) in number, except for newborn offspring of such household pets which are all under (9) months in age. Dogs shall at all times whenever they are outside of a Dwelling be on a leash or otherwise confined in a manner acceptable to the Board. Animal control authorities shall be permitted to enter the Development and the Property to patrol and remove pets and wild animals. All pets shall be registered, licensed and inoculated as required by law. No fenced dog enclosure or other structure for pets may be constructed or maintained on any Lot unless approved in writing by the Architectural Control Committee.

Section 8.26. Governmental Requirements; Lake Buffer Guidelines. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction of Improvements on and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to the Lots. Each Owner shall comply with all laws, regulations, ordinances (including, without limitation, applicable zoning ordinances) and other governmental rules and restrictions in regard to the Lot(s) or other portion of the Property owned by such Owner. Furthermore, each Owner shall comply with the conditions, limitations and restrictions set forth in the Lake Buffer Guidelines.

Section 8.27. Sewage Disposal. Every Lot shall be served by a private Septic System for the disposal of sewage. Declarant makes no representations regarding the future availability of municipal sewer service. All Septic Systems shall be approved by, and constructed and maintained in accordance with all the regulations and requirements of the South Carolina Department of Health and Environmental Control and other governmental authorities and regulatory agencies having jurisdiction. All Owners, by purchasing Property subject to this Declaration, acknowledge that any governmental permit or approval allowing for the construction and operation of a Septic System may be limited in duration in accordance with the terms thereof, and neither Declarant, nor the Association, nor the Architectural Control Committee, nor the officers, directors, members, employees, agents or affiliates or any of them, shall have any liability arising directly or indirectly out of the inability of an Owner to obtain any such permit or approval (including an extension or continuation) following the initial expiration thereof.

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

Section 8.28. Maintenance of the Private Roads. The Private Roads shall be maintained and periodically repaired, as needed, by the Owners of the Private Road Lots in each Private Road Lot Group. The Private Road Lot Owners in each Private Road Lot Group shall meet, from time to time, to agree upon service work to be performed on the Private Roads. Any Private Road Lot Owner in a Private Road Lot Group may call a meeting by mailing written notice to the Dwelling of each Private Road Lot Owner in the Private Road Lot Group at least thirty (30) days prior to the meeting which notice specifies that a vote may be taken regarding maintenance and repair of each of the Private Roads. Failure to notify each Private Road Lot Owner in the Private Road Lot Group of the meeting in the manner prescribed above shall invalidate any vote taken at such meeting unless all Private Road Lot Owners attended the meeting in person or by proxy. A validly called meeting may be conducted by telephone, video conferencing, electronic mail or other convenient method as provided in the Bylaws and approved by the Board, from time to time. There shall be one vote appurtenant to each Private Road Lot owned and any repair or maintenance of the Private Roads which is approved by a majority of the votes cast, in person or by proxy, at a validly called meeting shall be considered "Approved Maintenance." The cost of all Approved Maintenance shall be divided equally among the Private Road Lot Owners in proportion to the number of Lots which each of the Private Road Lot Owners own in the Private Road Lot Group and shall be enforceable by the Association as a Private Road Assessment.

Each Private Road Lot Owner shall be obligated for its share of the cost of all Approved Maintenance, the payment of which is enforceable by any Private Road Lot Owner within the applicable Private Road Lot Group. A lien is hereby established on the Private Road Lots for the purpose of enforcing the obligations of any Private Road Lot Owner who fails to pay that Private Road Lot Owner's share of the cost of the Approved Maintenance of such Private Road(s) as a Private Road Assessment. If a Private Road Lot Owner fails to pay the Private Road Assessment, the defaulting Private Road Lot Owner shall pay interest accruing thereon at the lower of: (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by law. Additionally, if any Private Road Lot Owner is required to employ an attorney to collect the obligations hereunder from a defaulting Private Road Lot Owner or enforce the lien hereunder against a defaulting Private Road Lot Owner, such Private Road Lot Owner shall be reimbursed by the defaulting Private Road Lot Owner for all reasonable attorneys' fees and court costs incurred with respect thereto.

The Association hereby reserves the right and easement, but not the obligation, to go upon any portion of the Private Roads at any time in order to repair and maintain such Private Roads where needed, in the Association's sole discretion, to bring such Private Roads within the standards set forth in Section 4.6. If the Association goes upon the Private Roads to perform maintenance and repairs for such purpose, each Private Road Lot Owner within the applicable Private Road Lot Group shall be subject to a Special Individual Assessment, as set forth in Section 5.6 for all related costs of such maintenance and repairs incurred by the Association.

Except as otherwise expressly set forth herein, the Private Roads in a Private Road Lot Group may only be used by Owners of Private Road Lots, in the Private Road Lot Group, their families, guests or invitees.

Section 8.29. Maintenance of Joint Pier Improvements. All Joint Pier Improvements shall be maintained and periodically repaired, as needed, by the appropriate Joint Pier Lot Owners. The Joint Pier Lot Owners shall periodically meet to agree upon any necessary repair or service work to be performed on the Joint Pier Improvements in their respective Joint Pier Zone. In the event that the Joint Pier Lot Owners disagree on the maintenance or repairs to be performed to the Joint Pier Improvements, any Joint Pier Lot Owner may petition the Board of the Association to resolve the dispute, and all applicable Joint Pier Lot Owners agree to be bound by the Board's decision. Each Joint Pier Lot Owner shall be obligated for its respective share of the cost of repair and/or maintenance, as determined by the Board's decision. A lien is hereby established on the Joint Pier Lots for the purpose of enforcing the obligations of any Joint Pier Lot Owner who fails or refuses to pay that Joint Pier Lot Owner's share of the cost of repair and/or maintenance, as determined by the Board's decision. If any Joint Pier Lot Owner fails to pay his/her share of the costs of such approved maintenance and/or repair, the defaulting Joint Pier Lot Owner shall pay interest accruing thereon at the lower of: (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by law. In addition, if any Joint Pier Lot Owner is required to employ an attorney to collect the obligations from a defaulting Joint Pier Lot Owner or enforce the lien against the Joint Pier Lot of the defaulting Joint Pier Lot Owner, as established by this provision, such Joint Pier Lot Owner shall be reimbursed by the defaulting Joint Pier Lot Owner(s) for all reasonable attorneys' fees and court costs incurred with respect thereto.

Except as otherwise expressly set forth herein, only the applicable Joint Pier Lot Owners, their families, guests or invitees may use the Joint Pier Lot Improvements. The Joint Pier Lot Owners shall each maintain casualty and liability insurance with respect to the applicable Joint Pier Improvements, in amounts at least equal to the replacement cost of the Joint Pier Improvements. The amount of liability coverage shall be such amount as reasonable and customary for similar facilities. Upon the request of any Joint Pier Lot Owner, the other Joint Pier Lot Owner(s) shall furnish evidence of such coverage; provided, however, at their option, any such insurance may be maintained by the Joint Pier Lot Owners as a single policy, with the cost thereof to be shared equally.

Section 8.30. Maintenance of the Water Access Parking Area. The Water Access Parking Area shall be maintained and periodically repaired, as needed, by the Owners of the Water Access Lots. The Water Access Lot Owners shall meet, from time to time, to agree upon service work to be performed on the Water Access Parking Area. Any Water Access Lot Owner may call a meeting by mailing written notice to each Water Access Lot Owner's Dwelling at least thirty (30) days prior to the meeting which notice specifies that a vote may be taken regarding maintenance and repair of the Water Access Parking Area. Failure to notify every Water Access Lot Owner of the meeting in the manner prescribed above shall invalidate any vote taken at such meeting unless all Water Access Lot Owners attended the meeting in person or by proxy. A validly called meeting may be conducted by telephone, video conferencing, electronic mail or other convenient method, as provided in the Bylaws and approved by the Board, from time to time. There shall be one vote appurtenant to each Water Access Lot owned and any repair or maintenance of the Water Access Parking Area which is approved by a majority of the votes cast, in person or by proxy, at a validly called meeting shall be considered "Approved Maintenance." The cost of all Approved Maintenance shall be divided equally among the Water Access Lot Owners in proportion to the number of Lots which each of the Water Access Lot Owners own.

Each Water Access Lot Owner shall be obligated for its share of the cost of all Approved Maintenance, the payment of which is enforceable by any Water Access Lot Owner. A lien is hereby established on the Water Access Lots for the purpose of enforcing the obligations of any Water Access Lot Owner who fails to pay that Water Access Lot Owner's share of the cost of the Approved Maintenance of the Water Access Parking Area. If a Water Access Lot Owner fails to pay his or her share of the costs of the Approved Maintenance, the defaulting Water Access Lot Owner shall pay interest accruing thereon at the lower of: (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by law. In addition, if any Water Access Lot Owner is required to employ an attorney to collect the obligations hereunder from a defaulting Water Access Lot Owner or enforce the lien hereunder against the Water Access Lot of a defaulting Water Access Lot Owner, such Water Access Lot Owner shall be reimbursed by the defaulting Water Access Lot Owner for all reasonable attorneys' fees and court costs incurred with respect thereto.

The Association hereby reserves the right and easement, but not the obligation, to go upon any portion of the Water Access Lots at any time in order to repair and maintain the Water Access Parking Area where needed, in the Association's sole discretion, to bring the Water Access Parking Area within the standards set forth in Section 4.6(b). If the Association goes upon the Water Access Parking Area to perform maintenance and repairs for such purpose,

each Water Access Lot Owner shall be subject to a Special Individual Assessment as set forth in Section 5.6 for all related costs of such maintenance and repairs incurred by the Association.

Except as otherwise expressly set forth herein, the Water Access Parking Area may only be used by Owners of Water Access Lots, their families, guests or invitees.

Section 8.31. Removal of Vegetation. No vegetation or landscaping may be removed down to the bare ground within the Lake Buffer Area or any other place on a Lot, except as specifically approved in writing by the Architectural Control Committee.

ARTICLE IX

ARCHITECTURAL, LANDSCAPE AND LAKE BUFFER GUIDELINES

Section 9.1. General. No Improvements, including, without limitation, any type of site preparation or land disturbing activity on any Lot, or erection of Dwellings, buildings or exterior additions or alterations to any Dwelling or building situated upon the Property, or any landscaping, heavy underbrushing, or tree removal on any Lot or in the Lake Buffer Area, shall be commenced, erected or maintained on any portion of the Property, subject to the provisions of Section 9.7, until: (a) the Architectural Control Committee has approved the plans and specifications therefor and the location of such Improvements and has given its written approval for commencement of construction, in accordance with the terms and requirements in the Guidelines; and (b) the fees set forth in the Guidelines or contemplated in this Article IX have been paid. The provisions of this Article IX shall not apply to the construction of any Improvements commenced, erected or maintained by Declarant on any Lot or upon any of the Common Areas. The Board may delegate to the Architectural Control Committee any powers or authority reserved or granted to the Board under this Article IX.

Section 9.2. Composition of Architectural Control Committee. So long as Declarant owns any Lot or other portion of the Property, the members of the Architectural Control Committee shall be appointed by Declarant. When Declarant no longer owns any Lot or other portion of the Property or at an earlier date if Declarant releases its right to appoint the members of the Architectural Control Committee, the Board shall have the authority to appoint the members of the Architectural Control Committee on an annual basis. The Architectural Control Committee will be composed of at least three (3) and not more than seven (7) individuals, the exact number of members of the Architectural Control Committee to be designated from time to time by the party then having the authority to appoint such members (Declarant or the Board, as the case may be). The members of the Architectural Control Committee need not be Owners of Property in the Development. In the event of the death or resignation of any member of the Architectural Control Committee, the party then having the authority to appoint members to the Architectural Control Committee shall have full authority to designate and appoint a successor. Members of the Architectural Control Committee may be removed and replaced at any time, with or without cause, and without prior notice, by the party then having the authority to appoint such members. The Architectural Control Committee shall have the right, power and authority to employ and/or use the services of any architects, engineers or other professionals as it deems necessary or advisable, in its sole discretion, to carry out the duties and obligations of the Architectural Control Committee as described in this Article IX.

Section 9.3. Architectural, Landscape and Lake Buffer Guidelines.

(a) The Architectural Control Committee shall, from time to time, publish and promulgate Architectural, Landscape and Lake Buffer Guidelines (the “Guidelines”). The Guidelines shall be explanatory and illustrative of the general intent of the development of the Property and are intended as a guide to assist the Architectural Control Committee in reviewing plans and specifications for Improvements. The Guidelines shall also set out, among other things, the procedures for submission, review and approval of plans and specifications (for the construction of Improvements) to the Architectural Control Committee and the fees to be imposed by the Architectural Control Committee, as more specifically described in Section 9.8. The Guidelines may be revised and amended at any time by the Architectural Control Committee, with Board approval, and shall not constitute, in every event, the basis for approval or disapproval of plans, specifications and other materials (for the construction of Improvements) submitted to the Architectural Control Committee for approval.

(b) The Guidelines shall also be explanatory and illustrative of the general intent of the landscape development of the Property and are intended as a guide to assist the Architectural Control Committee in reviewing plans and specifications for landscape Improvements. In addition, the Guidelines shall establish approved standards, methods and procedures for landscaping, landscape management and landscape maintenance in the Property, including the removal of trees and allowed activities within the Lake Buffer Areas. Such authorized standards, methods and procedures shall be utilized by Owners and their contractors and subcontractors, and the approval by the Architectural Control Committee of any landscaping plan or other landscaping improvement in connection with landscaping on a Lot or other portion of the Property shall be based upon the conformity of such plan or improvement with the Guidelines.

(c) The Architectural Control Committee is also hereby authorized to publish and promulgate from time to time, and revise and amend at any time in its sole discretion, construction rules to be followed by all Owners and builders performing work or constructing or installing Improvements (including landscape Improvements) on the Property.

(d) Upon approval of the Board, the Architectural Control Committee may issue and amend the Guidelines from time to time. The Architectural Control Committee and the Board may work together to jointly develop a process for appealing Architectural Control Committee review decisions by creating, through a separate agreement, a fair and reasonable mechanism for resolving disputes.

Section 9.4. Definition of “Improvements”. The term “Improvement” or “Improvements” shall mean and include any and all man-made changes or additions to a Lot, including, but not limited to, the location, materials, size and design of all buildings (including any exterior devices attached to or separate from buildings, such as heating and air conditioning equipment, solar heating devices, antennae, satellite dishes, etc.); pools, courts (basketball, tennis, volleyball, handball, racquetball, croquet, bocce, badminton, and any other type of court or playing field), play yards and playground facilities; piers, docks and boatslips; roofed

structures; parking areas; fences; statuary and fountains; pet “runs,” lines and similar tethers or enclosures; landscaping (including cutting trees); hedges; mass plantings; irrigation equipment, apparatus and systems; driveways; signs; site preparation; changes in grade or slope; exterior illumination; and changes in any exterior color or shape. The definition of Improvements includes both original Improvements and all later changes to Improvements. The definition of Improvements, however, does not include the replacement or repair of Improvements previously approved by the Architectural Control Committee, provided such replacement or repair does not change exterior colors, materials, designs or appearances from those previously approved by the Architectural Control Committee.

Section 9.5. Enforcement.

(a) Declarant intends that the architectural control provisions of this Declaration shall permit control of the architectural design and landscaping, establish quality standards for construction and construction activity in the Development, and help preserve values of properties in the Development. All Owners, by purchasing property subject to this Declaration, acknowledge that a violation of any such provisions could result in irreparable harm and damage to other Owners of property in the Development and to Declarant, and to the values of their respective properties in the Development, a monetary measure of which harm and damage would be difficult to establish. Accordingly, the Association shall have the specific right (but not the obligation) to enforce and/or to prevent any violation of the provisions contained in this Article IX by a proceeding at law or in equity against the Person or Persons violating or attempting to violate any such provisions. Declarant hereby specifically reserves and grants unto the Architectural Control Committee, the Board and any agent or member thereof, the right of entry and inspection upon any portion of the Property for the purpose of determination by the Architectural Control Committee or the Board whether there exists any construction of any Improvement which violates the terms of any approval by the Architectural Control Committee, the terms of the Guidelines, the terms of this Declaration or any Additional Declaration, or the terms of any amendments hereto or thereto.

(b) As to nonconforming or unapproved Improvements, the Association may require any Owner to restore such Owner’s Improvements to the condition existing prior to the construction thereof (including, without limitation, the demolition and removal of any unapproved improvements) if such Improvements were commenced or constructed in violation of this Article. In addition, the Association may, but has no obligation to, cause such restoration, demolition and removal to be performed and to levy the amount of the cost thereof as a Special Individual Assessment against the Lot or portion of the Property upon which such improvements were commenced or constructed. In the event that it becomes necessary to resort to litigation to determine the propriety of any constructed Improvement to remove any unapproved Improvement or otherwise to remedy a violation of the Guidelines, the Association shall be entitled to recover court costs, attorneys’ fees and expenses incurred by the Association and/or the Architectural Control Committee in connection therewith, which costs, fees and expenses may be levied as a Special Individual Assessment against the Lot or other portion of the Property upon which such Improvement was commenced or constructed.

Section 9.6. Failure of the Architectural Control Committee to Act. All submittals to the Architectural Control Committee shall be full and complete, shall be accompanied by the required fees, and shall comply with this Declaration and the Guidelines (“Complete Submittal”). If the Architectural Control Committee fails to approve or disapprove any Complete Submittal within thirty (30) business days after receipt, the party that made the Complete Submittal may give the Architectural Control Committee ten (10) days written notice to act upon such Complete Submittal. If the Architectural Control Committee fails to act within such ten (10) day period, the Complete Submittal shall be deemed to be approved. If the plans and specifications submitted do not constitute a Complete Submittal, the Architectural Control Committee may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject or approve the balance. The Architectural Control Committee may request the submission of samples of proposed construction materials.

Section 9.7. Variances. Upon submission of a written request for a variance, the Architectural Control Committee may, from time to time, in its sole discretion, permit Owners to construct, erect or install Improvements which are at variance with restrictions, requirements or provisions of this Declaration. In any case, however, such variances shall conform and blend effectively with the general architectural style and design of the community and shall not materially change the scheme of restrictions established by this Declaration. Written requests for variances shall be deemed to be disapproved in the event the Architectural Control Committee has not given written approval within thirty (30) business days of the submission of such request. No member of the Architectural Control Committee shall be liable to any Owner for any claims, causes of action, or damages arising out of the grant or denial of any variance to any Owner. Each request for a variance shall be separately reviewed on its own merits and the grant of a variance to any Owner shall not constitute a waiver of the Architectural Control Committee’s right to strictly enforce the covenants, restrictions and architectural standards provided under this Declaration against any other Owner.

Section 9.8. Fees and Construction Escrow Deposit Required by the Architectural Control Committee. The Guidelines require that each Person submitting plans and specifications for Improvements to the Architectural Control Committee pay one or more fees to the Architectural Control Committee or to Declarant as a condition to commencement of construction of such Improvements. Such fee(s), including the amount(s), payee and purpose(s) thereof shall be established by, and may be increased from time to time by, the Architectural Control Committee and shall be set forth in the Guidelines. The Architectural Control Committee, in its sole discretion, may require that each Lot Owner submitting plans and specifications for construction pay a construction escrow deposit to the Association to be held for the purposes set forth in the Guidelines.

Section 9.9. No Construction Without Payment of Fees. Plans and specifications for Improvements to be constructed on a Lot or other portion of the Property shall not be deemed to be a Complete Submittal unless and until any and all fees required by the Guidelines, have been paid to the Architectural Control Committee or Declarant.

Section 9.10. Notices and Submittals. Notices and submittals to the Architectural Control Committee shall be in accordance with the notice provisions set forth from time to time in the Guidelines.

Section 9.11. Separate Committee for Changes to Existing Improvements. The Board shall have the right, power and authority, in its sole discretion, to appoint a separate committee and to review plans and specifications for any and all renovations, changes and additions to existing Improvements located on a Lot or other portion of the Property (the “Architectural Changes Committee”). If the Board appoints an Architectural Changes Committee, then the Architectural Control Committee shall relinquish to the Architectural Changes Committee its authority to review plans and specifications for any such changes to existing Improvements, and the Architectural Changes Committee shall be solely responsible for their review and approval. The composition of the Architectural Changes Committee shall be determined by the Board in its sole discretion and the procedure for submission, review and approval of plans and specifications to and by the Architectural Changes Committee shall be set forth in the Guidelines. The Board shall not be required to appoint an Architectural Changes Committee, and until an Architectural Changes Committee is appointed, the Architectural Control Committee shall be responsible for reviewing and approving or disapproving all plans and specifications for renovations, changes and additions to existing Improvements in accordance with the provisions of this Article IX and the Guidelines.

Section 9.12. Limitation of Liability. No member of the Architectural Control Committee or the Architectural Changes Committee shall be liable for claims, causes of action or damages (except where caused by willful misconduct of such member) arising out of services performed pursuant to this Article IX. Neither the Architectural Control Committee, nor the Architectural Changes Committee (if applicable), nor the members thereof, nor the Association, nor Declarant, nor any officers, directors, members, employees, agents or affiliates of any of them, shall be liable for damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of, or the failure to approve or disapprove of, any plans and specifications. The approval of plans and specifications by the Architectural Control Committee or the Architectural Changes Committee (if applicable) shall not be deemed or construed as a representation or warranty of the Architectural Control Committee or the Architectural Changes Committee (as the case may be), Declarant, or any officer, director, member, employee, agent or affiliate of any of them: (i) that Improvements constructed in accordance with such plans and specifications will comply with applicable zoning ordinances, building codes, or other governmental or quasi-governmental laws, ordinances, rules and regulations or (ii) as to the structural soundness, quality, durability, suitability, fitness or proper functioning of Improvements constructed in accordance with such plans and specifications. Every person who submits plans and specifications, and every Owner, agrees that such Owner will not bring any action or suit against Declarant, the Association, any Association, the Architectural Control Committee, the Architectural Changes Committee (if applicable), the Board, or the officers, directors, members, employees, agents or affiliates of any of them, to recover any such damages and hereby releases, demises, and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given. Declarant shall be the sole party responsible for the performance of Declarant’s obligations under this Declaration, and no other person, firm or entity, including, without limitation, any entity affiliated with Declarant, shall have any obligation or liability for Declarant’s obligations under this Declaration.

Section 9.13. Miscellaneous. Members of the Architectural Control Committee and, if applicable, the Architectural Changes Committee, in the sole discretion of the party appointing such members (i.e., either Declarant or the Board, as the case may be) may be compensated for their services. The Association shall reimburse members of the Architectural Control Committee and the Architectural Changes Committee (if applicable) for reasonable out-of-pocket expenses associated with their activities hereunder. All costs, expenses and attorneys' fees of the Architectural Control Committee and the Architectural Changes Committee (if applicable), including those incurred in connection with the exercise of their enforcement or other powers as provided herein, shall be borne by the Association; provided, however, nothing herein shall be deemed to negate the Association's right to an award of court costs, attorneys' fees and expenses in accordance with Section 9.5.

ARTICLE X

INSURANCE

Section 10.1. Board of Directors. The Board shall obtain and maintain at all times insurance of the type and kind and in no less than the amounts set forth below:

(a) Fire. All Improvements and all fixtures included in the Common Area, including, but not limited to, the Entrance Monument(s), Piers, Lake Access Areas, Amenity Area, Boatslips, Boat Storage Area and Roadways (prior to acceptance by governmental authorities for maintenance), and all personal property and supplies belonging to the Association, shall be insured in an amount equal to 100% of the current replacement cost up to the amount specified in the insurance policy (exclusive of land, foundation, excavation and other normally excluded items). The Board shall make an annual determination of the amount and type of coverage with the assistance of the insurance agent or company providing coverage. The Board shall, at least annually, review the insurance coverage and determine 100% of the current replacement cost of such improvements and fixtures and personal property and supplies. Such coverage shall provide protection against loss or damage by fire, windstorm, vandalism and malicious damage and all perils covered by a standard "all risk" insurance policy. All such policies shall provide that adjustment of loss shall be approved by the Board and the insurance company. In addition to the provisions and endorsements set forth in this Article, the fire and casualty insurance described herein shall contain the following provisions:

(i) a waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Owners and their employees, agents, tenants and invitees; and

(ii) a provision that the coverage will not be prejudiced by act or neglect of one or more Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

The property and public liability insurance policy shall not contain (and the insurance shall not be placed with companies whose charters or bylaws contain) provisions whereby: (1) contributions or assessments may be made against Declarant, the Association, the Owners or the Mortgagees; (2) loss payments are contingent upon action by the carriers, directors, policy holders or members; and (3) there are limiting clauses (other than insurance conditions) which could prevent Owners or Mortgagees from collecting the proceeds.

(b) Public Liability. The Board shall also be required to obtain and maintain to the extent obtainable, public liability insurance in such limits as the Board may, from time to time, determine to be customary for projects similar in construction, location and use to the Development, covering each member of the Board, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$2,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to property, including loss of use thereof occurring upon, in or about, or arising from or relating to, the Property or any portion thereof. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. The Board shall review such limits annually.

(c) Fidelity Coverage. The Board shall also be required to obtain fidelity coverage against dishonest acts on the part of all persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association, in an amount determined by the Board in its discretion. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(d) Other. Such other insurance coverages, including flood insurance and worker's compensation, as the Board shall from time to time decide are desirable for the Association to maintain.

Section 10.2. Premium Expense. Premiums upon insurance policies purchased by the Board shall be charged as a common expense to be collected from the Owners pursuant to Articles V, VI and VI-A.

Section 10.3. Special Endorsement. The Board shall use diligent efforts to secure insurance policies that will provide for the following:

(a) recognition of any insurance trust agreement entered into by the Association;

(b) coverage that may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least forty-five (45) days prior written notice to the named insured, any insurance trustee and all Mortgagees; and

(c) coverage that cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board without prior demand in writing that the Board cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Owner or any Mortgagee.

Section 10.4. General Guidelines. All insurance policies purchased by the Board shall be with a company or companies licensed to do business in the State of South Carolina and holding a rating of “A-10” or better by the current issue of Best’s Insurance Reports. All insurance policies shall be written for the benefit of the Association and shall be issued in the name of and provide that all proceeds thereof shall be payable to, the Association. The Board shall name a Person on behalf of the Association, as the Association’s authorized representative, who shall have exclusive authority to negotiate losses under any policy providing such insurance.

Section 10.5. Owner’s Personal Property. The Association or Declarant shall not be liable in any manner for the safekeeping or conditions of any boat or other personal property belonging to or used by any Owner or his family, guests or invitees, located on or used at the Piers, Boatslips, Parking Area(s), Boat Storage Area or other Common Areas. Further, the Association or Declarant shall not be responsible or liable for any damage or loss to or of any boat, its tackle, gear, equipment or other property located thereon, or any other personal property of any Owner, his family, guests or invitees located on or used at the Piers, Boatslips, Parking Area(s), Boat Storage Area or other Common Areas. Each Owner shall be solely responsible for all such boats and other personal property and for any damage thereto or loss thereof, and shall be responsible for the purchase, at such Owner’s sole cost and expense, of any liability or other insurance for damage to or loss of such personal property. Every Lot Owner shall submit to the Association a Certificate of Insurance showing proof of boat liability insurance coverage at the time of initiating the use of the Boat Storage Area, Piers or Boatslips. By virtue of taking title to a Lot within the Development, each Owner acknowledges that neither the Association nor Declarant has any obligation to provide any insurance for any portion of such Owner’s Lot or any Dwelling or other property located thereon.

ARTICLE XI

RIGHTS OF MORTGAGEES

Section 11.1. Rights of Mortgagees. Any Mortgagee shall have the following rights:

(a) to be furnished at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year;

(b) to be given notice by the Association of the call of any meeting of the Association’s membership, and to designate a representative to attend such meetings.

(c) to be given prompt written notice of default under the Declaration, the Bylaws or any Rules and Regulations promulgated by the Association by any Owner owning a Lot encumbered by a Mortgage held by the Mortgagee, such notice to be sent to the principal office of such Mortgagee or the place which it may designate in writing;

(d) to be given prompt written notice of any casualty loss to the Common Areas, or loss by eminent domain or other taking of (i) the Common Areas, or (ii) any Lot encumbered by a Mortgage held by the Mortgagee;

(e) to be given prompt written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(f) to be given prompt written notice of any eminent domain or condemnation proceeding affecting the Property.

Whenever any Mortgagee desires the provisions of this Section to be applicable to it, it shall serve written notice of such fact upon the Association by certified mail, return receipt requested, addressed to the Association and sent to its address stated in the Bylaws. The notice shall identify the Lot or Lots upon which any such Mortgagee holds any Mortgage or identify any Lot owned by it, together with sufficient pertinent facts to identify any Mortgage which may be held by it and which notice shall designate the place to which notices are to be given by the Association to such Mortgagee.

Section 11.2. Books and Records. Any Mortgagee will have the right to examine the books and records of the Association during reasonable business hours.

Section 11.3. Payment of Taxes and Insurance Premiums. The Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against the Common Areas and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the Persons making such payments shall be owed immediate reimbursement from the Association.

ARTICLE XII

CONDEMNATION

Section 12.1. Partial Taking Without Direct Effect on Lots. If part of the Property shall be taken or condemned by any authority having the power of eminent domain, but no Lots are taken, all compensation and damages for and on account of the taking of the Common Areas, exclusive of compensation for consequential damages to certain affected Lots, shall be paid to the Board in trust for all Owners and their Mortgagees according to the loss or damages to their respective interests in such Common Areas; provided, however, that all compensation and damages for and on account of the taking of Piers or Boatslips shall be held in trust for all applicable Owners of Boatslip Lots and their Mortgagees according to the loss or damages to their respective interests in such Piers or Boatslips. The Association, acting through the Board, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Areas, without limitation on the right of the Owners to represent their own interests. Each Owner, by acceptance of a deed to a Lot, hereby appoints the Association as his attorney-in-fact to negotiate, litigate or settle on his behalf all claims arising from the condemnation of the Common Areas. Such proceeds shall be used to restore the Common Areas with the excess, if any, to be

retained by the Association and applied to future operating expenses by the Board, in its sole discretion. Nothing prevents Owners whose Lots are specifically affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Lots, or Improvements, fixtures or personal property thereon, exclusive of damages relating to the Common Areas. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Lots without such allocation, the award shall be divided between affected Owners and the Association, as their interests may appear, by the Board in its sole discretion.

Section 12.2. Partial or Total Taking Directly Affecting Lot. If part or all of the Property shall be taken or condemned by any authority having the power of eminent domain, such that any Lot or a part thereof (including specific easements assigned to any Lot) is taken, the Association shall have the right to act on behalf of the Owners with respect to Common Area as provided in Section 12.1 and the proceeds shall be payable as outlined therein. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Lots. All compensation and damages for and on account of the taking of any one or more of the Lots or Improvements, fixtures or personal property thereon, shall be paid to the Owners of the affected Lots and their Mortgagees, as their interests may appear. If all of the Property shall be taken such that the Association no longer has reason to exist and shall thereafter be dissolved and/or liquidated, all compensation and damages for and on account of the taking of the Common Areas shall be distributed with the other assets of the Association in accordance with the Articles of Incorporation.

Section 12.3. Notice to Mortgagees. A notice of any eminent domain or condemnation proceeding shall be sent to all Mortgagees who have served written notice upon the Association in accordance with Section 11.1.

ARTICLE XIII

EASEMENTS AND OTHER RIGHTS

Section 13.1. Declarant's Reserved Easements. Declarant, in addition to any other easements granted or reserved herein, hereby reserves unto itself, its successors and assigns, and grants to the Association and any other persons or entities hereinafter set forth, the following non-exclusive easements on, upon, over, across, through and under the Property. In addition, Declarant hereby reserves unto itself, its successors and assigns, the right, on behalf of itself and the Association, to grant additional easements on, upon, over, across, through and under the Common Areas and any portion of the Property owned by Declarant as deemed to be in the best interests of and proper for the Development including but not limited to, easements in favor of Declarant, the Association and any designees of the foregoing, the Owners, and all their family members, guests, invitees and lessees, and to various governmental and quasi-governmental authorities and agencies and private concerns for the purposes and uses hereinafter specified.

Section 13.2. Easements and Cross-Easements on Common Areas. Declarant, for itself, its designees and the Association, reserves the right to impose upon the Common Areas henceforth and from time to time such easements and cross-easements for ingress and egress,

installation, maintenance, construction and repair of utilities and facilities including, but not limited to, electric power, telephone, cable television, master antenna transmission, governmental and quasi-governmental purposes, sewer, septic systems, water, gas, drainage, irrigation, lake access and maintenance, storm water management, lighting, television transmission, garbage and waste removal, emergency services, and the like as it deems to be in the best interests of, and necessary and proper for, the Development or any portion thereof.

Section 13.3. Use of Common Areas. Subject to any limitation or restriction set forth in this Declaration, Declarant declares that the Common Areas are subject to a perpetual nonexclusive easement in favor of Declarant, the Association and their designees, the Owners and all their family members, guests, invitees and lessees, and appropriate governmental and quasi-governmental agencies to use the Common Areas for all proper and normal purposes including, but not limited to, ingress, egress and access for the furnishing of services and utilities and for such use of the facilities as the same are reasonably intended in accordance with the terms of this Declaration. If ingress or egress to any Lot or other portion of the Property is through any Common Area, any conveyance or encumbrance of such area is subject to this easement.

Section 13.4. Right-of-Way Over Roadways. Declarant hereby reserves, for the benefit of itself, its agents, employees, lessees, invitees, designees, successors and assigns, and grants to the Association, its agents, employees, lessees, invitees, designees, successors and assigns, and to each Owner of a Lot, their family members, guests, invitees, successors and assigns, and to all governmental and quasi-governmental agencies and service entities having jurisdiction over the Property while engaged in their respective functions, a perpetual non-exclusive easement, license, right and privilege of passage and use, both pedestrian and vehicular, over and across the Roadways for the purpose of providing access, ingress and egress to and from, through and between, the Property.

Section 13.5. Right of the Association and Declarant to Enter Upon the Common Area. Declarant hereby reserves for the benefit of itself, its successors in interest and assigns, and grants to the Association and all agents, employees or other designees of Declarant or the Association an easement for ingress, egress and access to enter upon or over the Common Areas for the purposes of inspecting any construction, proposed construction or Improvements or fulfilling the rights, duties and responsibilities of ownership, administration, maintenance and repair of Declarant or the Association, as appropriate. Such easement includes an easement in favor of the Association and Declarant to enter upon the Common Areas, now or hereafter created, to use, repair, maintain and replace the same for the purposes for which they are initially designated or for such purposes as they are hereafter redesignated or as Declarant otherwise determines them to be reasonably suited. Notwithstanding the foregoing, nothing contained herein shall be interpreted as imposing any obligation upon the Association or Declarant to maintain, repair, or construct Improvements which an Owner is required to maintain, construct or repair.

Section 13.6. Easement for Encroachment. Declarant hereby reserves, for the benefit of itself, its successors in interest and assigns, and grants to the Association, the Owners, their successors and assigns, easements for encroachments, to the extent necessary, in the event any portion of the Improvements located on any portion of the Property now or hereafter encroaches

upon any of the remaining portions of the Property as a result of minor inaccuracies in survey, construction or reconstruction, or due to settlement or movement. Any easement(s) for encroachment shall include an easement(s) for the maintenance and use of the encroaching Improvements in favor of Declarant, the Association, the Owners and all their designees.

Section 13.7. Utility and Drainage Easements. The Property shall be subject to all easements and rights-of-way for utilities and drainage shown on the Maps, including, but not limited to, those certain easements shown and designated on the Maps as:

- (a) “Utility and Drainage Easement;” and
- (b) “Public Storm Drainage Easement.”

Such easements are hereby reserved for the use of Declarant, its successors and assigns, and are hereby established for the use of the Association, its successors and assigns.

Additionally, Declarant hereby reserves, for the benefit of itself, its successors and assigns, and grants to the Association, its successors and assigns, a non-exclusive easement and right-of-way over, under and along the front and rear ten (10) feet of each Lot (with the exception of the Waterfront Lots, which will not have a ten (10) foot easement over the rear), and over, under and along seven and one half (7.5) feet in width along each side Lot line for the installation and maintenance of lines, conduits, pipes and other equipment necessary for furnishing electric power, gas, telephone service, cable service, water, irrigation, septic sewer and drainage facilities, storm drainage and/or other utilities.

Within the above-described easements, no Improvements, structures, plantings or other materials shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities or which may change the direction or flow of drainage channels in the easements. This reservation of easements shall not prohibit the construction of driveways, at locations approved by the Architectural Control Committee, over such easements.

Declarant hereby reserves the following permanent, non-exclusive easements: (a) a 20’ drainage easement over a portion of Lot 137; (b) a 15’ drainage easement over a portion of Lot 208, Lot 210, Lot 211 and Lot 212; (c) a 30’ drainage easement along the centerline between Lot 114 and Lot 115; (d) a 30’ drainage easement along the centerline between Lot 115 and Lot 116; (e) a 20’ drainage easement on the centerline between Lot 158 and Lot 159; (f) a 20’ drainage easement on Lot 160; (g) a 15’ drainage easement that affects Lot 238 and Lot 239; (h) a 30’ drainage easement that runs on the centerline between Lots 199, 200 and 204 and Lots 205 and 206; (i) a 15’ drainage easement that affects Lot 206 and Lot 207; (j) a 20’ easement for a walking path and pedestrian bridge that affects Lot 77; (k) a 20’ easement for a walking path that affects Lot 78; (l) a 20’ drainage easement that affects Lots 75, 76 and 77; (m) a 20’ drainage easement that affects Lots 79, 80, 81, 82 and 83; (n) a 20’ drainage easement that affects Lot 77; (o) a 15’ drainage easement that affects Lot 78; (p) a 40’ drainage easement that affects Lot 280; (q) a 15’ drainage easement across Lot 282; (r) a 20’ drainage easement that affects Lot 253 and Lot 255; (s) a 20’ drainage easement along the centerline between Lot 262 and 263; (t) a 20’ drainage easement that affects Lot 263; (u) a 30’ drainage easement along the centerline between Lot 268 and Lot 269; (v) a 30’ drainage easement that affects Lot 256; (w) a

20' drainage easement that affects Lot 265; (x) a 20' drainage easement along the centerline between Lot 264 and Lot 266; and (y) a 10' drainage easement the affects Lot 25, all as more particularly shown on the Maps. Declarant further reserves a 35' front setback on Lot 281, as more particularly shown on the Maps.

Section 13.8. Declarant's Right to Assign Easements; Maintenance of Easement Areas. Declarant shall have the right to assign and convey, in whole or in part, the easements it reserves in this Declaration. The above ground areas burdened by the easements and rights-of-way reserved by Declarant on each Lot or other portion of the Property pursuant hereto, including any Improvements in such areas, shall be maintained continuously by each Owner of such Lot or other portion of the Property. No structures, plantings or other material shall be placed or permitted to remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. Declarant and/or the Association may exercise the rights reserved in this Article for the purpose of enforcing the provisions of this Section 13.8. Notwithstanding the above, the Association and/or Declarant shall have the right, but not the obligation, to maintain the landscaping in the easement areas on any Lot.

Section 13.9. Easement Reserved for the Association and Declarant. Full rights of access, ingress and egress are hereby reserved by Declarant for itself and the Association at all times over and upon any Lot or other portion of the Property for the exercise of the easement rights described in this Article as well as the maintenance and repair rights described below and for the carrying out by Declarant or the Association of the rights, functions, duties and obligations of each hereunder; provided, that any such entry by Declarant or the Association upon any Lot or portion of the Property shall be made with the minimum inconvenience to the Owner of such property as is reasonably practical, and any damage caused as a result of the gross negligence of Declarant, the Association or their employees or agents shall be repaired by Declarant or the Association, as the case may be, at the expense of Declarant or the Association, as the case may be.

Section 13.10. Additional Easements. Declarant shall have the right to grant over, under, across and upon any portion of the Property owned by Declarant, and the Board shall have the authority, in its sole discretion, to grant over, under, across and upon the Common Areas, such easements, rights-of-way, licenses and other rights in accordance with or to supplement the provisions of this Declaration or as may otherwise be desirable for the development of the Development, by the execution, without further authorization, of such grants of easement or other instruments as may from time to time be necessary or desirable. Such easements may be for the use and benefit of persons who are not Association Members or Owners.

Section 13.11. No Merger of Easements. The easements hereby established shall not be terminated by merger or otherwise, except upon execution and recordation of an instrument specifically terminating any such easement.

Section 13.12. Joint Pier Zone Access Easements. Declarant specifically grants to Declarant, the Association and the Joint Pier Lot Owners, their heirs, successors and assigns, non-exclusive, perpetual easements over the Joint Pier Zone Access Easements reserved over the

Joint Pier Lots, in the widths and in the locations shown on the Map, for the purpose of pedestrian access, ingress and egress and the construction and maintenance of the Joint Pier Improvements and landscaping. No structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of any pathway(s) located upon the Joint Pier Zone Access Easements. In addition, no structure or other materials shall be placed or permitted to remain which may interfere with the use of or restrict access to any portion of the Joint Pier Improvements or cause damage to any portion thereof.

ARTICLE XIV

[Intentionally Omitted]

ARTICLE XV

GENERAL PROVISIONS

Section 15.1. Enforcement. Declarant, as the developer of other subdivisions in the area of the Development, wishes to maintain a high standard in the appearance and quality of the Development. Though damages would be difficult to measure, the failure of the Owners and the Association to abide by the terms, covenants and restrictions contained in this Declaration would result irreparable damage to Declarant and its reputation. Accordingly, Declarant, during the term of this Declaration, as well as the Association or any Owner or Owners, shall have the right, but not the obligation, to enforce all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration by proceeding at law or in equity against any Person violating or attempting to violate any such restriction, condition, covenant, reservation, lien or charge, either to restrain violation thereof or to recover damages therefor. Each Owner and Declarant shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration, the Bylaws and any duly authorized Rules and Regulations governing the Development against the Association.

In addition, the Association hereby covenants and agrees that it shall exercise its power of enforcement hereunder in order to maintain a first class development in appearance and quality, and that it shall, upon the request of Declarant, enforce any restriction, condition, covenant or reservation contained in this Declaration deemed by Declarant, in its sole discretion, to have been violated, using all remedies available to the Association at law or in equity. Declarant hereby reserves the right and easement, but not the obligation, to go upon any portion of the Common Areas and Private Roads at any time in order to repair and maintain such Common Areas and Private Roads where needed, in Declarant's sole discretion, to bring such Common Areas and Private Roads within the standards required by Declarant. If Declarant goes upon the Common Areas and Private Roads to perform maintenance and repairs for such purpose, the Association hereby agrees to reimburse Declarant in full for the cost of such maintenance and repairs, upon receipt of a statement for such cost from Declarant for maintenance and/or repair of the Common Areas, and the applicable Private Road Lot Owners agree to reimburse Declarant in full for such maintenance and/or repairs of the Private Roads, upon receipt of a statement of such costs from Declarant. Failure by Declarant, the Association

or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 15.2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions in this Declaration which shall remain in full force and effect.

Section 15.3. Amendment. This Declaration may be amended or modified at any time and from time to time by an agreement signed by Owners holding a majority of votes appurtenant to the Lots which are then subject to this Declaration; provided, however, any amendment to this Declaration must be consented to by Declarant so long as Declarant is the Owner of any Lot in the Development. Any amendment affecting the Piers, Boatslips and Boat Dock Facility must be approved by a vote of a majority of the votes appurtenant to the Boatslip Lots and must be consented to by Declarant so long as Declarant is the Owner of any Lot in the Development. Any amendment affecting the Boat Storage Area or Boat Storage Spaces and any Improvements located thereon must be approved by a vote of a majority of the votes appurtenant to the Lots of Owners who are then using Boat Storage Spaces and must be consented to by Declarant so long as Declarant is the Owner of any Lot in the Development. Any such amendment shall not become effective until the instrument evidencing such change has been filed of record.

Notwithstanding anything in this Section 15.3 to the contrary, Declarant may, at Declarant's option, amend this Declaration without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause this Declaration to comply with the requirements of FHA, VA, the Federal National Mortgage Association or other similar agency. In addition, Declarant, without obtaining the approval of any other person or entity, may make amendments or modifications hereto which are correctional in nature only and do not involve a material change which adversely affects the rights, duties or obligations specified herein.

Section 15.4. Term. The covenants and restrictions of this Declaration shall run with the land and shall be binding upon all parties and all persons claiming under them for a period of thirty (30) years from the date this Declaration is recorded. After the thirty (30) year period, the covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Owners of the Lots, plus Declarant so long as Declarant is the Owner of any Lot in the Development, has been recorded, agreeing to terminate the covenants and restrictions in whole or in part. Provided, however, that the residential use restrictions set forth in Article VIII of this Declaration shall run with the land and be binding upon all parties and all persons claiming under them in perpetuity.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed by its duly authorized officers as of the Effective Date.

CRESCENT COMMUNITIES S.C., LLC
a Delaware limited liability company

WITNESSES

By: _____
Its: Vice President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

Personally appeared before me, _____(First Witness) and made oath that he/she saw the within named Crescent Communities S.C., LLC, by _____ its Vice President sign and as the limited liability company's act and deed, deliver the within written Declaration; and that he/she with _____(Second Witness) witnessed the execution thereof.

Sworn to before me this _____
day of _____,20__.

(Signature of First Witness)

Notary Public for North Carolina
My Commission Expires _____
[SEAL]

EXHIBIT A

**ARTICLES OF INCORPORATION FOR
WATERSIDE CROSSING OWNERS ASSOCIATION, INC.**

[SEE ATTACHED]

EXHIBIT B

**SECOND AMENDED AND RESTATED BYLAWS FOR
WATERSIDE CROSSING OWNERS ASSOCIATION, INC.**

[SEE ATTACHED]

EXHIBIT C

EROSION CONTROL PRACTICES

[SEE ATTACHED]

EXHIBIT D

BOATSLIP AREA

[SEE ATTACHED]