

estimated Common Expenses during the coming year, such budget to include a capital contribution of reserve account if necessary for the capital needs of the Association. The total annual Assessments shall be divided among the Lots equally, except as provided in the Declaration, so that each Lot, except Lots owned by the Declarant, a Sub-Declarant or a Builder, shall be subject to equal annual Assessments. The Association's budget shall be revisable by the Board without the necessity of approval by the Owners. In the event the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and annual assessment in effect for the then current year shall be increased by five (5%) percent, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the Association for the approval of a special assessment as provided in Paragraph 14.D hereof. The Common Expenses to be funded by the annual assessments may include, but shall not necessarily be limited to, the following:

- (1) Management fees and expenses of administration including legal and accountant fees;
- (2) Utility charges for utilities serving the Common Areas and charges for other common services for the Subdivision, including trash collection and security services, if any such services or charges are provided or paid by the Association;
- (3) The cost of any policies of insurance purchased for the benefit of all Owners and the Association as required or permitted by the Declaration, including fire, flood and other hazard coverage, public liability coverage and such other insurance coverage as the Board of Directors determines to be in the interests of the Association and the Owners;
- (4) The expenses of maintenance, operation, repair and replacement of those portions of the Common Areas which are the responsibility of the Association under the provisions of the Declaration;
- (5) The expenses of maintenance, operation, repair and replacement of other amenities and facilities serving the Subdivision. The maintenance, operation, repair and replacement of which the Board from time to time determines to be in the best interest of the Association;
- (6) The expenses of the Architectural Control Committee which are not defrayed by plan review charges;
- (7) Ad valorem real and personal property taxes assessed and levied against the Common Areas;
- (8) Such other expenses as may be determined from time to time by the Board of Directors of the Association to be Common Expenses, including without limitation taxes and governmental charges not separately assessed against Lots; and
- (9) The establishment and maintenance of a reasonable reserve fund or funds (a) for maintenance, repair and replacement of those portions of the Common Areas which are the responsibility of the Association and which must be maintained, repaired or replaced on a periodic basis, (b) to cover emergencies and repairs required as a result of casualties which are not

funded by insurance proceeds, and (c) to cover unforeseen operating contingencies or deficiencies arising from unpaid assessments or liens, as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board of Directors.

(D) Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or for any other purpose set forth in the By-laws of the Association. So long as the total amount of the special assessments allocable to all of the Lots in the Subdivision does not exceed Five Thousand and no/100 (\$5,000.00) Dollars for the entire Subdivision in anyone fiscal year, the Board of the Association may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to the entire Subdivision to exceed this limitation shall be effective only if such assessment shall have the assent of two-thirds (2/3) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose special assessments shall be paid as determined by the Board of Directors, and the Board may permit special assessments to be paid in installments extending beyond the fiscal years in which the special assessment is imposed.

(E) Working Capital Fund. In addition In addition to the annual assessments authorized above, the Association has authorized a Working Capital Fund. The Working Capital Fund is equal to the aggregate of six (6) months assessments for each Lot. Each Lot's share of said Working Capital Fund shall be collected from the purchaser and transferred to the Association at the time of the closing of the sale of each Lot from a third party other than the Declarant to a third party and at the time of the closing of each and every subsequent sale of each Lot from a third party to a third party. The Working Capital Fund shall be maintained in a separate account for the use and benefit of the Association and shall by used to meet unforeseen expenditures or to acquire furniture, equipment or services deemed necessary or desirable by the Board of Directors of the Association. All sums paid into the Working Capital Fund are in addition to and not in lieu of regular assessments for common expenses.

(F) Individual Assessments. Any expenses of the Association occasioned by the conduct of less than all of the Owners or by the family, tenants, agents, guests or invitees of any Owner shall be specially assessed against such Owners and their respective Lots. The individual assessments provided for in this Paragraph shall be levied by the Board of Directors and the amount and due date of such assessment so levied by the Board shall be as specified by the Board.

(G) Initial Assessment. The Association shall collect the Initial Assessment as set out in Section 6.6 of the Declaration according to the terms and conditions thereof.

(H) All sums assessed against any Lot pursuant to the Declaration, together with court costs, reasonable attorney's fees, and late charges as provided herein, shall be secured by an equitable charge and continuing lien on such Lot in favor of the Association. Such liens shall be superior to all other liens and encumbrances on such Lot except only for: (a) liens of ad valorem taxes; and (b) liens for all sums unpaid on a first priority institutional Mortgage or on any Mortgage to the Declarant, or its affiliates, successors or assigns, and all amounts advanced pursuant to any such Mortgage and secured thereby in accordance with the terms of such instrument. Notwithstanding the foregoing to the contrary, the subordination of assessments to the lien of such mortgages shall only apply to such assessments, which have become due and payable prior to a foreclosure. All other person(s) acquiring liens or encumbrances on any Lot after the Declaration shall have been recorded shall be deemed to consent that such liens or encumbrances shall be inferior to such future liens for assessments as provided herein, whether or not such prior consent shall be specifically set forth in the instruments creating such liens and encumbrances.

(I) Effect of Nonpayment: Remedies of the Association. Any assessments of an Owner or any portions thereof which are not paid when due shall be delinquent. A lien and equitable charge as herein provided for each assessment shall be attached simultaneously as the same shall become due and payable, and if an assessment has not been paid within thirty (30) days, the entire unpaid balance of the annual assessment may be accelerated at the option of the Board and declared due and payable in full. The continuing lien and equitable charge of such assessment shall include all costs of collection (including reasonable attorney's fees and court costs) and any other amounts provided or permitted hereunder or by law. In the event that the assessment remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. The equitable charge and lien provided for in this Article shall be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Lot, vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such assessments as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The Association shall have the power to bid on the Lot at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may waive or otherwise escape liability for the assessments provided herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot, and an Owner shall remain personally liable for assessments and late charges which accrue prior to a sale, transfer or other conveyance of his Lot.

In the event that any Lot is to be sold at the time when payment of any Assessment against the Owner of such Lot to the Association shall be in default (whether or not a claim of lien has been recorded by the Association) then the proceeds of such purchase shall, after payment of those sums given priority by S.C. Code Ann. Section 27-31-200 (1976) be applied by the purchaser first to payment of any then delinquent assessment or installment thereof due to the Association before the payment of any proceeds of purchase to the owner who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of any Lot (other than deed in lieu of foreclosure as set forth above), the Grantee shall be jointly and severally liable with the Grantor for all unpaid assessments against Grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of the Grantee to recover from the Grantor the amounts paid by the Grantee therefore.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by Association which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, nor shall proceeding by foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owing to it.

(J) Certificate. The Treasurer, any Assistant Treasurer or the manager of the Association shall, within ten (10) days of a written request, and upon payment of such fee as is from time to time determined by the Board of Directors, furnish to any Owner or such Owner's Mortgagee which requests the same, a certificate in writing signed by the said Treasurer, Assistant Treasurer or manager of the Association setting forth whether the assessments for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, late charges and other penalty charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any assessments stated therein to have been paid.

(K) Date of Common Assessments. The annual assessments provided for herein shall commence as to each Lot as set forth the Declaration.

15. RULE MAKING

(A) Rules and Regulations. Subject to the provisions hereof, the Board of Directors may establish reasonable rules and regulations concerning the use of Lots and the Common Areas and facilities

located thereon, including without limitation the Recreational Amenities. In particular but without limitation, the Board of Directors may promulgate from time to time rules and regulations which shall govern activities which may, in the judgment of the Board of Directors, be environmentally hazardous, such as application of fertilizers, pesticides and other chemicals. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants and agents, until and unless any such rule or regulation be specifically overruled, canceled or modified by the Board of Directors or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the total votes in the Association, provided that in the event of such vote, such action must also be approved by the Declarant, for so long as the Declarant owns any Lot or Lot primarily for the purpose of sale.

(B) Enforcement. Subject to the provisions hereof, upon the violation of the Declaration, the By-laws or any rules and regulations duly adopted hereunder, including without limitation the failure to timely pay any assessments, the Board shall have the power: (i) to impose reasonable monetary fines which shall constitute an equitable charge and a continuing lien upon the Lot, the Owners, occupants or guests of which are guilty of such violation; (ii) to suspend an Owner's right to vote in the Association; or (iii) to suspend an Owner's right (and the right of such Owner's family, guests and tenants and of the co-Owners of such Owner and their respective families, guests and tenants) to use any of the Common Areas, and the Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests or tenants or by his Co-Owners or the family, guests or tenants of his Co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

(C) Procedure. Except with respect to the failure to pay assessments, the Board shall not impose a fine, suspend voting rights or infringe upon or suspend any other rights of an Owner or other occupant of the Subdivision for violations of the Declaration, By-laws or any rules and regulations for the Association, unless and until the following procedure is followed:

- (1) Written demand to cease and desist from an alleged violation shall be served upon: the Owner responsible for such violation specifying:
 - (a) The alleged violation;
 - (b) The action required to abate the violation; and
 - (c) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the Bylaws or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.
- (2) Within two (2) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice of a hearing to be held by the Board in executive session. The notice shall contain:
 - (a) The nature of the alleged violation;
 - (b) The time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;

- (c) An invitation to attend the hearing and produce any statement, evidence and witnesses on his behalf; and
 - (d) The proposed sanction to be imposed.
- (3) The hearing shall be held in executive session of the board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or other individual who delivered such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

(D) Enforcement. Each Owner shall comply strictly with the By-laws and the published rules and regulations of the Association adopted pursuant to the declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in the Declaration and in the deed or other instrument of conveyance to his Lot, if any. Failure to comply with any of the same shall be grounds for imposing fines, for suspending voting rights or rights of use in and to the Recreational Amenities, or for instituting an action to recover sums due, for damages and/or for injunctive relief, such actions to be maintainable by the Declarant, the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Owner. Should the Declarant or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorney's fees, shall be paid by the violating Owner. Inasmuch as the enforcement of the provisions of the Declaration, the By-laws and the rules and regulation of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or any threatened violation or breach. No delay, failure or omission on the part of the Declarant, the Association or any aggrieved Owner in exercising any right, power or remedy herein provided shall be construed as an acquiescence thereto as to the same violation or breach, or as to the enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whomsoever against the Declarant or the Association for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, by any person under the provisions of the Declaration, the By-laws or any rules and regulations of the Association, however long continued.

16. DEFINITIONS. All terms defined in the Declaration shall have the same meaning in these By-laws as in the Declaration.

17. CONFLICTS. In the event of any conflict between the provisions of the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration and the provisions of these By-laws, the provisions of the Declaration shall control.