

DISPUTES BETWEEN OWNERS ARE SUBJECT TO ARBITRATION PURSUANT TO SECTION 15-48-10, et sea. of the S.C. CODE (1976 AS AMENDED)

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
for
TOWN HOMES AT SUNSET POINT**

THIS DECLARATION is made this ____ day of _____, 2003, by PIEDMONT PARTNERS, a South Carolina general partnership, (herein after referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property in York County, South Carolina, shown on recorded maps of Sunset Point Townhomes, which is more particularly described in Article I below, and desires to create there an exclusive residential community of single-family attached residential units, to be named Town Homes at Sunset Point, and

WHEREAS, Declarant desires to insure the attractiveness of the community, to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the community and to provide for the maintenance and upkeep of the exterior of all residential units and the Common Area, as hereinafter defined; and to this end, desires to subject the real property as hereinafter described to the coverage of the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property described below, and each owner thereof; and

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in the community and to provide for the maintenance and upkeep of the exterior of all residential units and the Common Area, an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area and the exterior of the residential units and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated or will incorporate under South Carolina law, TOWN HOMES AT SUNSET POINT OWNERS ASSOCIATION, INC. as a non-profit corporation for the purpose of exercising and performing the aforesaid functions;

NOW, THEREFORE, Declarant hereby declares that all of the property described in Article One, Section 1 below, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all

parties having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

PROPERTY SUBJECT TO THIS DECLARATION

Section One: Property. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration and within the jurisdiction of the Association is located in York County, South Carolina and is described as follows:

ALL those certain pieces, parcels or tracts of land lying and being situate in the State of South Carolina, County of York, the same being all of the property shown on a plat entitled "Plat of Survey for SUNSET POINT TOWNHOMES, Phase I (Lots 31-35 & 55-92)" prepared by Edward F. Woodward, P.L.S. (Williams Engineering, Inc.), dated January 17, 2003, revised March 19, 2003 and recorded in Plat Cabinet C, Slide 157, Page 10 in the Office of the Clerk of Court for York County.

Section Two: Additional Property: In addition to the Property described above, other properties which may be contiguous to the Property or located nearby may be subjected to the covenants, conditions and restrictions as set forth in this Declaration and become a part of the Property subjected hereto. The additions authorized under this provision shall be made by filing of record amendments or supplementary declarations with respect to the additional properties which shall extend the scheme of this Declaration and thereby subject such additions to the benefits, agreements, restrictions, limitations, and obligations set forth therein, including, but not limited to, assessments as herein determined to pay for the association's expenses.

ARTICLE II

DEFINITIONS

Section One. "Association" shall mean and refer to Town Homes at Sunset Point Owners Association, Inc., its successors and assigns.

Section Two. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having any interest merely as security for the performance of an obligation.

Section Three. "Property" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section Four. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area and shall include all improvements thereon.

Section Five. "Declarant" shall mean and refer to Piedmont Partners, its successors and assigns, if such successors or assigns should acquire all of the Declarant's interest in the Property.

Section Six. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. Common Areas, with respect to the Property subject to this Declaration, shall be shown on the various plats of Town Homes at Sunset Point recorded or to be recorded in the Office of the Clerk of Court for York County and designated thereon as "Common Areas," but shall exclude all Lots and all public streets shown thereon. "Common Area" shall include all private streets shown on said plats as now recorded or shall be hereinafter recorded.

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

Section Eight. "Member" shall mean and refer to an Owner who holds membership in the Association pursuant to Article IV of this Declaration.

Section Nine. All references in this Declaration to any document that is "of record" or that has been recorded or is to be recorded shall mean and refer to the Office of the Clerk of Court for York County.

ARTICLE III

PROPERTY RIGHTS

Section One. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (b) The right of the Association to suspend the voting rights and right of use of the recreational facilities by an Owner: (1) during any period for which the Owner is delinquent in the payment of assessments and (2) for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- (c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Members. No such dedication or transfer shall be

effective unless an instrument signed by two-thirds (2/3) of each class of Members agreeing to such dedication or transfer has been recorded; and further provided, portions of the Common Area may be conveyed or subjected to a security interest by the Association if Members entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to that action. Proceeds of the sale or financing of Common Area shall be an asset of the Association. The Association, on behalf of the Lot Owners, may contract to convey Common Area or subject Common Area to a security interest, but the contract is not enforceable against the Association until approved as hereinabove set forth. Thereafter the Association has all powers necessary and appropriate to affect the conveyance or encumbrance, free and clear of any interest of any Lot Owner or the Association in or to the Common Area conveyed or encumbered, including the power to execute deeds or other instruments. No conveyance or encumbrance of Common Area may deprive any Lot of its rights of access and support;

(d) Owners' rights to the exclusive use of parking spaces as provided in this Article;

(e) The right of the Association to limit the number of guests of Members;

(f) The right of the Association to adopt, publish, and enforce rules and regulations as provided in Article IX;

(g) The right of the Association to enter any Lot in order to perform any maintenance, alteration, or repair required herein to be performed by the Association, and the Owner of such Lot shall permit the Association or its representative to enter for such purpose at reasonable times and with reasonable advance notice;

(h) The right of the Association or its representative to enter any Lot in the case of any emergency threatening such Lot or any other Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate; and

(i) The easement rights of the Declarant reserved in Article X of this Declaration.

Section Two. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey to the Association fee simple title to the Common Area, free and clear of all encumbrances and liens, except those set forth in this Declaration, utility, and storm drainage easements. Such conveyance shall be made at such time as Declarant, in its reasonable discretion, determines to be opportune. The Common Area shall be conveyed without any express or implied warranties, which warranties are hereby expressly disclaimed by Declarant.

Section Three. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces, together with the right of ingress and egress in and upon said parking areas. The Association may assign vehicle parking spaces for each Lot. The two automobile parking spaces for Lots having garages shall be the garage and the appurtenant driveway.

Section Four. TV Antennas and Cablevision. The Association may provide one or more central television antennas for the convenience of the Members and may supply cablevision and the cost of these may be included in annual or special assessments.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section One. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section Two. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Members) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; or
- (b) On December 31, 2006.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section One. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, subject to the limitations set forth in this instrument, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided and (3) an initial up-front assessment at the time of purchase . The working capital fund, annual and special assessments, together with interest, late charges, costs and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such

assessment is made. Each such assessment, together with interest, late charges, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section Two. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Property and in particular for the improvement and maintenance of the Common Areas and of the exterior of the dwellings including the maintenance, repair, and reconstruction of private water and/or sewer lines (and any meters or lift stations associated therewith), private streets, driveways, walks, and parking areas situated on the Common Area, such maintenance to include the cutting and removal of weeds and grass, the removal of trash and rubbish, or any other maintenance, and for the exterior maintenance of the residences situated upon the Property as hereinafter provided, for the use and enjoyment of the Common Area, including, but not limited to, the cost of repairs, replacements, and additions; the cost of labor, equipment, materials, management, and supervision; the payment of taxes and public assessments assessed against the Common Area; the procurement and maintenance of insurance in accordance with this Declaration; the employment of attorneys to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements; including, without limiting the generality of the foregoing, roofs, paving, and any other major expense for which the Association is responsible, and such other needs as may arise.

Section Three. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Areas and those other portions of the Property which the Association may be obligated to maintain. Such reserve fund is to be established, insofar as is practicable, out of annual assessments.

Section Four. Maximum Annual Assessment. Until December 31, 2003, the maximum annual assessment shall be \$900.00, payable in quarterly installments of \$225.00, on January 1st, April 1st, July 1st and October 1st per Lot except that pursuant to Section 7 of this article, and notwithstanding any other provision of this instrument, during the period a Lot is owned by Declarant or NVR, Inc. d/b/a Ryan Homes (including any successor entity, hereinafter "Ryan"), it shall not be subject to annual, special or working capital fund assessments.

(a) From and after January 1, 2004, the maximum annual assessment may be increased by the Board of Directors effective July 1 of each year, but subject to the limitation that any such increase shall not exceed the greater of ten percent (10%) or the percentage increase in the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for all cities over the preceding twelve (12) month period which ended on the previous October 1.

(b) From and after January 1, 2005, or until increased as provided for in (a) above or (c) below, whichever last occurs, the maximum annual assessment may be increased above the increase permitted in Section 4(a) above by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section Five. Special Assessments. In addition to the annual assessments authorized above, subject to the limitation set forth in Section Four above, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose for the purpose of supplying adequate reserve funds for the replacement of capital improvements or for defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, providing and continuing insurance coverage on the dwellings and other properties, and in connection with exterior maintenance, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section Six. Notice and Quorum for an Action Authorized Under Section Four and Five. Written notice of any meeting called for the purpose of taking any action authorized under Section Four(b) or Five shall be sent to all Members no less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at any subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section Seven. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate for all Lots and shall be collected on a monthly basis. Provided, however, notwithstanding any other provision of the instrument, during the period a Lot is owned by Declarant or Ryan, it shall not be subject to annual, special or working capital fund assessments.

Section Eight. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to each Lot on the day of the month on which Lot is conveyed to an Owner other than Declarant or Ryan. Such annual assessments shall be paid ratably on a monthly basis. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. 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.

Section Nine. Effect of Nonpayment of Assessments: Remedies of the Association. A late charge of Fifteen and No/100 Dollars (\$15.00) shall be added to any assessment not paid within fifteen (15) days after the due date, together with interest from the due date at twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property pursuant to normal foreclosure procedure as established under the laws of the State of South Carolina, and in either event: interest, costs, and reasonable attorney's fees of any such action shall be added

to the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Lot.

Section Ten. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinated to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section Eleven. Working Capital Fund. At the time of closing of the sale of each Lot to an Owner other than Declarant or Ryan, the sum of \$150.00 shall be collected and transferred to the Association to be held as a working capital fund. The purpose of said fund is to insure that the Association will have adequate cash available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments. In no event shall Declarant be responsible for paying any shortfall in the Association's working capital or general operating budget.

ARTICLE VI

EXTERIOR MAINTENANCE AND PARTY WALLS

Section One. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint and/or stain the exterior of the residential units, repair, replace and care for roofs, exterior building surfaces (including, without limitation, exterior portions of party walls), trees and shrubs (excluding those planted by an Owner), grass, walks, mailboxes, fences installed by Declarant, Ryan or the Association, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. Further, the Owner of any Lot may, at such owner's election, plant flowers in the front and rear beds established by Declarant or Mercedes in developing the Lot. Provided that such maintenance by the Owner does not hinder the Association in performing its maintenance of the exterior of the residential unit and the remaining yard spaces. No such maintenance by a Lot Owner shall reduce the assessment payable by him to the Association. The Owner shall not plant any vegetation in the front yard except with the prior written approval of the Association.

As a matter of information to Members of the Association, the Declarant wishes to make it known that due to differing amounts of exposure to the elements and other factors, some residential units may require more maintenance than others and that it is in the best interest of the entire Association that all residential units be properly maintained and that the Association shall be required to provide such maintenance provided for herein and make a uniform charge without regard to the actual cost of maintenance of each residential unit.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. The Association is hereby granted an easement right of access to go upon any Lot for performance of repairs or, maintenance, the responsibility of which is the Association's hereunder.

Section Two. Party Walls.

(a) General Rules of Law to Apply. Each wall which is built as a part of the original construction of the residential units upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to the negligence or willful acts or omissions shall apply thereto. No alterations may be made to any party wall other than alterations to the interior surfaces.

(b) Sharing of Repair and Maintenance. Except as otherwise provided in Section One of this Article VI, the cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

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

(d) Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act caused the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

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

(f) Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VII

ARCHITECTURAL CONTROL

No building, fence, signs, wall, antenna or other structure shall be commenced, erected, or maintained upon the Property, nor shall any exterior addition to or change or alteration therein (including but not limited to, color or painting or the exterior and type of exterior finish, any existing or builder-installed construction material, plant material or ground cover) be made,

except in exceptional cases, when in such case, three copies of the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board (said committee being hereinafter referred to as the "Architectural Control Committee"). Absent such approval, the proposed improvement may not be commenced. No fence, deck or patio may be erected or constructed nearer than eight feet (8') from the rear lot line and shall not be constructed as a total enclosure of space.

Notwithstanding the above, the Board of Directors of the Association shall have the authority to waive this restriction in exceptional cases where the construction of fences, decks or patios nearer than eight feet (8') nearer than the rear lot line, but still within the Lot lines, do not adversely affect any of the conditions or restrictions contained in this Declaration.

In the event an Owner of any Lot in the Property shall make unauthorized changes to the premises and the improvements situated thereon in a manner unsatisfactory to the said Board of Directors or the Architectural Control Committee, said Board of Directors or the Architectural Control Committee shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance and any other costs or attorney's fees incurred in the enforcement of the rights under these provisions shall be added to and become a part of the assessments to which such Lot is subject. Any approval by the said . Board of Directors or the Architectural Control Committee shall be in accordance with the requirements set forth hereafter.

Notwithstanding any other provision of this instrument, all improvements constructed by or at the direction of Mercedes are deemed to have been approved as set forth above and to be in full compliance with the requirements of this Article VII.

ARTICLE VIII

INSURANCE

Section One. Insurance coverage on the Property shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the Property shall be purchased by the Association for the benefit of all the Association and the Owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners. Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

(b) Coverage. All buildings and improvements upon the land and all personal - property of the Association included in the Common Areas and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

- (i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement;
- (ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land; and
- (iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.

(d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be included as part of the annual assessment described in Article V above.

(e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purpose stated herein or stated in the Bylaws and for the benefit of the Owners and their mortgagees in the following shares:

- (i) Proceeds on account of damage to Common Areas and facilities held for the Association.
- (ii) Proceeds on account of damage to Lots shall be held in undivided shares for the Owners of damaged Lots in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Association.
- (iii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section Two. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustees shall be first paid or provisions made therefore.

(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners as above provided.

Section Three. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by the fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments, plus reserves accumulated.

ARTICLE IX

USE RESTRICTIONS

Section One. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Areas. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section Two. a. Antennas. No outside radio transmission tower or receiving antenna shall be erected by an Owner without the prior written approval of the Architectural Control Committee.

b. Satellite Dishes. Satellite Dishes having a diameter of no more than 18 inches are permitted. However, the approval of Architectural Control Committee must first be obtained as to the location in which the Owner intends to install the dish.

Section Three. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

Section Four. Dwelling Size. The total square footage of the main structure located on a Lot exclusive of one-story open porches and garages, shall not be less than 1,100 square feet.

Section Five. Nuisances. No activity deemed noxious or offensive by the Architectural Control Committee shall be carried on upon any Lot or within the Common Area, nor shall anything be done thereon which may be or may become any annoyance or nuisance to the neighborhood as determined by said Architectural Control Committee. Examples of such offensive activities shall include, but not limited to, the origination or emission of any loud or disturbing noise or vibrations, the maintenance of an auto repair site, the maintenance of

unsightly outdoor storage of personal property (including toys, motorcycles or other motor vehicles, tricycles, bicycles, wood piles or other miscellaneous items) on porches, patios, terraces or yards, or similar unsightly activity not in keeping with the aesthetic character and high level of appearance of the community. The Architectural Control Committee, with the approval of the Board of Directors, may establish reasonable rules and regulations for enforcing the provisions of this Section Five.

Section Six. Parking of Vehicles and Use of Property. No house trailer, boat, boat trailer, camper; tent; shed, or any other such vehicle, trailer, vessel or temporary structure shall be permitted to be parked-or placed within the Property except within areas) which may be specifically designated for such purposes by the Association; provided, however, temporary buildings and other structures shall be permitted during the construction period of residential units or as a temporary real estate sales office of Declarant or Ryan for the sale of Lots. No garage, outbuilding, or other appurtenant structure shall be used for residential purposes, either temporarily or permanently, nor shall any portion of the Property (except as expressly stated in the preceding sentence) be used except for residential purposes and for purposes incidental or necessary thereto.

Section Seven. Signs. With the exception of signs erected by Declarant or Ryan, no sign of any kind whatsoever shall be erected upon or displayed or otherwise exposed to view on any Lot or any improvement thereon without the prior written consent of the Board of Directors of the Association.

Section Eight. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot; provided, however, dogs, cats or other household pets may be kept, provided they are not kept, bred or maintained for any commercial purposes, and provided facilities for such pets, and pets themselves do not create a nuisance as determined by the Board of Directors or its designated committee, in which case the nuisance will immediately be abated upon request of said Board of Directors or its designated committee.

Section Nine. Control of Dogs. Every person owning or having possession, charge, care, custody or control of any dog shall keep such dog exclusively upon his own premises; provided, however, that such dog may be off the premises if it is under the control of a competent person and restrained by a chain, leash or other means of adequate physical control.

Section Ten. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish, and all trash, garbage or other waste shall be stored in sanitary containers in accordance with the rules and regulations of any health or public safety authority having jurisdiction over the Property. All equipment shall be kept in clean and sanitary condition. No trash, garbage or other waste may be placed within the Common Area, except in containers approved by the Board of Directors.

Section Eleven. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Lot or within the Common Area. No derrick or other structure designated for use in boring for oil or

natural gas shall be erected, maintained or permitted upon any Lot or within the Common Area.

ARTICLE X

EASEMENTS

All of the Property, including Lots and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone, and electric power line and other public utilities as shall be established by the Declarant or by its predecessors in title, or by Ryan prior to the subjecting of the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under, and across the Common Areas conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Property. In addition, there is hereby reserved in the Declarant and its agents and employees and Ryan and its agents and employees an easement and right of ingress, egress, and regress across all Common Areas, now or hereafter owned by the Association, for the purpose of construction of improvements within the Property, including the right of temporary storage of construction materials on said Common Areas.

So long as Declarant or Ryan owns any property described in Article I above, Declarant reserves and establishes for the benefit of Ryan blanket easements and the right to grant such specific easements over all Lots and Common Areas, as may be necessary in conjunction with the orderly development of the Property (including without limitation the planning, construction, marketing, leasing, management and maintenance of improvements) for access, construction and maintenance of public or private utilities and storm drainage (whether subsurface or surface). No such easements may be located within the area beneath any building located thereon.

All Lots shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant or Ryan to the extent that such initial improvements actually encroach including, but not limited to, such items as overhanging eaves and walls.

Declarant reserves and establishes for the benefit of Ryan access easements over all Lots for construction, either for that Lot or any adjacent property and easements for the installation of public or private utilities and storm drainage (whether subsurface or surface).

There are reserved cross-easements in favor of Owners of Lots that comprise a building for access to and from each other Lot comprising the building and the Common Area adjacent to the Lots comprising the building, including, but not limited to the transportation of roll-out garbage containers, however, this does not include access to approved decks, patios or areas with approved fences.

ARTICLE XI

DECLARANT'S AND RYAN'S RIGHTS

The right is reserved by Declarant, or its agents, and established for the benefit of Ryan, or its agents, to place and maintain on the Property all model homes, sales offices, advertising signs and banners and lighting in connection therewith and other promotional facilities at such locations and in such forms as shall be determined by Declarant or Ryan. There is also reserved unto Declarant and established in favor of Ryan, and their respective agents and prospective purchasers and tenants, the right of ingress, egress and transient parking in and through the Property for such sales purposes. Declarant also reserves and establishes in favor of Ryan the right to maintain on the Property without charge (a) a general construction office for Declarant's and Ryan's contractors and (b) appropriate parking facilities for the employees of Declarant's and Ryan's agents and contractors. Declarant's and Ryan's aforesaid reserved and-established rights shall exist at any time Declarant or Ryan is engaged in the construction, sale or leasing of residences on any portion of the Property and no charge shall be made with respect thereto. Notwithstanding any provision herein to the contrary, the rights and easements created under this Declaration are subject to the right of Declarant and Ryan to execute all documents and do all other acts and things affecting the premises, which in the Declarant's or Ryan's opinion, are required or desirable to implement any right of Declarant or Ryan set forth in this Declaration (including the making of any dedications or conveyances to public use) provided any such document or act is not inconsistent with the then existing property rights of any Owner.

ARTICLE XII

DISPUTE RESOLUTIONS AND LIMITATIONS ON LITIGATION

Section One. Agreement to Avoid Costs of Litigation and to Limit Rights to Litigate Disputes. The Association, Declarant, all Owners subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Property in order to avoid the emotional and financial casts of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Property including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the By-Laws, the Association rules, or the Articles (collectively "Claim", except for those Claims authorized in Article 12 Section Two, shall be resolved using the procedures set forth in Article Twelve Section Three in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

Section Two. Exempt Claims. The following Claims ("Exempt Claims") shall be exempt from the provisions of Article Twelve Section Three:

- (a) any suit by the Association against any Bound Party to enforce the provisions of Article V (Assessments);
- (b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article VII (Architectural Control) and Article IX (Use Restrictions);
- (c) any suit between Owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of South Carolina in the absence of a claim based on the Declaration, By-Law, Articles or rules of the Association, if the amount in controversy exceeds \$5,000.00;
- (d) any suit arising out of any written contract between Owners, or between the Declarant and any builder, which would constitute a cause of action under the laws of the State of South Carolina in the absence of the Declaration, By-Laws, and Articles of the Association; and
- (e) any suit in which all parties are not Bound Parties.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Article Twelve Section Three, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section Three shall require the approval of the Association.

Section Three. Mandatory Procedures for all Other Claims. All claims other than Exempt Claims shall be resolved using the following procedures:

- (a) Notice. Any Bound Party having a claim ("Claimant") against any other Bound Party ("Respondent"), other than an Exempt Claim, shall notify each respondent in writing of the Claim (the "Notice"), stating plainly and concisely:
 - (i) The nature of the Claim, including date, time, location, and persons involved and Respondent's role in the Claim;
 - (ii) The basis of the Claim (i.e., the provisions of this Declaration, the By Laws, the Articles of rules or other authority out of which the Claim arises);
 - (iii) What Claimant wants Respondent to do or not do to resolve the Claim; and

(iv) That Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation.

(i) Each Claimant and Respondent (the “Parties”) shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

(ii) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the community.

(c) Final and Binding Arbitration.

(i) If the Parties do-not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have forty-five (45) additional days within which to submit the Claim to arbitration pursuant to the South Carolina Arbitration Act, Section 15-48-10, et seq., South Carolina Code of Laws (1976, as amended).

(ii) If Claimant does not submit the Claim to arbitration within forty-five (45) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

(iii) This is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration laws of the State of South Carolina. The arbitration award (the “Award”) shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of South Carolina.

Section Four. Allocation of Costs of Resolving Claims. Each Party shall bear its own costs incurred prior to and during arbitration including the fees of its attorney or other representative. Each Party shall share equally all charges rendered by arbitrator.

Section Five. Enforcement of Resolution. If the Parties agree to a resolution of any Claim through negotiation or arbitration and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with the terms of any Award following arbitration, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Article Twelve. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party,

from all such Parties pro-rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys fees and court costs.

Section Six. Commencement of Litigation. Any litigation by the Association other than the “Exempt Claims” set out in Article Twelve Section Two shall require an affirmative vote of 75% of the members of the Association prior to the institution of such litigation.

ARTICLE XIII

GENERAL PROVISIONS

Section One. Enforcement. The Association, or any Owner, shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by 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 Two. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section Three. Amendment. This Declaration may be amended only by a writing signed by sixty-seven (67%) of all Owners.

Section Four. Termination. The Association, a planned community, may be terminated only in strict compliance with applicable FHA and or V.A. regulations.

Section Five. Management and Contract Rights of Association. Declarant shall enter into a contract with a management company or manger for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the Property. Declarant contemplates that the initial manger may be the Declarant or a firm affiliated with the Declarant. No such management contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract. Any such contract or lease entered into by Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract, without justification of penalty, upon ninety (90) days notice after transfer of management by Declarant to the Association.

Section Six. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration: dedication of Common Area, and amendment of this Declaration of Covenants, Conditions, and Restrictions.

Section Seven. Rights of Noteholders. Any institutional holder of a first mortgage on a Lot will, upon request, be entitled to (a) inspect the books and records of the Association

during normal business hours, (b) receive an annual financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and the right to designate a representation to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage, (e) receive written notice of any sixty (60) day delinquency in the payment of assessments or charges owed by the owner of any Lot on which it holds the mortgage; (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owners' Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

Section Eight. Notices. Any notice required or desired to be give under the provisions of this Declaration shall be deemed to have been properly delivered when deposited in the United States mail, postage prepaid, directed to the last known party entitled to notice, at the last known address for each such party, all as shown on the books and records of the Association at the time such notice is given.

Section Nine. Conflict with Law: Severability. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or affect of the rest of this Declaration, or the application of any such covenant, restriction, condition, limitation, provision, paragraph or clause to any other person or circumstance.

ARTICLE IX

SWIMMING POOL AND PLAYGROUND

Section 1. Town Homes at Sunset Point. Town Homes at Sunset Point is a phase of the Development known as Sunset Point Cove Subdivision, and is that area designated as Sunset Point Town Homes. The remainder of Sunset Point Subdivision is subject to a Declaration of Restrictions and Protective Covenants for Sunset Point Subdivision (the "Sunset Point Covenants") and is not subject to these covenants (the "Town Homes Covenants") except where the context of both Covenants requires.

Section 2. Pool Area. The Common Area and facilities located or to be located therein, designated as "Open Space – Recreation Area" on Final Plat for Sunset Pointe Subdivision, Phase 2 recorded in Plat Cabinet C, Slide 19, Page 6 in the Office of the Clerk of Court for York County, South Carolina, which includes the swimming pool and playground and their related facilities and equipment, shall be for the use of the Owners subject to this Declaration and the use of the Owners subject to the Sunset Point Covenants, equally as to all Owners.

Section 3. Ownership of Pool Area. Declarant shall convey the Pool Area to Sunset Point Owners Association, Inc. and Town Homes at Sunset Point Owners Association, Inc.,

jointly. The rights to use and enjoy the Pool Area shall be the same as contained in Article III hereof and Article III of the Sunset Point Covenants and subject to the same limitations.

Section 4. Swimming Pool Committee. Each of the Sunset Point Owners Association, Inc. and the Town Homes at Sunset Point Owners Association, Inc. shall appoint three (3) of its directors to be members of the "Swimming Pool Committee". One of the members from the Sunset Point Owners Association, Inc. shall be a non-voting member during years with even dates and one member appointed from the Town Homes at Sunset Point Owners Association, Inc. shall be a non-voting member during years with odd dates.

Section 5. Rules, Regulations and Management of the Pool Area. Declarant, or the Pool Committee if the Declarant has conveyed the Pool Areas as provided for in Section 3, above shall provide rules and regulations for the use of the Pool Area and shall further provide for the management, maintenance, construction, reconstruction, repair, replacement of the facilities in the Pool Area.

Section 6. Cost and Expenses of the Pool Area. All of the Owners of Lots in the Development, including the owners of Lots in Town Homes at Sunset Point shall each pay a pro-rata share of the costs and expenses of the Pool Area. A portion of the assessments provided for in Article V of these covenants and Article V of the Town Homes Covenants shall be designated for the costs and expenses of the Pool Area. (If an Owner of a detached single family dwelling is assessed \$100.00 for Pool Area, an Owner of an attached single family dwelling shall also be assessed \$100.00 for the Pool Area).

Section 3. Management Contract. The Association for Town Homes at Sunset Point shall engage the services of the same Property Manager as provided for in Article IV, Section 5 of the Sunset Point Covenants.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name, by authority of its Partners, the day and year first above written.

Piedmont Partners

By: _____

Its: _____

In the Presence of:

STATE OF SOUTH CAROLINA)
COUNTY OF YORK)

The foregoing instrument was acknowledged before me this ____ day of _____,
2003 by Albert D. Oliphant, III, partner of Piedmont Partners, a South Carolina partnership, on
behalf of the partnership.

Notary Public for South Carolina
My Commission Expires:

[NOTARIAL SEAL]