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Office of REGISTER OF DEEDS, SPARTANBURG, S.C.
Dorothy Earle, Register Of Deeds

A PORTION OF THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET. SEQ. CODE OF LAWS OF SOUTH CAROLINA 1976 (AS AMENDED).

FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE TRAILSIDE AT DRAYTON MILLS TOWNHOMES

Made by:
DM VENTURE, LLC

KNOW ALL MEN BY THESE PRESENTS, that this First Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Trailside at Drayton Mills Townhomes (the "Declaration") is made and entered into on this 28th day of January, 2022 by DM Venture, LLC, a South Carolina limited liability company (hereinafter referred to as the "Declarant");

RECITALS

WHEREAS, Declarant is the owner of the real property described in Article One of this Declaration and desires to create thereon a townhome community known as The Trailside at Drayton Mills Townhomes (the "Community");

WHEREAS, on or about August 3, 2021, Declarant filed the Declaration of Covenants, Conditions and Restrictions for the Trailside at Drayton Mills Townhomes as recorded in Deed Book 133-F, Pages 360-386 in the Office of the Register of Deeds in Spartanburg County, South Carolina in which it subjected the Property to the covenants, conditions, restrictions, easements, charges and liens, all set forth therein, for the benefit of the Property and all of its owners (the "Original Declaration");

WHEREAS, the Declarant wishes to amend and restate the Original Declaration with the Declaration it being the intention of the Declarant that the Original Declaration shall be replaced in its entirety by this Declaration;

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Property, to create an entity to maintain, administer, operate and replace the Common Areas and the improvements thereon, administer and enforce the covenants, conditions and restrictions, and collect and disburse the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated under the laws of the State of South Carolina a non-profit corporation, The Trailside at Drayton Mills Townhome Association, Inc. (the "Townhome Association") for the purpose of exercising these functions;

NOW THEREFORE, the Declarant declares that the Property shall be held, used, transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, charges and liens contained herein.

ARTICLE ONE: DEFINITIONS

The following words when used in this Declaration or any amended or Supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

“Act” means the South Carolina Homeowners Association Act, as contained in Title 27, Chapter 30 of the South Carolina Code of Laws (or as contained in any successor portion of the South Carolina Code of Laws), as the same exists from time to time.

“Assessment(s)” shall mean and refer to the assessment(s) and charges levied by the Association against Members who are the Owners of Lots or Townhomes and shall include annual, special and Special Individual Assessments as described in Article Seven of this Declaration.

“Board” shall mean and refer to the Board of Directors of the Townhome Association.

“Builder” shall mean and refer to a person or entity who in the regular course of business purchases Lots and becomes the Owner of such Lots solely for the purpose of constructing improvements thereon for resale to their successors and assigns and not for the purpose of residing in such improvements. No successor or assignee of Builder shall have any rights or obligations of a Builder hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment or which pass by operation of law. The rights and obligations set forth herein of a Builder shall cease when all of the Lots owned by such Builder have been purchased and settled on by an Owner or Owners other than Builder or Declarant.

“Bylaws” shall mean and refer to the bylaws of the Townhome Association attached hereto as Exhibit B, and incorporated herein by reference, and all amendments thereto.

“Committee” shall mean and refer to the architectural control committee established under the Master Declaration.

“Common Area(s)” shall have the definition as established under the Master Declaration.

“Common Expenses” shall mean and refer to:

- a) Expenses declared Common Expenses by the provisions of this Declaration or the Bylaws.
- b) Expenses agreed upon from time to time as Common Expenses by the Townhome Association and lawfully assessed against Members in accordance with the Bylaws or this Declaration.
- c) Any valid charge against the Townhome Association as a whole; and
- d) Any expenses incurred by the Townhome Association in connection with the discharge of its duties hereunder and under the Bylaws and its articles of incorporation.

“County” means the County of Spartanburg, South Carolina.

“Declarant” shall mean and refer to DM Venture, LLC, a South Carolina limited liability company, its successors and assigns, and any person or entity who is specifically assigned the rights and interests of Declarant hereunder or under a separate instrument executed by the Declarant and recorded in the Spartanburg County Register of Deeds.

“Declarant Control Period” shall have the meaning assigned to it in the Master Declaration.

“Declaration” and “this Declaration”, “herein”, “hereto”, “hereof”, “hereunder” and words of similar import shall mean and refer to this document together with all exhibits and amendments to the document and Supplemental Declarations thereto regardless when recorded.

“Future Development Property” means the real property more particularly described in Exhibit B attached hereto, as amended from time to time, which may be developed as Lots, Units or Common Areas; however, the boundaries, location, size, configuration, and uses of any such Lots, Units, and Common Areas have not been determined as of this Declaration. The Declarant has no obligation to declare all or any portion of the Future Development Property to be Lots, Units or Common Areas.

“Guest” means any Person who is physically present in or occupies a Unit on a permanent or temporary basis at the invitation of the Owner or Tenant without the payment of consideration. Any Person who is physically present in or occupies a Unit at the invitation of the Owner or Tenant for consideration shall be deemed a “Tenant.”

“Improvement” means any structure or artificially created condition or appurtenance located on the Property, including any building constructed on any Lot, any additions and structural alterations to any Unit or Lot, any walkway, sprinkler pipe, road, driveway, parking area, fence, screening wall, retaining wall, stairway, deck, landscaping, hedge, fountain, tree, planting, shrub, windbreak, pole, swimming pool, pool deck, sign, screen enclosure, sewer, drain, disposal system, grading, paving, or exterior heating, ventilating or air-conditioning equipment or water softener fixture or equipment.

“Lot” shall mean and refer to any numbered parcel of land within the Property which is intended for use as a site for a Townhome or upon which a Townhome is constructed, as shown upon any Recorded Plat of the Property and labeled thereon as a “Lot”, and shall not include Common Areas, any numbered parcel of land within the Property which is intended for use as a site for a detached single-family dwelling or upon which a detached single-family dwelling is constructed or any property not yet subdivided for sale as an individual lot.

“Maintain,” “Maintenance,” “Maintaining” or any similar term used in this Declaration includes any one or more of the following, as the context requires: re-construction, maintenance, inspection, examination, upkeep, cleaning, renewal, alteration, repair, replacement, repainting, remodeling, restoration, removal, improvement, administration, operation, use, planting, mowing, cutting, trimming, pruning, fertilizing, watering and preservation, and with respect to any replacement items, acquisition, purchase, construction and installation.

“Master Association” shall mean and refer to the Trailside at Drayton Mills Association, Inc.

“Master Declaration” shall mean the Master Declaration of Covenants, Conditions and Restrictions for the Trailside at Drayton Mills Residential Development dated August 3, 2021 and recorded in Deed Book 133-F at Page 326-359, as amended, in the Office of the Register of Deeds for Spartanburg County, South Carolina.

“Member” shall mean a member of the Townhome Association and shall refer to an Owner of a Lot or Townhome.

“Mortgage” means any mortgage or deed of trust encumbering a portion of the Property, including a Lot. “First Mortgage” means any recorded Mortgage with first priority or seniority over other Mortgages on a particular portion of the Property.

“Mortgagee” means any beneficiary, payee or holder of any Mortgage, and the term Mortgage is deemed to refer to both mortgages and deeds of trust. “First Mortgagee” means any beneficiary, payee or holder of a First Mortgage.

“Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Townhome situated upon the Property. Notwithstanding any applicable theory of any lien or mortgage law, “Owner” shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words

“Member” and “Owner” are meant to describe all of the owners of Townhomes in the Community interchangeably as semantics dictate throughout this Declaration.)

“Party Structure” shall have the meaning assigned to it in Section 8.1 of this Declaration.

“Person” includes any natural person, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, governmental entity (including the City), or other entity.

“Property” shall have the meaning assigned to it in Section 2.1 of this Declaration.

“Quorum” shall have the meaning assigned to it in Article 3, Section 4 of the Bylaws.

“Recorded Plat” shall mean and refer to any map of the Property, or any portion thereof, recorded in the Spartanburg County Register of Deeds and executed by the Declarant or the Association to show its consent thereto (and all Owner(s) of such property if different). In any case in which the designation and/or boundary lines of the same property shown on two different Recorded Plats are different (for example, property is designated as a street on one plat and as a Lot on the other, or boundary lines are shown differently on two different Recorded Plats), the designations and boundary lines on the later-recorded of the Recorded Plats shall control.

“Restore,” “Restoration,” Restoring” or any similar term used in this Declaration includes any one or more of the following, as the context requires: debris removal, alteration, re-construction, installation, inspection, examination, repair, replacement, repainting, restoration of an Improvement lost or damaged by fire or other casualty, deterioration or obsolescence, or any taking by condemnation or eminent domain proceedings.

“Spartanburg County ordinances” shall mean all Spartanburg County codes, regulations and ordinances governing zoning, subdivisions, construction and land use applicable to the Property.

“Supplemental Declaration” shall mean an instrument including but not limited to a deed of conveyance, filed in the Public Records, which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument. The term shall also refer to an instrument filed by the Declarant which imposes additional restrictions or limits on the Declarant or the Association, any declaration or covenants, conditions and restrictions, and any declaration of condominium.

“Permitted Users” means the Tenants or Guests of an Owner.

“Tenant” means any Person who is physically present in or is entitled to occupy a Unit in exchange for consideration. Tenants shall not be Members of the Association, but shall, through the Owner, be entitled to certain rights and undertake certain obligations with respect to the Unit.

“Townhome” shall mean and refer to a Lot plus any improvement or portion thereof situated on a Lot intended for use and occupancy as a single-family residence that shares one or more walls with other townhomes, irrespective of the number of Owners.

“Townhome Association” shall mean and refer to the Trailside at Drayton Mills Townhome Association, Inc.

ARTICLE TWO: PROPERTY SUBJECT TO THIS DECLARATION

Section 2.1 The Property. The real property which is, and shall be, held, used, transferred, sold, conveyed and occupied subject to this Declaration (the “Property”) is located in Spartanburg County, South Carolina, and is or will be commonly known as The Trailside at Drayton Mills Townhomes, and is more specifically described on Exhibit A attached hereto and incorporated herein by reference.

Section 2.2 Mergers, Combinations or Consolidations. Any merger, combination or consolidation of the Association with another association must first be approved by an affirmative vote of Members holding at least sixty-seven percent (67%) of the authorized votes, including a majority of the votes held by Members excluding the Declarant, voting at a meeting in which a Quorum is present. If approved, upon merger, combination or consolidation of the Association with another association, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights, and obligations of another association may, by operations of law, be added to those of the Association as the surviving corporation pursuant to a merger, combination or consolidation. The surviving or consolidated association may administer the restrictions established upon any other properties, as one scheme. No such merger, combination or consolidation, however, shall affect any revocation, change or addition to, the covenants and restrictions established by this Declaration within the Property.

ARTICLE THREE: MEMBERSHIP; VOTING RIGHTS IN THE ASSOCIATION; RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

Section 3.1 Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot or Townhome is subject by this Declaration to all rights, responsibilities and assessments of the Townhome Association and shall be a Member of the Townhome Association, provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 3.2 Membership in Trailside at Drayton Mills Townhome Association, Inc. Every person or entity who is a record Owner of a fee simple interest in any Lot or Townhome is also subject to all rights, responsibilities and assessments of the Master Association and shall also be a Member of the Master Association, provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 3.3 Voting Rights. The Townhome Association shall have two (2) classes of voting memberships:

a) Class A. The Class A Members shall be all Owners of Lots or Townhomes within the Property, except Class B Members, if any. Any Class A Member shall be entitled to one (1) vote for each Lot or Townhome which it owns. In the case of multiple ownership of any Lot or Townhome, however, those multiple Owners shall be treated collectively as one Owner for voting purposes.

b) Class B. The sole Class B Member shall be the Declarant. The Class B Member may appoint all members of the Board during the Declarant Control Period which shall continue until the first to occur of the following:

- i. When one hundred percent (100%) of the Lots and Townhomes which are planned for the Property have certificates of occupancy and have been conveyed to Persons other than the Declarant or a Builder; or
- ii. When the Declarant, in its sole discretion, voluntarily relinquishes its Class B Member rights in a written instrument in recordable form.

Section 3.3 Right of Class B Member to Disapprove Actions. So long as the Class B Membership exists, the Class B Member shall have the right to disapprove any action, policy or program of the Association, the Board, and any committee which, in the sole judgment of the Class B Member, would tend to impair rights of the Declarant under the Governing Documents, or interfere with development of or construction on any portion of the Property, or diminish the level of services being provided by the Association.

(a) The Class B Member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such

notice shall be given by certified mail, return receipt requested, or by personal delivery at the address the Class B Member has registered with the secretary of the Association, which notice complies with the Bylaws and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at such meeting. The Class B Member may waive its right to receive notice in the same manner as provided in the Bylaws.

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

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

The Class B Member, its representatives or agents may make its concerns, thoughts and suggestions known to the Board and/or the members of the subject committee. The Class B Member, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the proposed action. No action, policy, or program shall be effective or implemented if the Class B Member exercises its right to disapprove. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, or the Board or the Association. The Class B Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 3.4 Termination of Class B Membership. Class B membership shall terminate upon the expiration of the Declarant Control Period.

Section 3.5 Rights and Responsibilities of the Association. Subject to the provisions set forth in this Declaration, the Association's duties include, but are not limited to, the following:

- a) Maintenance of a termite bond on all Townhomes;
- b) Limited exterior pest control treatments;
- c) Limited landscaping maintenance; and
- d) The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect insurance.

Premiums for all insurance and the activities of the Association and its Board shall be considered Common Expenses and shall be included in the General Assessment. In the event of an insured loss, the deductible shall be treated as a Common Expense and assessed in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their employees, lessees, invitees, clients, customers or guests, then the Board may specifically assess the full amount of such deductible against such Owners and their Homes.

The Townhome Association may in its discretion also provide other services as and to the extent the Townhome Association deems appropriate. The Townhome Association may obtain and pay for the services of any person or firm to manage its affairs to the extent the Board deems advisable, as well as such other person or firm as the Board determines is necessary or desirable, whether such person or firm is furnished or employed directly by the

Association or by any person with whom it contracts. Without limitation, the Board may obtain and pay for legal, accounting, engineering or other professional services necessary or desirable in connection with the enforcement of this Declaration, the Townhome Association's Articles of Incorporation, Bylaws, rules or regulations.

The Townhome Association may, acting through its Board, contract with other residential associations or commercial entities, neighborhoods, or clubs to provide services or perform services on behalf of the Townhome Association and its Members.

ARTICLE FOUR: RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS

Section 4.1 Master Use Restrictions. All Lots and Townhomes are subject to the use restrictions contained in Article Four of the Master Declaration.

Section 4.2 Balconies, Patios and Decks. All balconies, patios, porches, terraces and decks shall be kept in a clean, neat and orderly condition at all times. At no time shall they be used for storage of garbage, bicycles or toys or drying of laundry. All dead plants shall be removed promptly. Owner shall not place any heavy items that exceed forty (40) pounds per square foot on any rooftop terrace or balcony including but not limited to gym equipment, hot tubs, spas, or large crowds of people.

Section 4.3 Minimum Heat Requirement. Due to the nature of the Property, to minimize the risk of water pipes freezing and bursting during colder months, all Townhomes shall maintain a heat seating of 55°F (12°C) or greater at all times, whether the Townhome is occupied or unoccupied. Any violation of this Section 4.3 resulting in damage to the Property shall be repaired by the Association and the costs assessed solely to the Owner in violation. All Owners shall also shut any cut-off valves for outdoor spigots whenever the temperature is forecasted to be below 32°F (0°C).

ARTICLE FIVE: ARCHITECTURAL CONTROL

Architectural Control. Architectural Control shall be governed by Article Five of the Master Declaration and overseen by the Committee. Notwithstanding anything contained herein or Article Five of the Master Declaration, the limited exterior maintenance and landscaping maintenance provided by the Townhome Association shall not require the prior approval of the Committee.

ARTICLE SIX: MAINTENANCE AND INSURANCE

Section 6.1 Insurance by Owners.

6.1.1 Each owner of a Lot other than a Builder shall Maintain (1) liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Lot; and (2) insurance insuring personal property, additional living expense, and any other coverage obtainable to the extent and in the amount such Owner deems necessary to protect his own interest.

6.1.2 If the insurance described in Subsection 6.1.1 is not reasonably available, the Owner promptly shall cause notice of that fact to be hand-delivered or sent by United States certified mail, return receipt requested, to the Association.

6.1.3 Insurance policies carried pursuant to Subsection 6.1.1 shall provide that: (1) the Association is an additional insured under the policy to the extent of the Association's insurable interest; (2) the insurer waives its right to subrogation under the policy against the Association; (3) no act or omission by the Association, unless acting within the scope of the Association's authority on behalf of the Owner, will preclude recovery under the policy; and (4) if, at the time of a loss under the policy, there is other insurance

in the name of the Association covering the same risk covered by the policy, the Owner's policy provides primary insurance.

6.1.4 An insurer that has issued an insurance policy under this section shall, upon written request, issue a certificate or memoranda of insurance to the Association, and any such policy shall provide the issuing insurer may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association.

6.1.5 Any Improvement on a Lot for which insurance is required under Subsection 6.1.1 which is damaged or destroyed shall be Restored promptly by the Owner of such Lot unless: (1) Restoration would be illegal under any State or local health or safety statute or ordinance; or (2) the Owners of all Lots so damaged or destroyed decide not to Restore by an eighty percent (80%) vote. The Owner of a Lot shall be responsible for the cost of Restoration of any Improvement on such Lot in excess of insurance proceeds received by such Owner. If an Owner fails to insure as required pursuant to the provisions of this Section and such insurance would have covered a loss had such insurance been purchased and obtained, the Association may undertake the Restoration of any Improvement on the Lot and assess the Owner the cost of all such an Assessment.

Section 6.2 Insurance by the Association. The Association shall obtain and Maintain insurance coverage required by the Act and, unless prohibited by the Act, obtain and Maintain insurance covering the following, the cost of which will be a Common Expense:

6.2.1 Property insurance on the Common Areas insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage perils; and the total amount of insurance after application of any deductibles shall be not less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies;

6.2.2 A blanket property insurance policy providing "special perils" coverage for the "Building Shell" of each Townhome Building located on the Property from time to time, in an amount not less than one hundred percent (100%) of the full insurable replacement value thereof (before application of reasonable deductibles). If "special perils" coverage is not available, the Board shall obtain, at a minimum, fire and extended coverage, including coverage for vandalism and malicious mischief, in like amounts. The Association may additionally obtain such other property insurance for the Townhomes as the Association may determine to be necessary or desirable.

6.2.2.1 The "Building Shell" shall consist of the following components of each Townhome Building: (a) all structural components, including the foundation, footers, pilings, girders, beams, supports, walls (including all exterior walls, weight bearing walls, Party Walls and all other walls of a Townhome) and all studs, drywall, sheetrock or gypsum board attached to such walls; all slabs pillars, columns, insulation, exterior finishes or facades attached or affixed to any of the foregoing; all floor slabs; and all roofs, roof trusses, roof support elements, fascia soffits, roofing materials and insulation; (b) essential and permanent installations and equipment for electrical, plumbing, and mechanical systems and all ventilation, air conditioner and heating equipment and duct work for ventilation, heating and air conditioning systems; all plumbing and electrical fixtures including HVAC and water heaters; (c) windows and doors, garage doors, skylights and exterior glass; and (d) pipes, conduits, ducts, vents, wires and other service and utility lines; all of the foregoing as shown on the construction plans used to obtain building permits for the Townhome Buildings (collectively, the "Insured Townhome Property").

6.2.2.2 Notwithstanding the foregoing, the Insured Townhome Property shall not include, and shall specifically exclude, the following ("Excluded Property"): all furniture, furnishings, floor coverings, wall coverings and ceiling coverings or other personal property owned, supplied or

installed by any Owner, Tenant, guest or predecessor in interest; all additions, alterations, betterments or improvements owned, supplied or installed by any Owner, Tenant, guest or predecessor in interest; all appliances; and window treatments within any Townhome.

6.2.3 Flood insurance covering loss or damaged to the Insured Townhome Property in the event it is located in Flood Zone A or V as defined by the Federal Emergency Management Agency ("FEMA"). The Association may obtain such insurance through any available governmental programs providing for such coverage.

6.2.4 General liability insurance covering loss or damage to Persons or property arising out of or in connection with the use, ownership or Maintenance of the Common Areas.

Such insurance shall cover the acts or omissions of the Association, its officers, directors, employees, contractors, agents or invitees on or about or in connection with the Townhomes or adjoining driveways and walkways, and with a cross liability endorsement to cover liability of Owners as a group to any Owner, and vice versa. The coverage amount for such insurance shall be required by the Board, but with a minimum combined single limit liability of not less than \$2,000,000 for each accident or occurrence.

6.2.5 If the insurance described in this Section is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners. The Association may carry any other insurance it deems appropriate to protect the Association or the Owners.

6.2.6 Insurance policies carried pursuant to Section 6.2 shall provide that: (1) each Owner is an insured person under the policy to the extent of the Owner's insurable interest; (2) the insurer waives its right to subrogation under the policy against any Owner or Permitted User; (3) no act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; and (4) if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

6.2.7 Any loss covered by the property policy under Section 6.2 shall be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any Mortgagee. The insurance trustee or the Association shall hold any insurance proceeds in trust for Owners and lienholders as their interests may appear. The proceeds shall be disbursed first for the Restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely Restored, or the Association is dissolved.

6.2.8 An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

6.2.9 An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Owner, mortgagee or beneficiary under a deed of trust. Such policy shall provide the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, and to each Owner, mortgagee or beneficiary under a deed of trust to whom certificates or memoranda of insurance have been issued at their respective last known addresses.

6.2.10 Any portion of the Development for which insurance is required under Section 6.2 which is damaged or destroyed shall be repaired or replaced promptly by the Association unless: (1) the Association has been dissolved; (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance; or (3) the Members decide not to rebuild by an eighty percent (80%) vote.

The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If any portion of the Common Areas is not repaired or replaced: (1) the insurance proceeds attributable to the damaged Common Areas shall be used to restore the damaged area to a condition compatible with the remainder of the Development; and (2) the remainder of the proceeds shall be distributed to all the Owners or lienholders, as their interests may appear, in proportion to the Common Expense liabilities of all Owners.

Section 6.3 Other Insurance to be Maintained by the Association.

6.3.1 To the extent reasonably available, the Association shall maintain fidelity coverage against dishonest acts by the Association's officers, employees and others who are responsible for handling funds of the Association. If the Association contracts with another Person to receive and disburse the monies of the Association, then such Person shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph. Any such fidelity coverage shall name the Association as an obligee, shall be written in such amount as the Board shall deem appropriate, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar term.

6.3.2 To the extent obtainable at reasonable cost, the Association shall maintain appropriate insurance to protect Board and officers of the Association from personal liability arising in connection with their duties and responsibilities in such capacities on behalf of the Association.

6.3.3 The Association shall maintain workers compensation with respect to its employees, if any, as required by law.

The Association may obtain insurance against such other risks as the Board shall deem appropriate.

Section 6.4 Exterior Maintenance by Townhome Association. The Townhome Association has elected that each Owner shall be responsible for exterior maintenance of Owner's Lot and all improvements located thereon as more specifically defined in Section 6.7 hereinbelow. Notwithstanding anything contained herein to the contrary, any exterior maintenance that is the responsibility of the Townhome Association that results from a hazard covered by a standard homeowner's hazard insurance policy shall be paid for first from the proceeds of the insurance policy, then any remainder from the funds of the Townhome Association.

Section 6.5 Yard Maintenance. The Townhome Association has elected to perform maintenance of the Lots as follows:

- (i) Lawn mowing on a regular basis; Tree and shrub pruning as needed as determined in the sole discretion of the Townhome Association;
- (ii) Mulching all planting beds once per year; and
- (iii) Watering as needed as determined in the sole discretion of the Townhome Association;
- (iv) Maintenance of irrigation system(s);

Any other yard maintenance desired by each Owner shall be done by the Owner at Owner's expense.

Section 6.6 Trash Removal. The Master Association has elected to contract with one or more third parties for the installation of an underground waste containment and removal system. Each Owner shall exclusively use such underground system for all exterior waste disposal and containment and shall not use or maintain any other trash bins in any visible exterior areas. The Master Association has also contracted for the removal of all litter, trash, refuse and waste and shall keep the trash pick-up, service and loading areas in a neat and clean condition.

Section 6.7 Exterior Maintenance by Owner. Except as provided by the rules and regulations of the Townhome Association, each Owner shall be primarily responsible for maintaining Owner's Lot, and all improvements located thereon, including without limitation, all structures. Such maintenance includes but is not limited to the following

- (i) All exterior maintenance of such Townhome, including but not limited to the painting and repair of all exterior windows, doors, exterior stucco, hardy plank, masonry, or other exterior siding as well as any repairs to or replacements of roofs, gutters and downspouts.
- (ii) Keeping exterior lighting, windows, doors, fixtures, and mechanical facilities in working order; and
- (iii) Except as maintained by the Townhome Association as outlined in Section 6.4, repair of exterior damage to improvements and keeping exterior improvements in good repair, including repairing and replacing roofs, windows and doors.

Every Owner shall also be responsible for the security and safety of Owner's Townhome.

Section 6.8 Owner's Failure to Maintain. If the Board determines that an Owner has failed to maintain Owner's Lot or Townhome in compliance with this Article or the Master Declaration, the Townhome Association shall provide Owner with a written notice detailing such failure to maintain. If the Owner does not perform the needed maintenance within fifteen (15) days of receipt of the written notice, the Townhome Association may cause such maintenance to be performed at the Owner's sole cost and expense. Notwithstanding anything contained herein to the contrary, if the needed maintenance is deemed to be an emergency by the Board, in its sole discretion, the Townhome Association may cause such maintenance to be performed immediately at the Owner's sole cost and expense. Owner shall pay the Townhome Association's invoice for the maintenance within ten (10) days of receipt or the Townhome Association may collect the invoice in the same manner as it would an Assessment. The Townhome Association, its officers, agents and contractors shall have all rights necessary to perform maintenance on Owner's behalf under this Section, including but not limited to, a right of entry on to Owner's Lot and Townhome during reasonable hours after reasonable notice to Owner, Owner's family member or tenant; however, access may be had at any time without notice in the event of an emergency.

Section 6.9 Standards and Application. Maintenance standards and the enforcement of such standards and the interpretation of maintenance obligations may vary from time to time as the members of the Board change. Any variances shall not constitute a waiver or estoppel as to the right of the Board or the Committee to adopt or enforce maintenance responsibilities under this Declaration.

Section 6.10 Insurance-Related Measures. The Townhome Association shall have the authority to require Owners to take any measures or perform any work on the Owner's Lot or Townhome, which the Board determines (a) will decrease any insurance premiums paid by the Townhome Association; (b) will decrease the possibility of fire or other casualty damage to the Property; or (c) assist in obtaining or maintaining insurance coverage. The Board's authority shall include, but not be limited to requiring cut-off of exterior water spigots during cold weather; installing smoke and/or carbon monoxide detectors; insulating pipes to minimize the possibility of freezing; and requiring an Owner to make improvements to a Lot or Townhome or take other measures. If an Owner fails to comply with any such request by the Townhome Association per this Section, the Townhome Association shall provide Owner with a written notice detailing such non-compliance. If the Owner does not resolve the non-compliance within fifteen (15) days of receipt of the written notice, the Townhome Association may cause such work to be performed at the Owner's sole cost and expense. Owner shall pay the Townhome Association's invoice for any such work within ten (10) days of receipt or the Townhome Association may collect the invoice in the same manner as it would an Assessment. The Townhome Association, its officers, agents and contractors shall have all rights necessary to perform work on Owner's behalf under this Section, including but

not limited to, a right of entry on to Owner's Lot and Townhome during reasonable hours after reasonable notice to Owner, Owner's family member or tenant.

ARTICLE SEVEN: COVENANT FOR PAYMENT OF ASSESSMENTS AND FEES

Section 7.1 Creation of the Lien and Personal Obligation for Assessments. Each Member who is the owner of any Lot by acceptance of a deed and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, do hereby covenant and agree to pay to the Association:

- a) annual assessments or charges as contained herein or in the Bylaws;
- b) special assessments for capital improvements; and
- c) Special Individual Assessments.

The annual and special Assessments and any Special Individual Assessments of an Owner and any fines, liquidated damages or summary charges as provided herein or in the Bylaws, together with such interest thereon and costs of collection, shall be a charge on the land and shall be a continuing lien upon each Lot against which an Assessment is made. Each such Assessment, together with such interest thereon and costs of collection, shall also be the personal obligation of the person or persons jointly and severally, who are the Owners of such Lot at the time when the Assessment fell due. Payment of the working capital assessment shall not reduce the annual assessment.

Section 7.2 Purpose of Assessments. The Assessments levied by the Townhome Association shall be used exclusively to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of the Property and other Members, and in particular for:

- a) payment of the Common Expenses;
- b) establishment of capital replacement reserves; and
- c) the procurement and maintenance of insurance related to the Townhome Association, the employment of attorneys to represent the Townhome Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes.

Section 7.3 Special Assessments. In addition to the regular annual Assessments, the Townhome Association may levy in any assessment year, a special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of professional or consulting fees, any construction or reconstruction, unexpected repairs or replacement of any capital improvement provided that any such Assessment shall have the consent of at least sixty-seven percent (67%) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose. Notwithstanding the foregoing, this Section 7.3 shall not apply to or be enforced against Declarant or a Builder.

Section 7.4 Special Individual Assessments. In addition to the regular annual Assessments and the special Assessments for capital improvements described above, the Townhome Association may levy, from time to time, on a particular Lot rather than on all Lots in the Property, special individual Assessments, immediately due and payable, consisting of any fines assessed by the Townhome Association under authority contained in the Bylaws for an Owner's violations of the terms and conditions of this Declaration, any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees and any costs to maintain or repair items that are the responsibility of the Owner)

incurred by the Townhome Association incidental to the enforcement of any rules and regulations, or the collection of Assessments (both annual and special) or the collection of damages or charges arising under the Bylaws, all of the foregoing of which shall comprise "Special Individual Assessments." Notwithstanding the foregoing, this Section 7.4 shall not apply to or be enforced against Declarant or a Builder.

Section 7.5 Date of Commencement of Annual Assessment: Due Dates. The regular annual Assessments provided for herein shall be paid in monthly installments or any other frequency as determined by the Board. The payment of the regular Assessment by Owners shall commence as to each Lot on the first day of the month following the conveyance of that Lot to a third party other than Declarant or a Builder. The first regular Assessment shall be prorated according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual Assessment at least fifteen (15) days in advance of each regular annual Assessment period. Written notice of the regular annual Assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific Assessment has been paid. Such properly executed certificate of the Association as to the status of the Assessment is binding upon the Association as of the date of its issuance. The first Assessments levied against any additions to the Community not now subject to Assessment, at a time other than the beginning of any Assessment period, shall be prorated. The due date of any special Assessment or any other Assessments permitted by the Declaration shall be fixed in the resolution or resolutions authorizing such Assessment.

Section 7.6 Duties of the Board. The Board shall fix the date of commencement and the amount of the Assessments against each Member for each Assessment period, at least thirty (30) days in advance of such date or period which shall be kept in the office of the Townhome Association, or at any other place designated by the Board upon notice to the Members, and which shall be open to inspection by any Member. Written notice of the Assessment or Assessments thereupon shall be sent to every Member. Based on the projected Assessments to be collected, the Board shall develop an annual operating budget for the Townhome Association (the "Budget").

Section 7.7 Effect of Non-Payment of an Owner's Assessment. If the Assessments of an Owner are not paid within ten (10) days following the due date, then such Assessments shall become delinquent and shall, together with such interest thereon and costs of collection, including reasonable attorney's fees, become a continuing lien on the Lot(s), which shall bind the Owners of such Lot(s) and the heirs, devisees, personal representatives, successors and assigns of the Owners. The personal obligation of the then-Owner to pay such Assessment shall remain the Owner's personal obligation for the statutory period; and, in addition, shall pass to the Owner's successors in title (as an encumbrance or lien against the Lot unless expressly waived by the Board.)

If the Assessment(s) is not paid within thirty (30) days after the delinquency date, the Assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by law, whichever is less), and the Association may authorize its officers to bring appropriate civil action against the Owner or to foreclose the lien against any such Lot(s) or Townhome(s). In the event a judgment is obtained against any Owner for such Assessments, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action and any other costs incurred in collection. In addition, the Board may set a schedule of late fees also due and payable if an Assessment is not paid within thirty (30) days after the delinquency date, which late fees shall be in addition to the other charges described herein.

Section 7.8 Subordination of the Lien on an Owner's Property to Mortgages. The lien on an Owner's Lot of the Assessments provided for herein shall be absolutely subordinate to the lien of any mortgage now or hereafter placed upon any Lot(s). The subordination shall not relieve any Lot(s) from liability for any Assessments now or hereafter due and payable, but the lien thereby created shall be junior and subordinate to any mortgage as if said lien were a junior lien, irrespective of when such mortgage was executed and recorded. The sale or transfer of a Lot shall not affect any lien for Assessments and Collection Costs. However, the sale or transfer of a Lot pursuant to a foreclosure or any proceeding in lieu of foreclosure shall extinguish the lien of such Assessments and Collection Costs which became due prior to such sale or transfer. No such sale or transfer shall relieve a Lot from

liability for any assessments thereafter becoming due, or from the lien thereof, but said liens shall continue to be subordinate to the lien of any such first mortgage.

Section 7.9 Exempt Property. The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

- a) all Common Areas; and
- b) all properties exempted from taxation by the laws of the State of South Carolina, upon the terms and to the extent of such legal exemption. (Homestead exemptions shall not be considered an exemption.)

Notwithstanding any provisions of this Section, no Lot shall be exempt from said Assessments, charges or liens except as is provided in Section 7.13.

Section 7.10. Maximum Annual Assessment. Until December 31st of the year in which the first Lot or Townhome is conveyed to an Owner other than Declarant or a Builder, the maximum annual assessment shall be \$1,200 per Lot or Townhome. From and After January 1 of the year immediately following the conveyance of the first Lot or Improved Lot to an Owner other than Declarant or a Builder, the maximum annual assessment may be increased by no more than twenty-five percent (25%) a year by the Board. The annual assessment may be increased more than twenty-five percent (25%) upon a vote of the Owners to whom sixty-seven percent (67%) or more of the Association's votes have been assigned who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations in the increase in the annual Assessments herein shall not apply to any change in the maximum amount of the Assessments undertaken as an incident to (1) a merger or consolidation in which the Association is authorized by law to participate, (2) as an incident to any additions to the Community or submission of additional property, (3) in connection with the addition of Recreational Facilities for the Community, or (4) any increase in insurance premiums. At closing, a one-time Initial Payment equal to six (6) month pro-rated assessment payment shall be paid by each Owner upon the conveyance of a Lot or Townhome to a new Owner.

Section 7.11 Assessments Collected. All monies collected by the Townhome Association shall be treated as the separate property of the Townhome Association, and such monies may be applied by the Townhome Association to the payment of any expense of operating and managing the Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Townhome Association. As monies for any assessment are paid to the Townhome Association by any Owner, the same may be commingled with monies paid to the Townhome Association by the other Owners. Although all funds are common surplus, including other assets of the Townhome Association, and any profits derived therefrom shall be held for the benefit of the Members, no Member shall have the right to assign, hypothecate, pledge or in any manner transfer Owner's membership interest therein, except as an appurtenance to Owner's Lot. When an Owner ceases to be a member of the Townhome Association by reason of the Owner's divestment of ownership of such Lot, by whatever means, the Townhome Association shall not be required to account to such Owner for any share of the funds or assets of the Townhome Association, or which may have been paid to the Townhome Association by such Owner, as all monies which any Owner has paid to the Townhome Association shall be and constitute an asset of the Townhome Association which may be used in the operation and management of the Property.

Section 7.12. Declarant and Builder Responsibility for Assessments. Declarant's responsibility for payment of assessments and for contributions to the budget of the Association shall be as follows:

1. During the development of the Property, Developer may elect to pay to the Association an amount sufficient to cover the operating deficit in the budget of the Association, on a periodic basis. This payment will be made in lieu of the assessments which would be levied against the Declarant as the owner of any unsold Lots or Townhome.

2. At a time selected by the Declarant, the Declarant will begin paying periodic assessments in the same amounts and in the same manner as all other Owners and shall thereafter have no obligation for covering the deficit in the operating budget.
3. Notwithstanding anything to the contrary contained herein, Builder shall not be responsible for the payment of any general or special assessments.

Section 7.13 Assessments Under Master Restrictions. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IN ADDITION TO THE MAXIMUM ANNUAL ASSESSMENT CONTAINED IN THIS SECTION, OWNERS SHALL ALSO BE RESPONSIBLE FOR PAYMENT OF THE ANNUAL ASSESSMENT TO THE TRAILSIDE AT DRAYTON MILLS ASSOCIATION, INC. UNDER THE MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE TRAILSIDE AT DRAYTON MILLS RESIDENTIAL COMMUNITY RECORDED IN DEED BOOK 133-F AT PAGE 326-359, AS AMENDED, IN THE OFFICE OF THE REGISTER OF DEEDS FOR SPARTANBURG COUNTY, SOUTH CAROLINA.

ARTICLE EIGHT: SHARED STRUCTURES

Section 8.1 General Rules of Law to Apply. Each wall, fence, driveway or similar structure built as a part of the original construction on a Lot, which serves and/or separates any two adjoining Townhomes and/or Lots shall constitute a "Party Structure." To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls, lateral support on below-ground construction, and liability for property damage due to negligence or willful acts or omissions shall apply.

Section 8.2 Maintenance: Damage and Destruction. The cost of reasonable repair and maintenance of a Party Structure shall be shared equally by the Owners who make use of the Party Structure. If a Party Structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the Party Structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

Section 8.3 Construction of a Party Wall. The Owner of any Lot may construct, reconstruct, or extend in any direction on its Lot a Party Structure (subject to and within the limitation of architectural control and other limitations of this Declaration) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 8.4 Weatherproofing. Notwithstanding any other provision of this Section, an Owner who by Owner's negligent or willful act causes the Party Structure to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 8.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 8.6 Certification by Adjoining Property Owner that No Contribution is Due. In order to assure a prospective purchaser that no adjoining property Owner has a right of contribution as provided in this Article 8, an Owner may request of the adjoining Owner a certification stating that no right of contribution exists. It shall be the duty of each adjoining Owner to make such certification within five (5) days of such request and without charge; provided, however, that where the adjoining Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8.7 Arbitration. In the event of any dispute arising concerning a Party Structure or under the provisions of this Article 8, the parties shall choose an arbitrator. If the parties cannot agree on an arbitrator, each

party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and a decision regarding the dispute shall be made by a majority of all the arbitrators and according to the Uniform Arbitration Act as adopted in South Carolina as then existing.

ARTICLE NINE: ADDITIONAL RIGHTS RESERVED TO DECLARANT

Declarant shall have all rights as reserved in Article Six of the Master Declaration.

ARTICLE TEN: RIGHTS OF MORTGAGEES

The following provisions, in addition to provisions set forth elsewhere in this Declaration and in Section 11 of the Master Declaration, shall be applicable to the holders of mortgages upon the Lots and Townhomes subject to this Declaration and any amendments thereto:

Section 10.1 Notice to Association. Whenever any mortgagee desires the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association in compliance with Section 12.1 addressed to the Association, identifying the Townhome or Townhomes upon which any such mortgagee holds a mortgage, or identifying any Townhomes owned by them, together with sufficient pertinent facts to identify any mortgage which may be held by it and which notice shall designate the place to which notices are to be given by the Association to such mortgagee.

Section 10.2 Mortgagee Rights. All mortgagees of Lots and Townhomes have:

- a) the right to inspect Association documents and records on the same terms as the Members as outlined in the Bylaws;
- b) the right to receive written notification from the Association of any default in the performance by an Owner/Borrower of any obligation under this Declaration or Bylaws which is not cured within sixty (60) days;
- d) the right to receive notice of any proposal to terminate the Declarations or dissolve the Association at least thirty (30) days before any such action is taken; and
- e) the right to receive notice of any termination, lapse, or material modification of any insurance policy held by the Association.

Section 10.3 Liability for Assessment. Any mortgagee who obtains title to a Lot pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Lot's unpaid dues or charges which accrue prior to the acquisition of title to such Lot by the mortgagee.

ARTICLE ELEVEN: AMENDMENT TO DECLARATION

Section 11.1 "Material Amendment" and "Extraordinary Action" Defined.

- a) A "Material Amendment" includes adding, deleting or modifying any provisions regarding the following:
 - (1) Assessment basis or assessment liens;
 - (2) Any method of imposing or determining any charges to be levied against Owners;
 - (3) Maintenance obligations;
 - (4) Reduction of insurance requirements;
 - (5) The addition, annexation or withdrawal of land to or from the Property;
 - (6) Voting rights;

- (7) Restrictions affecting leasing or sale of a Lot or Townhome; or
- (8) Any provision which is for the express benefit of mortgagees.

b) An "Extraordinary Action" shall include:

- (1) merging or consolidating the Townhome Association with another entity other than another non-profit entity formed for purposes similar to the Townhome Association;
- (2) Expanding the Townhome Association to include land not previously described as additional land which increases the overall land area of the Property by more than ten percent (10%);
- (3) Using insurance proceeds for purposes other than construction or repair of the insured improvements; or
- (4) Making capital expenditures during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget.

Section 11.2 Owner/Member Initiated. Any amendment to this Declaration or Extraordinary Action may be proposed by the Board or any Owner.

a) Notice. Any proposed amendment to this Declaration or proposal for Extraordinary Action shall be transmitted in writing to all current Owners, and there shall be called a special meeting of the Owners for a date not sooner than ten (10) days nor later than sixty (60) days from date of notice. It shall be required that each Owner be given written notice of such special meeting, stating the time and place, containing a copy of the proxy that can be cast in lieu of attendance, and reciting the proposed amendment or action in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor more than sixty (60) days before the date set for such special meeting. Such notices shall be made in compliance with the provisions of Section 12.1 and shall be deemed to be properly given. Any Owner may, by written waiver of notice signed by such Owner, waive such notice, and such waiver, when filed in the records of the Townhome Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Owner.

b) Material Amendment or Extraordinary Action. For a Material Amendment or an Extraordinary Action, the Material Amendment or Extraordinary Action proposed must be approved by the Declarant during the Declarant Control Period and, after the Declarant Control Period, by Members holding at least sixty-seven percent (67%) of all authorized votes at a meeting in which a Quorum is present.

c) Other Amendments. For any other amendment to the Declarations other than a Material Amendment or an Extraordinary Action, the amendment proposed must be approved by an affirmative vote of a majority of all Members present, in person or by proxy, and voting at a meeting in which a Quorum is present, or in writing by a majority of the total authorized votes of all the Members.

d) Absentee Voting. At any meeting held to consider such amendment or action, the written vote of any Owner shall be recognized and counted even if such Owner is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Townhome Association prior to or at such meeting. Owners may also vote electronically so long as voting is not opened prior to the meeting to consider such amendment or action and voting does not remain open for more than 72 hours following such meeting.

e) Documentation of Approval. If approved, a Material Amendment of this Declaration, Extraordinary Action or other amendment shall be properly transcribed and certified by two (2) officers of the Townhome Association on a form substantially similar to the form attached as Exhibit B, stating

that such amendment or action was duly adopted and approved by the requisite percentage of Owners. The original or an executed copy of a Material Amendment or other amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Spartanburg County, and no such amendment to this Declaration shall be effective until so recorded. If any Material Amendment or other amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

f) Limitation on Owner/Member-initiated amendments. Without the prior written consent of the Declarant, there shall not be allowed any Owner/Member-initiated amendments to this Declaration for a period of five years from the effective date hereof, and in addition, no Owner/Member-initiated amendments may be made for any reason to Article 9 or Section 7.12. The above limitations shall in no way limit or diminish Declarant's rights to make amendments to any part of the Declaration under the powers reserved in Section 11.4 below.

Section 11.3 Exceptions. The following Material Amendments and Extraordinary Actions shall require approval by Members entitled to cast at least ninety percent (90%) of the authorized votes of the Members of the Townhome Association, excluding the Declarant:

- a) Termination of the Declarations or other termination of the planned unit development; and
- b) Dissolution of the Townhome Association.

Section 11.4 Declarant's Right to Unilaterally Amend.

a) Declarant, or its successor or assigns, shall be allowed to unilaterally make any amendments to this Declaration necessary, in the Declarant's opinion (i) to establish the nonprofit qualifications of the Townhome Association; (ii) to correct any discovered typographical error contained herein; (iii) to clarify any ambiguity contained herein; (iv) to comply with governmental directives; or (v) to maintain the tax-exempt status of the Townhome Association. This right may be exercised and shall be effective only upon the recordation of a "Corrected Declaration" in the Office of the Register of Deeds of Spartanburg County, which Corrected Declaration shall specifically reference this document, and the provision impacted.

b) The Declarant may also amend this Declaration by filing an amendment in the Spartanburg County Register of Deeds, executed by only the Declarant, if at the time of the recording of the amendment the Declarant still owns sixty-seven percent (67%) of the existing or proposed Lots in the Property. Such amendment need not be certified by the Townhome Association.

c) Notwithstanding anything to the contrary herein, in the event that Dan Ryan Builders shall become a "Builder" as defined herein, as long as Dan Ryan Builders owns at least one (1) Lot or Townhome, the prior written consent of Dan Ryan Builders shall be obtained prior to any Amendment which would materially reduce or limit Dan Ryan Builders' rights, or materially increase Dan Ryan Builders' obligations hereunder. The foregoing shall not apply to any Builder other than Dan Ryan Builders.

Section 11.5 When Effective; Recording; Title Searching. An amendment to this Declaration that complies with this Article shall be effective when recorded in the Spartanburg County Register of Deeds. The amendment shall be indexed under the name of the Declarant or its successor, the Townhome Association or its successor, or the Owners of the property in the Property. The failure of the amendment to be indexed under all of the foregoing shall not invalidate such amendment so long as the amendment has been indexed under at least one of the foregoing. Anyone searching title on Lots in the Property should search under the names of the foregoing to discover amendments to this Declaration that may have occurred after the Lot has been conveyed to an Owner from the Declarant.

ARTICLE TWELVE: GENERAL PROVISIONS

Section 12.1 Notices. Any notice required to be sent to any Member, under the provisions of this Declaration, shall be deemed to have been properly sent when: (a) hand-delivered; or (b) mailed, postage prepaid, registered or certified mail, return receipt requested; or deposited with an overnight courier (such as, but not limited to Federal Express) and addressed to the person at the last known address of the person who appears as Owner on the records of the Townhome Association at the time of such mailing. In the event an Owner's address is absent from the Townhome Association's records, the notice may be sent to the address listed on the Spartanburg County tax records at the time of the mailing. The sender shall not be required to cause title to any Lot or Townhome to be examined. Notice to any one of the Owners, if title to a Lot or Townhome is held by more than one, shall constitute notice to all Owners of that Lot or Townhome.

Section 12.2 Enforcement. The Townhome Association and/or any Owner may enforce these covenants and restrictions. Enforcement of these covenants and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants and restrictions. Failure by the Townhome Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 12.3 Duration. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, the Townhome Association or any Owner, their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless terminated by Members holding at least sixty-seven percent (67%) of the votes.

Section 12.4 Arbitration. Any controversy, claim, or dispute of whatever nature arising out of or in any way relating to any aspect of this Declaration, any of the covenants, conditions, easements, or restrictions contained herein or the Townhome Association's Articles of Incorporation or Bylaws shall be submitted to binding arbitration in Greenville, South Carolina, in accordance with the South Carolina Uniform Arbitration Act. The decision rendered by the arbitrator shall be final, and a judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Notice of demand for arbitration shall be filed in writing with the other party. The demand for arbitration shall be made within a reasonable time after the claim, dispute or other.

This arbitration provision shall not apply to any collection efforts by the Townhome Association of unpaid Assessments of any kind, attorney's fees or collection costs.

Section 12.5 Captions, Introductions and Gender. The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.


Section 12.6 Severability and Applicable Law. If any provision of this Declaration is found to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions, and all covenants as contained herein shall be deemed to be severable each from the other without qualification. This Declaration shall be construed and enforced in accordance with the laws of the State of South Carolina without regard to principles of conflict of laws.

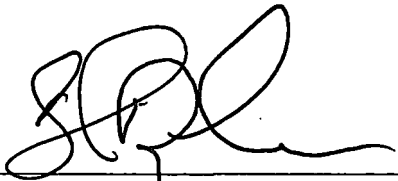
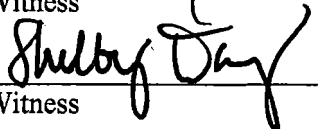
Section 12.7 Fines. In addition to any and all remedies contained in this Declaration, the Townhome Association shall have the authority to fine an Owner up to \$25.00 per day for any violation of this Declaration which is not cured within ten (10) days of written notice to said Owner of the violation. Beginning in 2021 and continuing thereafter, the Townhome Association may increase the maximum daily fine by no more than ten percent (10%) a year. Fines against any Lot shall be capped on an annual basis at an amount equal to the then-current Annual Assessment.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed under seal as of the date first above written.

DECLARANT:

DM VENTURE, LLC,
A South Carolina limited liability company

By: 
Phillip Day, Member



Witness

Witness

STATE OF SOUTH CAROLINA)
)
SPARTANBURG COUNTY)

Acknowledgment

I, the undersigned Notary Public of the above-stated County and State, do hereby certify that Phillip Day, Manager of DM Venture, LLC, personally came before me this day and acknowledged the due execution of the foregoing instrument as his act and deed and as the act and deed of the limited liability company.

Witness my hand and notarial seal, this 20th day of January, 2022.


Notary Public for South Carolina
My Commission Expires:

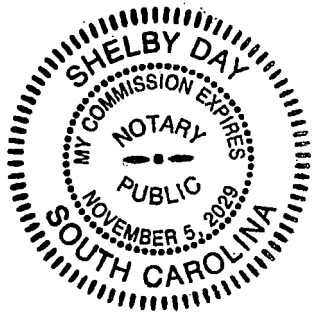


EXHIBIT A

Property Description

EXHIBIT B**BYLAWS OF
TRAILSIDE AT DRAYTON MILLS TOWNHOMES ASSOCIATION, INC.****ARTICLE I
NAME AND LOCATION**

The name of the corporation is the Trailside at Drayton Mills Townhome Association, Inc., (the "Association"). The principal office of the corporation shall be located, and meetings of Members and Directors may be held, at such places within the State of South Carolina as may be designated by the Board of the Association (the "Board").

**ARTICLE II
DEFINITIONS**

Section 1. All capitalized terms not defined herein shall have the meanings ascribed to such terms in that certain Master Declaration of Covenants, Conditions, and Restrictions for the Trailside at Drayton Mills Residential Development executed by DM Venture, LLC, as Declarant therein, and recorded in the Office of the Register of Deeds of Spartanburg County, South Carolina (as the same may be modified, amended or supplemented, from time to time, the "Declaration").

Section 2. "Membership" means all Members, as a group.

**ARTICLE III
MEETING OF MEMBERS**

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within thirty (30) days from the expiration of the Declarant Control Period, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter, at a date, time and place within Spartanburg County, South Carolina selected by the Board.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board, or upon written request of the Members entitled to vote fifty-one (51%) of all of the votes in the Membership with notice given in compliance with Section 12.1 of the Declaration.

Section 3. Notice of Meetings. Except as otherwise provided in the Declaration or these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing or by electronic transmission a copy of the notice, postage prepaid, not less than ten (10) days and no more than sixty (60) days prior to the meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by the Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes and any proposal to remove a Director or Officer.

Section 4. Quorum. The presence at the meeting of Members or proxies entitled to cast fifty percent (50%) of the votes of the Membership shall constitute a quorum for any action except as otherwise provided in the Declaration or these Bylaws. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy and such majority may, in its discretion, also determine that the presence at the rescheduled meeting of Members or proxies entitled to cast twenty-five percent (25%) of the votes of the Membership shall constitute a quorum for any action except as otherwise provided in the Declaration or these Bylaws.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of Member's Lot or Townhome.

Section 6. Electronic Voting. Notwithstanding anything contained in this Article to the contrary, electronic voting is permitted; however, under no circumstances shall electronic voting or any other voting be permitted prior to the meeting and such electronic voting shall be closed within 72 hours after such meeting.

ARTICLE IV BOARD

Section 1. Number. The Board shall consist of five (5) directors (the "Directors") and shall manage the affairs of the Association. Upon expiration of the Declarant Control Period, a Majority of the Directors shall be Members of the Association.

Section 2. Nomination. Nomination of persons for election to the Board shall be made by a Nominating Committee (the "Nominating Committee"). Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board, and two or more other persons. The Nominating Committee shall be appointed by the President of the Association prior to each annual meeting of the Members, to serve until the close of the annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may be made from Members or non-Members.

Section 3. Election. Election to the Board shall be by written ballot. At the election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative and fractional voting is not permitted. Electronic voting is permitted. In the event any Director resigns, the remaining Directors shall elect a substitute Director to fill his or her unexpired term.

Section 4. Election of Directors by Declarant. Until the expiration of the Declarant Control Period, the Declarant shall be entitled to appoint and remove the members of the Board. Following the expiration of the Declarant Control Period, the Board shall be elected by the Members.

Section 5. Term of Office. The terms of each Director shall be for one (1) year or until the successor is elected, whichever shall be the longer period. Each Director shall be elected at the annual meeting.

Section 6. Action Taken without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 7. Removal. Any Director, other than those appointed by the Declarant, and those appointed to fill a resignation, may be removed from the Board, with or without cause, by a majority vote of the Members of the Association present and entitled to vote at any meeting of the Members at which a majority of the votes of the Association is present. Any Director selected by the Declarant during the Declarant Control Period may be removed by the Declarant, with or without cause. In the event of death, resignation or removal, pursuant to the Bylaws, of a Director (a) if such Director was elected by the Members of the Association, the successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor and (b) if such Director was appointed by the Declarant during the Declarant Control Period, the successor shall be selected by the Declarant.

Section 8. Resignation. Any Director may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held at least annually at such place and hour as may be fixed from time to time by resolution of the Board, without the necessity of further notice.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. Notwithstanding any provision to the contrary in the Declaration or these Bylaws, the quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. Thereafter, the quorum requirement shall increase to its original amount.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD

Section 1. Powers. The Board shall have the power to:

(a) adopt and publish rules and regulations governing the use of the Common Area including any improvements and amenities located thereon, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infractions, including fines;

(b) suspend the voting rights, and the right of use of any recreational facilities located on any Common Area during any period in which the Member is in default in the payment of any assessment levied by the Association. These rights may also be suspended for a period not to exceed sixty (60) days for an infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) contract for the management of the Community and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Board or the membership of the Association; and

(e) designate and remove personnel necessary for the maintenance, repair, replacement and operation of the Community.

Section 2. Duties. It shall be the duty of the Board to:

(a) keep a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such a statement is requested in writing by the holders of one-fourth (1/4) of the votes of the Class A Members, and to make its financial and other records reasonably available for examination by Members and their authorized agents;

(b) supervise all Officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) make, levy and collect assessments against Lots and Townhomes to defray the common expenses of the Community; provided the Declarant's and Builders' obligations for periodic assessments are subject to the provisions of Article VIII of the Declaration;

(d) issue, or cause an appropriate Officer to issue, upon demand by any person and within ten (10) business days of receipt of such demand, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates (if the certificate states that an assessment has been paid, the certificate shall be conclusive evidence of payment with respect to any person relying on the certificate);

(e) maintain, repair, replace, operate and manage the Common Areas wherever the same is required to be done and accomplished by the Association and to approve any expenditure made or to be made for said purposes;

(f) pay all taxes and assessments which are or may become liens against any part of the Common Area;

(g) purchase insurance for the protection of the Common Area and Association against casualty and liability;

(h) pay all costs of power, water, sewer and other utility services rendered to the Common Area; and

(i) cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The Officers of this Association shall be a President, a Vice-President, a Secretary, and a Treasurer and such other Officers as the Board may from time to time by resolution create (the "Officers").

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Board and thereafter at the first meeting of the Board following each annual meeting of the Members.

Section 3. Term. The Officers shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine.

Section 5. Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to the vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 7. Duties. The duties of the Officers are as follows:

(a) President. The President shall preside at all meetings of the Members and of the Board and see that orders and resolutions of the Board are carried out. The President shall have authority to sign all leases, mortgages, deeds, and other written instruments, including but not limited to amendments to the Declaration and certifications by the Association.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence or inability or refusal to act, and exercise and discharge such other duties as may be required of him by the Board. The Vice President shall have authority to sign all leases, mortgages, deeds, and other written instruments, including but not limited to amendments to the Declaration and certifications by the Association.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; prepare amendments to the Declaration or certifications thereof by the Association upon approval by the Association; record amendments to the Declaration and/or certifications thereof by the Association; attest to the execution of documents by the President or the Vice President; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse these funds as directed by resolution of the Board; keep proper books of accounts; cause an independent annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members requesting the same.

ARTICLE IX COMMITTEES

The Association shall appoint such committees as deemed appropriate in carrying out its purposes.

ARTICLE X BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours and upon reasonable notice to the Association, be subject to inspection by any Member. The records of the Association's (i) governing documents, (ii) actions, including but not limited to meeting minutes and resolutions, and (iii) financial condition shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost unless said document contains privileged or confidential information. The Association shall retain records for at least three years.

ARTICLE XI ASSESSMENTS AND FINES

As more fully provided in the Declaration, each Member is obligated to pay to the Association assessments which are secured by a continuing lien upon a Lot or Townhome. If the assessment is not paid on the due date, the assessment shall bear interest as provided in the Declaration, and the Association may bring an action at law against the Owner or foreclose the lien against a Lot or Townhome and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for assessments by nonuse of the Common Area or abandonment of a Lot or Townhome.

The Association may also establish a schedule of fines for violations of the terms of the Declaration. Fines may be enforced in the same manner as assessments and shall not exceed the annual assessment for a Lot or Townhome in any twelve (12) month period.

The Association shall establish and maintain an adequate reserve fund for the replacement of improvements to the Common Area.

ARTICLE XII
AMENDMENTS

Section 1. These Bylaws may be amended by the holders of fifty-one percent (51%) of the votes of the Members of the Association present in person or by proxy at the meeting at which the vote is taken; provided, however, the consent of the Declarant shall be required for any amendment so long as Declarant owns any Lot or Unit in the Community.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and the Articles or these Bylaws, the Declaration shall control.

ARTICLE XIII
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation and end on December 31st of that year.

IN WITNESS WHEREOF, the undersigned, being the sole incorporator of Trailside at Drayton Mills Townhome Association, Inc. has hereunto set his hand and seal this ____ day of _____, 2022.

Its Incorporator