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Lots 137 through 140 are shown on said plat.

WHEREAS, Declarant will convey the said property, subject to certain protective covenants, conditions, restrictions, liens and charges as hereinafter set forth;

NOW, THEREFORE, the Declarant hereby declares that all of the property described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property. These easements, restrictions, covenants, and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described property or any part thereof, and shall inure to the benefit of each owner thereof.

(ARBITRATION PROVISIONS SUBJECT TO SECTION 15-48-10 CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED)

ARTICLE I.

DEFINITIONS

Section 1. "Association" shall mean and refer to The Townes at Country Club Homeowners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

Section 2. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 3. "Building" shall mean and refer to a structure containing one or more residences constructed or erected on the Property.

Section 4. "By-laws" means the by-laws of the Association as they now or hereafter exist.

Section 5. "Common area" shall mean and refer to all land within the Property owned by the Association, along with facilities and improvements erected or constructed thereon, for the exclusive use and enjoyment of the members of the Association as shown on the aforementioned recorded plat and the plats of additional properties hereafter annexed as hereinafter provided. Said common area shall be maintained by the Association. The common area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

ALL those certain pieces, parcels or tracts of land situate, lying and being in the State of South Carolina, County of Spartanburg, shown on a plat entitled "The Townes at Country Club," recorded in the R.M.C. Office in Plat

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Book 92, at Page 365, and being identified thereon as the Country Club Court private street and a fifteen (15') foot easement located to the rear of Phase I, consisting of Lots 101 through 107.

ALL that certain piece, parcel or lot of land situate, lying and being in the State of South Carolina, County of Spartanburg, as is more fully shown on a plat entitled "The Townes at Country Club, Section or Sub-Section, Phase II," recorded in the R.M.C. Office for Spartanburg County in Plat Book 92, at Page 705, and being a twelve (12') foot utility and drainage easement located between the rear lines of Lots Nos. 137, 138, 139 and 140 and Bentway Lane.

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Section 6. "Common expenses" shall mean and include:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses for maintenance of the residences as provided in this Declaration;
- (c) Expenses of administration, maintenance, repair or replacement of the common areas;
- (d) Expenses declared to be common expenses by the provisions of this Declaration or By-laws;
- (e) Hazard, liability or such other insurance premiums as the Declaration or By-laws may require the Association to purchase;
- (f) Expenses agreed by the members to be common expenses of the Association.

Section 7. "Common profits" shall mean and refer to the balance of all income, rents, profits, and revenues of the Association remaining after the deduction of the common expenses or reserves therefor. Common profits shall not mean or include any sums lawfully assessed against members by the Association.

Section 8. "Declarant" shall mean and refer to Carroll Manor Properties, Inc., its successors and assigns to whom the rights of Declarant are expressly transferred, or if such successors or assigns should acquire more than one undeveloped lot or undeveloped acreage for the purpose of development, or acquire title to the property under a deed in lieu of foreclosure or judicial foreclosure, or one otherwise denominated a "Declarant" hereby.

Section 9. "Lot" shall mean and refer to any plot of land, other than the common area, shown on a recorded subdivision plat of the Property and upon which a residence has been or may be constructed.

Section 10. "Member" shall mean and refer to every person who is a member of the Association.

Section 11. "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 who have such interest merely as security for the performance of an obligation.

Section 12. "Person" shall mean and refer to any individual, corporation, partnership, association or trustee or other legal entity.

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Section 13. "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 by annexation.

Section 14. "Residence" shall mean and refer to a dwelling or place of residence, whether townhouse, patio home, flat or otherwise, constructed upon a lot within the property and constituting all or part of a building.

ARTICLE II.

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Additional properties and improvements, including common area, may be annexed in the manner provided in this Article to the Property herein described.

Additional properties so annexed shall be merged with the Property herein described and any other previously annexed property, and shall be subject to the provisions of this Declaration and to the Articles of Incorporation and By-laws of the Association.

Section 2. At any time within five (5) years following the date of incorporation of the Association, the Declarant may annex additional properties to the Property herein described. The total number of lots within the Property herein described and that subsequently annexed shall not exceed 40. All properties annexed shall be contiguous to the Property herein described or to property previously annexed. A legal description of Section I, and additional properties which may be annexed, is described in the aggregate in Exhibit "A" being attached hereto and made a part of this Article by reference to said exhibit.

Section 3. In addition to annexations as provided in Section 2 of this Article, other contiguous property may be annexed at any time with the express consent of two-thirds (2/3) of each class of members.

ARTICLE III.

PROPERTY RIGHTS

Section 1. 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 assessed lot, subject to each of the following provisions.

(a) The right of the Association, in accordance with its Articles and By-laws, to borrow money for the purpose of improving the limited common area and facilities.

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(b) The right of the Association to formulate, publish, and enforce rules and regulations as provided in Article X.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-laws, his rights of enjoyment to the common area and facilities to the members of his family, his tenants, or contract purchasers provided, every such delegee shall reside on the Property.

Section 3. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the common areas located in Section I as shown upon the recorded plat referred to in the premises of this Declaration, to the Association, free and clear of all liens and encumbrances, at the time or prior to the conveyance of the first lot in each respective Parcel, except utility and drainage easements and easements to governmental authorities upon condition that such area as shall be designated "common area" shall be for the sole and exclusive use and benefit of members, as long as such area is maintained in conformity with the requirements of this Declaration, the By-laws, and the Articles of Incorporation of the Association, at the sole expense of the owners. Similarly, the Declarant will convey to the Association, upon the same conditions and for the same uses and purposes, common areas which are parts of any additional properties that are annexed by it in the future.

Section 4. Parking Rights. The owners of each lot shall park their automobile(s) on their lot in their garage or parking area designed therefor. No vehicles of any type or recreational equipment may be parked within the common area designated as Country Club Court, except for reasonable guest parking and parking as may be permitted under rules and regulations established by the Association. No boats, trailers, campers, RV's or motorcycles shall be parked on the property where they are in public view. However, said recreational vehicles or equipment may be parked in a garage of a dwelling containing a garage provided the garage door is closed and said vehicles or accessories are not visible to persons from the outside.

ARTICLE IV.

HOMEOWNERS ASSOCIATION

Section 1. Nonprofit Corporation. The Townes at Country Club Homeowners Association, Inc. is a nonprofit corporation organized under the laws of the State of South Carolina. The Association shall be managed by a Board of three Directors who need not be members of the Association. Until the first annual

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meeting is held, the initial Board of Directors shall be James F. Magarahan, Edward E. Cubitt and Rose A. Crouch. The Association may increase the size of the Board up to seven members by a majority vote. The initial mailing address of the Board shall be 101 Country Club Court, Spartanburg, S. C. 29302. Said Board shall be responsible for preparing the initial By-laws of the Association and distributing the same to the members thereof.

Section 2. Membership. Every person who is record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract sellers, but excluding persons who hold an interest merely as security for the performance of any obligations, shall be a member of Association. Ownership of such interest shall be the sole qualification for such membership. There shall be only one vote per lot in the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment. The Board of Directors may make reasonable rules regarding proof of ownership.

ARTICLE V.

VOTING RIGHTS

Section 1. Classes. The Association shall have the following two classes of voting membership:

(a) Class A. Class A members shall be all owners, with the exception of the Declarant. Class A members shall be entitled to one 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 the owners thereof determine, but in no event shall more than one vote be cast with respect to any lot, and no fractional vote may be cast with respect to any lot.

(b) Class B. The Class B member shall be the Declarant, and it shall be entitled to three (3) votes for each lot in which it holds a fee or undivided fee interest, provided that 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:

(1) When the total votes outstanding in Class A membership equals the total votes outstanding in Class B membership; provided, however, that Class B membership shall be reinstated with all rights, privileges, and responsibilities, if, after conversion of the Class B membership to Class A membership as

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herein provided, additional lands are annexed to the Property by the Declarant in the manner provided in Article II of this Declaration, or

(2) July 15, 1989.

ARTICLE VI.

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the Property, hereby covenants, and every other owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association:

- (a) Annual assessments or charges;
- (b) Special assessments for capital improvements; and
- (c) Special assessments for purchase and reconstruction of residences as hereinafter provided.

Such assessments shall be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the lot and improvements against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of the lot at the time when the assessment fell due. The personal obligation of an owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them and then only with the consent of the Association. All assessments shall be shared equally by the owners of each lot.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the recreation, health, safety and welfare of the residents and the Property; enforcing these covenants and the rules of the Association; improving and maintaining the Property and the residences situated thereon; and providing the services and facilities for purposes of and related to the use and enjoyment of the common area and facilities.

Section 3. Amount of Assessment.

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(a) Initial Assessment. The initial Board of Directors of Association shall establish a budget for recurring expenses and reserve funds and shall further establish the initial assessment per lot. Said budget and initial assessment shall be furnished purchasers of lots prior to the execution of any Contract of Sale for the purchase of any lot in this subdivision.

(b) Increase by Association. From and after January 1, 1985, the annual assessment effective from any year may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the percentage increase reflected in the U. S. City Average, Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates (published by the U. S. Bureau of Labor Statistics, Washington, D. C.), or such other index as may succeed the Consumer Price Index, for the twelve month period ending the immediately preceding July 1.

(Explanatory Note. It is the objective of this paragraph (b) to enable the Board of Directors to increase dues sufficiently to assure the adequate maintenance to which every homeowner is entitled. On the other hand, the Board of Directors should not have unlimited authority to raise dues without the consent of at least two-thirds of the homeowners. The Consumer Price Index, which is published by the Federal Government, reflects rises and falls in the cost of living. However, it is formulated by tabulating the price of many factors, such as wages, food, clothing, housing, etc. The items included in the Consumer Price Index, which would directly affect the need to lower or raise the dues of homeowners in order to properly maintain homes, landscaping, and other common facilities, would be such items as costs of labor, roofing, and landscape maintenance. Conceivably, during some years the cost of these items may rise more than the average increase in the Consumer price Index.

To allow for such a possibility, the Declarant has provided that the Board of Directors may raise dues from year to year in order to assure proper maintenance and thereby protect property values of the homeowners. On the other hand, the Declarant feels that the homeowners

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must be protected against any excessive increases in dues by the Board of Directors without the consent of the homeowners. To accomplish such objectives it is essential to use some formula. The Consumer Price Index is used by many associations because it provides a generally accepted measurement of the rise in cost of living.

If the Consumer Price Index formula should ever prove inadequate to provide for the maintenance which the Board of Directors feels is necessary, the Board must then obtain the consent of two-thirds of the homeowners as provided in paragraph (c) of this Section 3 in order to increase dues to an amount greater than is permitted under the Consumer Price Index formula.)

(c) Increase by Members. From and after January 1, 1985, the annual assessment may be increased by a percentage greater than that established by the Consumer Price Index formula by an affirmative vote of two-thirds of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. Notwithstanding the above, the Board of Directors at all times are authorized to increase assessments to the extent necessary to pay insurance premiums and real estate taxes as affect the Property.

(d) Establishment of Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of the sums derived by application of the Consumer Price Index formula provided in Subsection (b) without the consent of members required by Subsection (c) of this Section 3.

All sums collected from assessments shall be divided into two parts with one part being used for current operations or recurring expenses and the other part being used as a reserve fund. Said reserve funds shall be maintained by the Association for the periodic maintenance, repair, and replacement of improvements to the common area and any applicable limited common area which the Association may be obligated to maintain.

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Two months assessment for each lot shall be required as a working capital fund for the initial months of the project's operation. Each lot's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each lot and maintained in an account for the use and benefit of the Association. The purpose of the fund is to insure that the Association Board will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advanced payment of regular assessments.

(e) Lots Owned by Declarant. Notwithstanding anything in this Article VI to the contrary, all lots owned by Declarant and held for sale shall be assessed at an amount equal to the pro rata monthly maintenance expense less reserve payments but in no event less than 25% of the actual monthly assessments paid by owners.

Section 4. Special Assessments for Capital Improvements. 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 costs of construction, reconstruction, unexpected repair or replacement of a described capital improvement upon the common area, including the necessary 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, written notice of which, setting forth the purpose of the meeting, shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 shall be sent to all members not less than thirty (30) 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 (60%) percent 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

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required quorum at the 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 6. Rate of Assessment. Both annual and special assessments shall be determined and collected by the Association on the following basis: The lot owners' assessment liability shall be equal. The Association may collect said assessments on a monthly basis.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall be paid in equal monthly installments and the payment of such shall commence as to each lot on the first day of the second month following the conveyance of the common area of the Phase to the Homeowners Association. The first annual assessment shall be adjusted according to the number of remaining months in the calendar year. 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, upon demand at any time, shall furnish a certificate in writing 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 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment or portion thereof which are not paid when due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the average prime lending rate in effect at C & S National Bank, Spartanburg, S. C. The Association may bring an action against the owner personally obligated to pay the same, or foreclose the lien against the property, and in either event, interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the common area or abandonment of this lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any lot shall be subordinate to the lien of any first mortgage on such lot. Sale or transfer of any lot shall not affect

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the assessment lien; however, the sale or transfer of any lot pursuant to mortgage 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 sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority shall be exempt from the assessments created herein, except no land or improvements devoted to dwelling use shall be exempt from said assessments. Owners of exempt property shall be responsible for maintaining the same and keeping it neat and clean.

ARTICLE VII.

EXTERIOR MAINTENANCE

Section 1. 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: Stain and/or paint the exterior of residence, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, fences, trees, shrubs, grass, walks, and other such exterior improvements. Such exterior maintenance shall not include glass surfaces, or doors. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each lot at reasonable times to perform maintenance as provided in this Article.

Section 2. Any owner may plant shrubs and flowers in the fenced or enclosed portion as he elects and shall maintain such shrubs and flowers planted by such owner in the fenced or enclosed portion at his own expense, provided that such maintenance does not hinder the Association in performing its maintenance duties as to the residence and the remaining yard spaces. No such maintenance by an owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association, any such owner fails to maintain his yard in a neat and orderly manner, the Association may revoke the owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period. The owner shall not plant any vegetation in front of his residence except with the prior written approval of the Association.

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Section 3. In the event that the need for maintenance or repair of a lot or the improvements therein is caused through the willful or negligent acts of its owner or his family, tenants, contract purchasers, guests, or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, or smoke, as the foregoing are defined and explained in South Carolina standard fire and extended coverage insurance policies, the cost of such maintenance, replacement, or repairs shall be added to and become a part of the assessment to which such lot is subject.

ARTICLE VIII.

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the residence 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 negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. 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.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any owner to contribution from any other under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

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Section 6. Easement and Right of Entry for Repair, Maintenance, and Reconstruction. Every owner shall have an easement and right of entry upon the lot of any other owner to the extent reasonably necessary to perform repair, maintenance, or reconstruction of a party wall. Such repair, maintenance, or reconstruction shall be done expeditiously, and, upon completion of the work, the owner shall restore the adjoining lot or lots to as near the same condition as that which prevailed prior to commencement of the work as is reasonably practicable.

Section 7. Certification With Respect to Contribution. If any owner desires to sell his lot, he may, in order to assure a prospective purchaser that no adjoining owner has a right of contribution as provided in this Article, request of the adjoining owner or owners a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining owner to make such certification immediately upon request and without charge. If the adjoining owner claims the right of contribution, the certification shall contain a recital of the amount claimed and the basis therefor.

Section 8. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided under the laws of the State of South Carolina as they are now or hereafter amended. (Section 15-48-10 et. seq. of the Code of Laws of South Carolina, 1976, as amended.)

ARTICLE IX.

ARCHITECTURAL CONTROL

Section 1. Architectural Committee. The initial Architectural Committee for this Property shall be composed of:

- (a) James F. Magarahan
- (b) Edward E. Cubitt
- (c) Rose A. Crouch

In the event of a vacancy on the Architectural Committee or the failure or inability of any member to act, the vacancy shall be filled as may be necessary by appointment by the Association. The members of the Architectural Committee shall be appointed for a term of three years but may be reappointed for additional terms with no limit on the number of additional terms to which they may be reappointed. In all matters, a majority vote shall govern.

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Section 2. Submission of Plans. No improvements of any nature shall be erected, placed, altered or changed on any lot in this subdivision until and unless the building plans specifications and plot plan showing the proposed type of construction, exterior design and location of such residence (or other improvement) have been approved in writing by the Architectural Committee as to conformity and harmony of external design and consistence of plan with existing residences (and improvements) on other lots in the subdivision and as to the location of the structure with respect to topography and finished ground elevation. In addition, a landscape development plan or recreational development plan must likewise be submitted and approved by the Architectural Committee showing the location of proposed recreational facility, fences, boundary or patio walls, hedges, shrubbery, walkways, driveways, parking areas and important trees.

Prior to commencement of any construction on any lot, owner or his agent must secure and complete an application for residential construction which forms may be obtained from the Architectural Committee. Among other items the application shall require site plan, roof plan, elevations, floor plans and the number of square feet that the residence shall contain. All plans must be signed by an AIA architect. The lot owner or his agent will be invited to a meeting with the Architectural Committee to discuss its requirements.

Section 3. Inspection. The said Board or its committee shall have the right, at their election, to enter upon any lot during construction, erection, or installation of improvements or alteration to inspect the work being undertaken in order to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

Section 4. Failure to Approve. In the event that the Committee fails to approve or disapprove such plans and other requirements within thirty (30) days after they have been submitted to it, or if no suit to enjoin the erection or alteration of such building or improvements has been commenced before such erection or alteration is substantially completed, approval of the Architectural Committee will be conclusively presumed and this covenant will be deemed to have been fully complied with. The term "building or improvement" shall be deemed to include the erection, placement or alteration of any wall, fence, driveway, parking area, or recreational amenity.

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Section 5. Permit. Upon the approval by the Committee of any proposed construction or alteration, the Committee shall issue to the applicant a written permit. No construction or alteration shall be carried on until and unless such permit is obtained.

Section 6. Minor Violations. The Architectural Committee is authorized by a unanimous vote of all its members to approve or ratify in the construction or alteration of any building minor violations of the Set Back, Location and Size of Improvements provisions of these restrictions if, in the opinion of all the members of the Committee, such shall be necessary to prevent undue hardship. The approval or ratification by the Committee in accordance with this paragraph shall be binding on all persons.

Section 7. Clean premises. All residential buildings must be completed in a workmanship like manner and the construction site at all times must be kept clean and free of debris.

Section 8. Abandoned Work. In the event construction of any residence is commenced on any lot in this subdivision and work is abandoned for a period of thirty (30) days or longer, without just cause shown, or should any residence remain unfinished for a period of nine (9) months from the date construction began, without just cause shown, then, and in either event, the Architectural Committee shall have (1) the authority to complete the structure at the expense of the owner and shall have a lien against the land and all improvements to the extent of any monies expended for said completion but said lien shall at all times be subordinate to the lien of any prior recorded mortgage or mechanic's lien (but the Committee shall have the right to contest the validity and amount of such liens) or (2) the authority to remove the improvements from the property and the expense of said removal shall constitute a lien against the property which lien shall be subordinate to the lien of any prior recorded mortgage or mechanic's lien. Said liens shall be foreclosed in the same manner as the foreclosure of real estate mortgage. No action shall be taken under this paragraph without giving written registered notice to the owner with a registered copy of said notice to any mortgagee or other lien holder of the proposed action to be taken and to give ten (10) days in which to allow owner to show cause, if any he can, why the Architectural Committee should not take action under this paragraph.

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Section 9. Square Footage. The Architectural Committee shall determine the square footage requirements to be contained in each residence. The minimum requirements shall be applied uniformly as to each phase in this subdivision.

Section 10. Setback Requirements. All residences shall have such setback line requirements as may appear on the recorded plat and/or established by the Architectural Committee.

Section 11. Recutting Lots. No lot shall be recut so as to face in any direction other than as is shown on the recorded plat nor shall it be recut so as to make any building site smaller than is provided for herein. This provision is not intended to prevent cutting off a small portion or portions of any lot for the purpose of conveying the same to an adjoining property owner or straightening a boundary line. However, the remaining portion of the lot must not violate the minimum size requirements of any zoning regulations.

ARTICLE X.

USE RESTRICTIONS

Section 1. 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 area. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors, shall be recorded in a Book of Resolutions, which shall be maintained in a place convenient to the owners and available to them for inspection during normal business hours.

Section 2. Use of Property. Each building, the residences therein, and the common area and facilities shall be for the following uses and subject to the following restrictions, and, in addition, to those set forth in the By-laws.

(a) All buildings and the common area and facilities shall be used for residential and related common purposes. Each residence may not be subdivided and shall be used as a single-family residence and for no other purpose except that the Declarant may use one or more residences for offices and/or model residences for sales purposes.

(b) Nothing shall be kept and no activity shall be carried on in any building or residence or on the common area and facilities which will increase the rate of insurance, applicable to residential use, for

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the property or the contents thereof. No owner shall do or keep anything, nor cause or allow anything to be done or kept, in his residence or on the common area and facilities which will result in the cancellation of insurance on any portion of the property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the common area and facilities.

(c) No immoral, improper, offensive or unlawful use shall be made of the property, or any part thereof, and all valid laws, ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the property, shall be complied with, by and at the sole expense of the owner or the Association, whichever shall have the obligation to maintain or repair such portion of the property.

(d) Nothing shall be done in or to any residence or in, to, or upon any of the common area and the facilities which will impair the structural integrity of any building, residence, or portion of the common area and facilities or which would impair or alter the exterior of any building or portion thereof, except in the manner provided in this Declaration.

(e) No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any part of the property, except that the Declarant or its agents may use any unsold residence or lease up to two residences for sales or display purposes.

(f) No owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any residence, building or any portion of the common area and facilities, except as may be allowed by the Association pursuant to its By-laws, provided, however, that the Declarant and any mortgagee who may become the owner of any unit, or their respective agents, may place "For Sale" or "For Rent" signs on any unsold or unoccupied residence and in suitable places on the common area.

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(g) No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the common area and facilities except at the direction of and with the express written consent of the Association.

(h) The common area and facilities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the residences, subject to any rules and regulations that may be adopted by the Association pursuant to its By-laws.

Section 3. 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 residents within the property.

Section 4. Pets. No animals shall be kept, maintained or quartered on any lot except that cats, dogs and caged birds may be kept in reasonable numbers as pets for the pleasure of the occupants. The Association is authorized (but not required) to issue reasonable rules for the protection of all Owners in this subdivision relating to the number of pets which may be kept on any numbered lot. No animals shall be permitted to go beyond the perimeter of any lot unless the animal is on a leash and under control of its owner or the owner's agent.

Section 5. Attractive Premises. Garbage containers, trash cans, wood piles, dog houses, pet yards or cages must be so located that they will not be visible from the front street. The yards of each lot shall be maintained so as to be neat and clean at all times. Clothes lines and clothes drying areas are not allowed.

Section 6. Mailboxes. Names or numbers painted on mailboxes and/or any other house numbers or designations shall be painted in professional manner.

Section 7. Sanctuary. The Property is hereby declared to be a bird sanctuary and any hunting of birds is hereby prohibited.

Section 8. Speed Limits. The Directors of the Homeowners Association are authorized to establish speed limits through the property and erect such signs as they deem necessary. The Directors are further authorized and empowered to enforce said speed limits by the promulgation of regulations relating thereto. Such regulations shall be furnished to all members of the Association.

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ARTICLE XI.

EASEMENTS

Section 1. Walks, Drives, Parking Areas, and Utilities. All of the property, including lots and common area, shall be subject to a perpetual non-exclusive easement or easements in favor of all owners of lots for their use and the use of their immediate families, guests, invitees, tenants or lessees for all proper and normal purposes and for ingress and egress and regress and to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone and electric power lines, television antenna lines, and other public utilities as shall be established prior to subjecting the property to this Declaration by the Declarant or its predecessors in title and for the use of the owner, their families, guests and tenants; and the Association shall have the power and authority to grant and to establish in, over, upon, and across the common area conveyed to it such further easements as are requisite for the convenient use and enjoyment of the Property.

Section 2. Encroachments. All lots and the common area shall be subject to easements for the encroachment of initial improvements constructed on adjacent lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, and walls. If any encroachment shall occur subsequent to subjecting the Property to this Declaration as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of a lot to an owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected lot or lots to as near the original condition as practicable.

Section 3. Structural Support. Every portion of a residence which contributes to the structural support of the building shall be burdened with an easement of structural support for the benefit of all other residences within the building.

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Section 4. Emergencies. Every lot and residence shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any lot or within any residence and that endangers any building or portion of the limited common area.

ARTICLE XII.

COVENANTS OF LOT OWNERS TO KEEP RESIDENCES INSURED AGAINST A
LOSS, TO REBUILD AND TO KEEP IN GOOD REPAIR

Section 1. Insurance. Each lot owner agrees to obtain a hazard insurance policy insuring the full replacement value of his or her residence.

Section 2. Replacement. In the event of fire or other casualty, each homeowner agrees to repair or reconstruct each damaged residence substantially identical to the destroyed residence unless a change shall be approved by the Association Directors, and shall be constructed in conformity with plans submitted to and approved by the Board of Directors and Architectural Committee prior to construction.

Section 3. Association Dues/Restoration Time. The obligation of the lots owner to pay annual association dues shall be suspended while the residence is being restored. In all events the residence shall be restored within a period of one hundred twenty (120) days. The Architectural Committee shall have the authority to extend this time in cases of unavoidable hardship.

Section 4. Failure to Rebuild. In the event a residence is damaged or destroyed and owner does not repair or reconstruct said residence with the work to begin within thirty (30) days following the damage or reconstruction, he shall remove or cause to be removed, at his expense, all debris from the lot, so that it shall be placed in a neat, clean and safe condition; and if he fails to do so, the Association may cause the debris to be removed, and the cost of removal shall constitute a lien upon the residence until paid by the owner, unless the residence is thereafter acquired by Association.

Section 5. Insurance Carried by Association. The Association agrees to carry such public liability insurance and adequate fidelity coverage, covering all parties responsible for handling funds of the Association in such amounts as the Association deems adequate to protect all lot owners in this subdivision.

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ARTICLE XIII.

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any owner, shall have the right to enforce, by any 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 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions, which shall remain in full force and effect.

Section 3. Amendment. The covenants, conditions, and restrictions of this Declaration shall run with the land and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the owners of not less than ninety percent (90%) of the lots, and thereafter by an instrument signed by the owners of not less than seventy-five percent (75%) of the lots; provided, however, that the Board of Directors may amend this Declaration, without the consent of owners, to correct any obvious error or inconsistency in drafting, typing, or reproduction. All amendments shall be certified as an official act of the Association and shall forthwith be recorded in the RMC Office for Spartanburg County, South Carolina. All amendments shall become effective upon recordation.

Section 4. Lease of Residence. No residence shall be leased for transient or hotel purposes, nor may any owner lease less than entire unit. Any lease must be in writing and provide that the terms of the lease and the occupancy of the unit shall be subject in all respects to the provisions of the Declaration of Covenants, Conditions and Restrictions and By-laws of The Townes at Country Club Homeowners Association, Inc. and any failure by any lessee to comply with the terms of such documents shall be a default under the lease.

Section 5. Conflicts. In the event of any irreconcilable conflict between the Declaration and the By-laws of the Association, the provisions of this Declaration shall control. In the event of any irreconcilable conflict

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between this Declaration or the By-laws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 6. Contracts. The Homeowners Association, prior to passage of control to it, is not bound either directly or indirectly to contracts or leases (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control, upon not more than ninety (90) days notice to the other party.

Section 7. The constituent documents do not restrict the lot owners' right to mortgage his or her unit. In addition, they do not limit the lot owners' financing options by requiring the use of a specific lending institution or a particular type of lender. Lenders being referred to includes Federal National Mortgage Association (FNMA).

ARTICLE XIV.

RIGHTS OF FIRST MORTGAGEES

The following provisions, in addition to provisions set forth elsewhere in this Declaration, shall be applicable to the holders of first mortgages upon the individual dwelling subject to this Declaration and any amendments thereto.

Section 1. This Declaration and other constituent documents create a Planned Unit Development, hereinafter referred to as "PUD".

Section 2. Any first mortgagee who obtains title to a PUD unit (residence) pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the mortgagee.

Section 3. Unless at least two-thirds (2/3) of the first mortgagees provided they request the right and inform the Association of their addresses in writing (based upon one vote for each first mortgage owned) or owners (other than the sponsor, developer or builder) of the individual units in the PUD have given their prior written approval, the PUD Homeowners Association, corporation or trust shall not be entitled to:

- (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly, by such Homeowners Association, corporation or trust for the benefit of the units in the PUD (the granting of easements for other

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public purposes consistent with the intended use of such common property by the PUD shall not be deemed a transfer within the meaning of this clause);

(b) change the method of determining the obligations, assessments, dues or other charges which may be levied against a PUD unit owner;

(c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of the common property party walks or common fences and driveways, or the upkeep of lawns and plantings in the PUD;

(d) fail to maintain fire and extended coverage on insurable PUD common property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(e) use hazard insurance proceeds for losses to any PUD common property for other than the repair, replacement or reconstruction of such common property.

Section 4. First mortgagees of PUD units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any PUD common property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property and first mortgagees making such payments shall be owed immediate reimbursement therefore from the PUD Homeowners Association, corporation, or trust. Entitlement to such reimbursement is hereby reflected in this Declaration as an agreement in favor of all first mortgagees of units in said PUD duly executed by the PUD Homeowners Association, corporation or trust, and an original or certified copy of such agreement is possessed by Seller.

Section 5. No provision of the PUD constituent documents gives a PUD unit owner, or any other party, priority over any rights of the first mortgagee of a unit in a PUD pursuant to its mortgage in the case of a distribution to such PUD unit owner of insurance proceeds or condemnation awards for losses to or taking of PUD common property.

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Section 6. The Homeowners Association is required to make available to lot owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-laws, other rules concerning the project, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Section 7. Any holder of a first mortgage is entitled, upon written request, to a financial statement for the immediately preceding fiscal year.

Section 8. Upon written request to the Homeowners Association, identifying the name and address of the holder, insurer or guarantor and the lot number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- a. Any condemnation or casualty loss that affects either a material portion of the project or the lot securing its mortgage.
- b. Any 60-day delinquency in the payment of assessments or charges owed by the owner of any lot on which it holds the mortgage.
- c. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Homeowners Association.
- d. Any proposed action that requires the consent of a specified percentage of mortgage holders.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed this 21st day of Dec., 1984.

IN THE PRESENCE OF:

CARROLL MANOR PROPERTIES, INC.

Richard W. Green BY: J. Magarshak (SEAL)
Jacqueline M. Farnell

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EXHIBIT "A"

ALL that certain piece, parcel or tract of land situate, lying and being in the State of South Carolina, County of Spartanburg, containing 5.115 acres, and known as Lot 3, as is more fully shown on a plat entitled "Property of Carroll Manor Properties, Inc.," prepared by Archie S. Deaton & Associates, dated February 3, 1984, and having, according to said plat, the following metes and bounds, to-wit:

BEGINNING at an iron pin on the southern side of Country Club Road located approximately 151.9 feet from its intersection with Bentway Lane at the corner of Lot 2 and running thence with the line of Lot 2, S. 11-37 E. 199.81 feet to an iron pin; running thence N. 78-28-40 E. 144.69 feet to an iron pin located 5 feet from Bentway Lane and running thence S. 11-14-40 E. 583.14 feet to an iron pin; running thence S. 78-44-50 W. 338.93 feet to an iron pin at the corner of property of C. S. Jacobs and running thence with the line of said property N. 12-09-15 W. 669.76 feet to an iron pin at the corner of Lot 1; running thence N. 82-12 E. 155.92 feet to an iron pin; running thence N. 12-09-15 W. 125 feet to an iron pin on Country Club Road; running thence with the southern side of Country Club Road N. 82-12 E. 50 feet to the POINT OF BEGINNING.