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R.H.C.
SPARTANBURG, S.C.

WHEREAS, Declarant plans to subdivide and develop the Property (and, in Declarant's sole option, additional phases thereto) into a residential planned unit development known as and herein called, as it may exist from time to time, "Arbours West" consisting of residential lots (the "Lots"), and construct or have constructed thereon single family residences to sell to individual third party purchasers (herein called "Owners") for residential housing, and develop or have developed or dedicated public streets and roads ("streets and roads"), and other portions for the common use, benefit, and recreation of the Owners (such other portions together with improvements thereto (if any) being hereinafter referred to as "Common Areas"); and

WHEREAS, all of the Lots will be used for single family attached or detached residences, and, shall be numbered and shown on one or more subsequently recorded Plats.

WHEREAS, Declarant deems it necessary and desirable to place these certain covenants, conditions and restrictions upon the Property and each and every one of the Lots and Common Areas to run with the Property and each and every one of the Lots and Common Areas to insure the orderly development of Arbours West as a whole and its use, for the benefit of Declarant and the benefit of the Owners.

KNOW ALL PEOPLE BY THESE PRESENTS that the Declarant does hereby declare that the property together with any permitted additions thereto, including each and every Lot, and each and every Common Area is hereby restricted as follows, all of which

restrictions and limitations are intended to be and shall be taken as conditions, restrictions, covenants and limitations to run with the land and shall be for the benefit of the Declarant and each and every Owner.

ARTICLE I

Definitions

1.01 "Assessments" means the amounts charged to the Owners by the Association to provide the funds necessary for the Association to be able to carry out its functions, including, but not limited to, operation and maintenance of the Common Areas. Failure of an Owner to pay Assessments shall result in a lien upon his Lot as herein provided.

1.02 "Association" means The Arbours West Homeowners Association, Inc., a South Carolina non-profit corporation of which all the Owners are members and which is established to provide for the welfare and benefit of the Owners and the Declarant.

1.03 "Board" or "Board of Directors" means the Board of Directors of the Association.

1.04 "By-Laws" means the By-Laws of the Association as such exist from time to time.

1.05 "Common Areas" means all the real property (including improvements thereon, if any) owned by the Association for the common use and benefit of the Owners subject to the provisions of these Restrictive Covenants. The Common Areas to be owned by the Association at the time of conveyance of the first Lot (or later

conveyed to the Association) shall be shown and described as "Common Area", or "Recreational Area" on one or more subsequently recorded Plats.

1.06 "Declarant" means Arbours West Investment Group, Inc., a South Carolina corporation, together with any successor and assign specifically designated as and acting as a successor developer of all or any portion of Arbours West. As a consequence, any third party builder or contractor constructing improvements upon one or more Lots or constructing other improvements upon Common Areas shall not, for the purposes of these Restrictive Covenants be considered as or have any rights as "Declarant" unless specifically so designated by the Declarant.

1.07 "Lot" means an individual lot of land within the Property developed for single family residential purposes.

1.08 "Owner" means the owner of record of an interest in a Lot. The term "Owner" does not include the Declarant nor does it include a mortgagee whose sole interest in a Lot or other portion of the Property is a security interest in lands and/or improvements securing a debt owed to such a mortgagee, which mortgagee does not otherwise own or have fee title interest in a Lot.

1.09 "Party Wall" means any wall which is built as part of the original improvements to any Lot and placed on the boundary line between that Lot and another Lot upon which the Party Wall also constitutes part of original improvements thereon.

1.10 "Plat" means that survey of Arbours West Phase I prepared by Blackwood Associates, Inc., Engineers, dated August 26,

1994, and recorded in the Office of the RMC for Spartanburg County, South Carolina, in Plat Book 126 at page 636.

1.11 "Property" means the real property described above as the same may exist from time to time, subject to the Declarant's right to add additional real property to the Property in order to create additional Lots and/or Common Areas, and streets and roads, all as hereinafter set forth in Article II.

1.12 "Restrictive Covenants" means the Covenants, Conditions and Restrictions of Arbours West, together with any amendments or supplements hereto recorded in the public records of Spartanburg County, South Carolina.

1.13 "Arbours West" means that planned unit development as herein defined.

ARTICLE II

Development Plan

2.01 As initially composed, the Declarant has created certain Common Areas, and/or recreational areas (which include improvements consisting of a pool, play areas, a clubhouse and other improvements) which shall be designated on the Plat or subsequently recorded plats as "Common Area", and/or "Recreational Area" and conveyed to the Association. The Declarant shall also create certain areas to consist wholly of Lots within Arbours West, all of which shall be shown on one or more subsequently recorded Plats. The Declarant shall either by conveyance or dedication, establish other areas within Arbours West for use in conjunction with the

Lots and the Common Areas (i.e., streets and roads, the rights-of-way of which shall be shown upon the Plat, or subsequently recorded Plats, and easements for utilities). The property may be developed in Phases or Sub-Phases. Upon the portions of the Property to be designated as Lots, the Declarant intends to create and hereby commits to establish between 50 and 63 Lots which shall be designated and shown on Plats as Numbered Lots.

2.02 The Declarant reserves the right but has no obligation to annex additional contiguous real property to the Property for inclusion within Arbours West for the purposes of creating Phase II of Arbours West. Phase II, if so annexed, shall consist of approximately 9 acres and consist of between 40 and 51 additional Lots and Common Areas (which shall consist of open space areas, but contain no amenities) together with streets and roads and easements for utilities to service the same. In the event of such expansion, Declarant hereby covenants that such determination to include Phase II shall be made by the Declarant not later than Seven (7) years from the date hereof, and that such annexation shall be evidenced by an amendment to these Restrictive Covenants filed in the public records of Spartanburg, South Carolina, executed solely by the Declarant, which amendment shall not require the approval or concurrence of any third parties, including any Owner or Owners whatsoever.

2.03 The Declarant reserves the right but has no obligation to annex additional contiguous real property to the Property for inclusion within Arbours West for the purpose of creating Phase III

of Arbours West. Phase III, if so annexed, shall consist of approximately 8 acres and consist of between 30 and 42 additional Lots and Common Areas (which shall consist of open space areas, but contain no amenities) together with streets and roads and easements for utilities to service the same. In the event of such expansion, Declarant hereby covenants that such determination to include Phase III shall be made by the Declarant not later than Ten (10) years from the date hereof, and that such annexation shall be evidenced by an amendment to these Restrictive Covenants filed in the public records of Spartanburg, South Carolina, executed solely by the Declarant, which amendment shall not require the approval or concurrence of any third parties, including any Owner or Owners whatsoever.

2.04 The Declarant reserves the right but has no obligation to annex additional contiguous real property to the Property for inclusion within Arbours West for the purpose of creating other and further additional Phases of Arbours West to include additional Lots and Common Areas and/or Recreational Areas together with streets, roads and easements for utilities to service the same. In the event of such expansion, Declarant hereby covenants that such determination to include additional Phase shall be made by the Declarant not later than fifteen (15) years from the date hereof and that such annexation shall be evidenced by an amendment to these Restrictive Covenants filed in the public records for Spartanburg County, South Carolina executed solely by the Declarant, which amendment shall not require that approval or

concurrence of any third parties, including any Owner or Owners Whatsoever.

2.05 The Declarant reserves the sole right but has no obligation to add any additional Phase, more than one additional Phase or all additional Phases set forth above and in any order selected by the Declarant. In the event Declarant elects to include one or more of the Phases described above before an earlier numbered Phase or Phases, Declarant may, at its sole option, redesignate the numbers assigned to Phases to concur with the order included and to be included, in which event the Phases shall be renumbered accordingly and the dates for inclusion shall apply to the Phases as renumbered.

2.06 In the event the Declarant elects to establish additional Common Areas by conveying the same to the Association, the Declarant does hereby covenant that such inclusion shall not materially increase the Assessments charged to the Owners as herein provided.

2.07 The Declarant reserves the right to modify and alter lot lines between two or more lots owned by it, or, if agreeable with an Owner, a lot line between a lot owned by the Owner and a lot owned by the Declarant so long as such modification or alteration does not adversely affect the nature of other Lots in that Phase or Sub-Phase. This right exists only during construction of residents by the Declarant.

ARTICLE III

Use Restrictions

3.01 Each and every one of the Lots shall be known, described and used only as a single family residential lot and no structure shall be constructed or erected on any Lot other than one detached or attached (by Party Wall) single family dwelling and accessory buildings thereto upon each of the Lots, in each case such dwellings not to exceed two and one-half stories in height, and in each case accessory buildings not to exceed one story in height.

3.02 No trailer, basement, tent, shack, garage, or other outbuilding erected on any Lot shall at any time be used as a residence, temporarily or permanently, nor shall any residence of a temporary character be permitted.

3.03 No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot or Common Area, nor shall any oil wells, tanks, tunnels, mineral excavation or shafts be permitted upon or in any Lot or Common Area. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot or Common Area.

3.04 No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or Common Area except that Owners may keep dogs, cats, or other household pets provided the same are housed and kept only in reasonable numbers (no more than two (2) such household pets per lot). Pets shall not be allowed to create an unsightly condition or otherwise disturb the peace, tranquillity

or appearance of Arbours West or otherwise constitute a nuisance. Each Owner shall be responsible and liable for all damage and destruction caused, created by or resulting from trespass by his or her pet, whether with other animals or not. Furthermore, pets shall not be kept or housed in outdoor pens or allowed to venture outside an Owner's Lot except on a leash. In connection therewith the Board shall have the right to set rules and regulations governing the keeping of any such pets and to require the removal thereof from Arbours West in the event any such pet or pets should be determined by the Board in its sole judgment to be a nuisance or otherwise violate this provision or its intended purpose.

3.05 No commercial activity whatsoever shall be carried out on any Lot without the express written permission of the Board except that the Declarant (and designees of the Declarant) may use one or more Lots for location of sales and administrative offices and for models during the period Declarant (or such designee) is marketing and selling Lots. Further, no noxious or offensive trade shall be carried on upon any Lot nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood or to any other Owner. Further, there shall be no yard sales or other sales of goods including household goods upon any Lot.

3.06 No sign of any kind (including yard sale signs) shall be displayed to the public view upon any Lot or upon any Common Area except for the sign located at the entrance to Arbours West designating the planned unit development, and except for signs used by the Declarant or any third party granted permission by the

Declarant to advertise for sale or lease a Lot or newly constructed home upon a Lot during the period when such Lot (whether improved or not) is initially offered for sale to members of the public. Also any Owner may advertise the sale of his or her Lot by using a "For Sale" sign so long as such sign is attractive in its appearance and does not exceed the dimensions of two feet by three feet.

3.07 No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, derelict vehicles or fixtures and other waste, and such shall not be allowed to accumulate and shall not be kept except in sanitary containers out of view of the streets, maintained in a clean and sanitary condition. In connection therewith, if the Association should deem it appropriate, it shall have the right to enter into and contract on behalf of the Owners for sanitary disposal of garbage and trash with one or more companies in the general business of providing such services and duly licensed to provide such services in Spartanburg County, South Carolina. The Association shall have the right to set standards for the storage of such garbage and trash, including areas upon Lots within which trash may be stored or placed and the containers within which the same shall be placed or kept prior to pickup by the service providing trash or garbage pickup.

3.08 No boats, tractor trailers, trucks (other than camping type vehicles originally manufactured for such said purposes), buses, mobile homes or other similar vehicles may be parked

overnight on any Common Areas, streets and roads, or Lots in Arbours West without express written permission of the Board (which permission may be withheld without cause); except trucks of the weight of one ton or less shall not be prohibited from overnight parking thereof on a Lot occupied by the owner or lessee of such vehicle. Furthermore no camping-type travel vehicle shall be allowed to remain parked upon any Common Areas, streets and roads, or Lots, to be used for commercial or overnight residential purposes. No "go-cart", "trail bike", "minibike", or unlicensed motor vehicle (other than tractors, mowers, etc. used for construction, maintenance or upkeep) shall be operated within Arbours West or any part thereof.

3.09 No basketball goals may be placed on any Lot, Common Area (except for the play area), street or road whether attached to a structure or existing independently of it. Outdoor swing sets and other outdoor recreational equipment must be approved in writing by the Board or Architectural Committee under the procedure set forth in Article IV Section 4.01.

3.10 No lawn, fence, hedge, tree or landscaping feature on any of the Lots shall be allowed to become obnoxious, overgrown, or unsightly. In the event any lawn, fence, hedge, tree or landscaped feature shall become obnoxious, overgrown or unsightly, or unreasonably high in the sole determination of the Board, the Association shall have the right, but not the obligation, to cut, trim or maintain said lawn, fence, hedge, tree or landscaping feature and to charge the Owner of that Lot a reasonable sum

therefor, and the Association shall not thereby be deemed guilty of a trespass. The charge therefor by the Association to such Owner shall be considered as an Assessment and shall be due and collectable in like manner as all other Assessments. The Association shall first however make a reasonable effort to notify the Owner of that Lot of the complaint.

3.11 No individual well shall be permitted on a Lot within Arbours West except for use solely in conjunction with sprinkler systems or swimming pools. This restriction shall be enforceable as long as the utility water system is operated to the satisfaction of the South Carolina Department of Health and Environmental Control or the successor thereof.

3.12 No clothesline or similar device shall be allowed on any outdoors portion of the Property nor shall clothes be hung anywhere outdoors. Owners may not screen or enclose any exterior patio on a lot, nor may any Owner screen or enclose any exterior deck and/or balcony with any type of material without the prior written consent of the Board. No exterior antenna, satellite dish, aerial, or similar device or structure of any kind or nature shall be erected, maintained or placed on any lot.

3.13 The Board shall have the right, authority and power to establish such rules and regulations as it shall deem necessary and appropriate governing use of the Common Areas and appearance and upkeep of Arbours West including Lots, so long as such are reasonable in nature and do not conflict with the provisions of these Restrictive Covenants. The Board shall enforce such rules

and regulations. The Board shall be entitled to fine any Owner(s) for non-compliance (which fine shall not exceed an amount equal to one-half of the regular annual Assessment charged to such Owner's Lot or Lots); the fine shall be treated as, and lienable as an Assessment. The Board shall be entitled to prohibit or restrict use of the Common Areas or to obtain specific performance or injunctive relief from a court of competent jurisdiction, or obtain such combination of the foregoing remedies as the Board shall deem appropriate under the circumstances.

ARTICLE IV

Architectural Restrictions

4.01 No building, fence, wall or other structure of any kind (including, but not limited to, individual mailboxes and yard lights) shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing by the Board or by the Architectural Committee of the Board. Furthermore, as to buildings and other enclosed structures, in addition to the foregoing required submissions, floor plans or other drawings (acceptable to the Board or Architectural Committee), giving the dimensions and square footage (both heated and unheated), shall have been submitted to and approved in writing by the Board or by the Architectural Committee of the Board. When

considering such submission the Board or the Architectural Committee shall review its harmony of design and location in relation to surrounding structures and topography. The "Architectural Committee" shall be composed of three (3) or more representatives appointed by the Board.

Further, no tree with a diameter over four (4) inches may be cleared from the land without the approval of the Board, or its Architectural Committee (provided this restriction shall not apply to those trees that interfere with construction of a residential dwelling or an appurtenant driveway thereto). Mail Boxes for the Lots shall be uniform; initially they shall be installed by Builder or Developer and thereafter shall be maintained by the Owner.

In the event said Board, or its Architectural Committee, fails to approve or disapprove such removal, design or location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE V

Single Family Attached Lots

5.01 A Party Wall may be built as a part of the original improvements to any Lot and placed on the boundary line between any two Lots so long as the improvements to such adjoining Lot shall also include such Party Wall. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding

party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

5.02 The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Lots who make use of that Party Wall.

5.03 If a Party Wall is destroyed or damaged by fire or other casualty, an Owner who has used that Party Wall may restore it, and the other Owner entitled to the use thereof shall contribute one-half (1/2) of the costs of restoration without prejudice, however, to the right of any Owner to call for a larger contribution from another under any rule of law regarding liability for negligence or willful acts or omissions.

5.04 The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

5.05 An Owner who shares a Party Wall with any other Owner shall have an easement and right of way of entry upon the Lot of such other Owner to the extent reasonably necessary to perform repairs, maintenance or reconstruction of a Party Wall. Such repairs, maintenance or reconstruction shall be done expeditiously, and upon completion of the work, the Owner shall restore the adjoining Lot and improvements thereon to as near the same condition as that which prevailed prior to commencement of the work as is reasonably practicable.

5.06 If any Owner desires to sell his Lot improvements which include a Party Wall, he may, in order to assure a prospective

purchaser that no adjoining Owner has a right of contribution as provided in this Article, request of any adjoining Owner a certification that no right to contribution exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request and without charge. Failure of an Owner to provide such a statement within three (3) days after having received written request therefor shall constitute a waiver of any right to, and to claim, contribution under this Article. If the adjoining Owner claims the right of contribution, the certification shall contain a recital of the amount claimed and the basis therefor.

ARTICLE VI

The Arbours West Homeowner's Association

6.01 The Declarant has established The Arbours West Homeowner's Association, Inc. (the "Association") as a South Carolina non-profit corporation. Each and every Owner (other than the Declarant) shall, upon acquisition of Ownership in a Lot become a Class A member (as hereinafter defined) of the Association, which membership shall terminate automatically when such Owner ceases to be an Owner (i.e., no longer having an ownership interest of record in a Lot). Membership shall be appurtenant to and may not be separated from ownership for each Lot. The Declarant shall be the Class B member (as hereafter defined) of the Association for the time period hereafter provided.

6.02 If any Lot be owned by more than one Owner, all Owners of that Lot shall be members. In addition, where a Lot is owned by either a husband or a wife, his or her non-owning spouse shall likewise be entitled (but not required) to be a Class A member of the Association.

(a) Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be appurtenant to and may not be separated from ownership of any Lot.

(b) The Association shall have two classes of voting membership:

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

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

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on December 31, 2010.

6.03 (a) The Board of Directors shall have sole authority to make all decisions concerning the Association except that neither the Board of Directors nor the Association shall be authorized to adopt any measure which would affect the rights of any mortgagee holding a mortgage upon the Property or any Lot, or any Common Area or portion thereof without such mortgagee's written consent. No action may be taken by the Association or the Board of Directors affecting the rights of the Declarant granted or reserved pursuant to these Restrictive Covenants and not at the time of such action expired, without the Declarant's written consent.

(b) The Association through its Board of Directors shall have the right to establish rules and regulations regarding use of any recreational facilities, the Common Areas and, to the extent herein granted, the Lots, and to impose penalties for violation thereof.

6.04 The Association shall be solely responsible for the following matters and things within Arbours West; provided, however, nothing herein shall prevent the Association from contracting with or employing third parties to carry out such activities provided all costs of the same shall be borne solely by the Association and provided, further, the acceptance of carrying out these functions by any third person or entity, including any agency of the government, shall not relieve the Association of the ultimate responsibility for the same, such things being namely:

(a) maintaining, regulating use of and improving all Common Areas including areas in which the Association holds fee title ownership,

and easements along streets and roads, and rights-of-way and along boundaries of the Property, which areas exist for the general benefit of all the Owners. Such maintenance shall include, but shall not be limited to, maintaining and regulating the use of the pool, play area and clubhouse, cutting of grass, plantings and maintenance of sidewalks, fences and other improvements, and performance of all the tasks necessary and desirable to keep such Common Areas neat, attractive and in order; (b) establishing rules and regulations enforcing the same relating to appearance of individual Lots within Arbours West including, but not limited to, if the Board of Directors deems necessary, contracting for trash and garbage pickup, contracting for basic lawn maintenance for either Common Areas or Owner's property or both, maintaining of uniform street signs, property address numbers, yard lights, uniform mailboxes and receptacles; (c) enforcing performance of these Restrictive Covenants by the Owners.

ARTICLE VII

Assessments

7.01 The Declarant, (when performing as a Builder), and any Builders after six (6) months from date of transfer of a Lot to it covenants and agrees to pay to the Association the same assessments as charged to an Owner and as set forth below. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual Assessments or charges, (2) special

Assessments for capital improvements, and (3) Assessments for fines by the Board as provided in Article III, such Assessments to be established and collected as hereinafter provided. The annual and special Assessments, and fines, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to his successors in title unless expressly assumed by them (but shall continue unless extinguished as herein provided, as a lien against the Lot).

7.02 Other than set forth above, the Declarant shall not be subject to any annual, special or other type assessment on any Lots owned by it. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and the residents in the Property and for the improvement and maintenance of the Common Areas and/or Recreational areas.

7.03 Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Assessment shall be six hundred dollars (\$600) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Assessment shall be increased each year not more than 5%

above the maximum Assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Assessment may be increased above 5% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual Assessments at an amount not in excess of the maximum.

7.04 In addition to the annual Assessments authorized above, the Association may levy, in any Assessment year, a special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, provided that any such Assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

7.05 Written notice of any meeting called for the purpose of taking any action authorized under section 7.03 or 7.04 shall be sent to all Owners and the Declarant not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present,

another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

7.06 Both annual and special Assessments must be fixed at uniform rate for all Lots and may be collected on a monthly basis.

7.07 The annual Assessments provided for herein shall commence as to all Lots of owners on the day of acceptance of a deed thereof; as to all lots of the Declarant (when performing as a Builder) or to any Builder the annual assessment shall commence six (6) months from the date of transfer of a Lot to it. The first annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual Assessment against each Lot at least thirty (30) days in advance of each annual Assessment period. Written notice of the annual Assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish within five (5) days of receiving written request a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance. Failure to

provide such a certificate within the five (5) day period shall be deemed a waiver of any claim for Assessments previously owed.

7.08 Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 8 percent per annum or the highest rate permitted by law, whichever is less. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against his Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

7.09 The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage. The lien for Assessments shall also be subordinate to any other recorded mortgage or other lien recorded prior to the time such Assessment (or installment thereof if payable in installments) became due and payable. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

7.10 The Board of Directors shall have the right to assign any claim and/or lien rights of the Association for the recovery of delinquent Assessments for reasonable value.

ARTICLE VIII

Easements and Other Matters Affecting the Land

8.01 Each person who acquires a Lot or any interest therein shall be deemed, thereby, to agree that: (a) if any portion of improvements upon an adjoining Lot shall encroach upon any portion of another Owner's Lot, there shall exist a valid easement for such encroachment and for the maintenance and repair of the same so long as it stands; and (b) as to any building or other improvement upon a Lot, access for the maintenance and repair of which (or a part of which) may only reasonably be made over and/or through an adjoining Owner's Lot, there shall exist a valid easement upon such adjoining lot for such maintenance and repair; and (c) in the event a building or other improvement on an adjoining Lot is under construction or is partially or totally destroyed and the construction or reconstruction thereof shall create an encroachment on portions of a Lot, there shall exist a valid easement for such encroachment for such construction or reconstruction and the maintenance thereof; provided, however, anyone making use of any easement or right thereto provided in this Paragraph 8.01 shall be solely liable for, and shall be responsible to repair, any and all damage caused or created as a result of such use.

8.02 The Property is subject to all conditions, limitations, restrictions, reservations and all other matters of record, the rights of the United States of America, the State of South Carolina and any governmental authority or agency, any taxes, applicable zoning ordinances which now exist or are hereafter adopted, and

easements for utility services and drainage which now exist or are hereafter granted by the Board upon its determination such are necessary and will benefit one or more Owners. Such rights include, but are no limited to, the right to grant easements for access and ingress and egress across those portions of the Common Areas suitable for pedestrian and vehicular traffic and for utility services and drains. No easement shall be granted if as a result thereof any Owner's use of his Lot would be unduly impaired or any buildings, or other improvement would be materially weakened, or the security of any mortgagee of record would be adversely affected without its written consent.

8.03 By reason of the Declarant having determined that it may be in the best interests of the Arbours West and its owners as such may exist from time to time that the streets and roads, curbing, drainage and rights-of-way associated therewith and all Common Area necessary be dedicated to the county of Spartanburg or such other public body to provide for continuing maintenance, repair and service to said streets and roads, Declarant hereby resumes the right (but no obligation) in its sole and exclusive discretion and without the necessity of approval by any third party including any owner or his mortgage or lienholder to dedicate to the county any streets or roadways, curbing, drainage or rights-of-ways associated therewith and all necessary Common Area for purposes of accommodating vehicular traffic.

8.04 Every Owner shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall

pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any Assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association (and of the Declarant as set forth in Paragraph 8.03) to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.

ARTICLE IX

Duration of and Amendment to these Restrictive Covenants;

Annexation of Additional Property

9.01 During the initial period hereof set forth in Section 9.02 these Restrictive Covenants may not be amended except upon the affirmative vote of ninety (90%) percent of all the votes of all then existing classes of membership of the Association. Thereafter and during any renewals or extensions hereof as provided in this Article, these Restrictive Covenants may be amended only upon the affirmative vote of not less than 75% of all then existing classes

of membership of the Association. However, in no event shall any amendment or variance adversely affect the value of any Lot owned by an Owner, or the security of any mortgagee holding a mortgage upon any Lot, Common Area or Recreational Area or other portion of the Property without such Owner's or Mortgagee's written consent. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on his Lot.

9.02 These Restrictive Covenants are to run with the land and shall be binding upon the Declarant and all Owners (and to the extent appropriate, their mortgagees) and upon all parties and persons claiming under them and each of them until 20 years from the date hereof, at which time these Restrictive Covenants shall automatically be extended for successive periods of ten (10) years each, unless by vote of seventy-five (75%) percent of the total vote appurtenant to all the Lots cast by the then Owners it is agreed to repeal these Restrictive Covenants in whole or in part.

ARTICLE X

Remedies for Violation

10.01 The Association, or any Owner, or so long as there is a Class B member, the Declarant, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions,

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covenants, reservations, liens and charges now or hereafter imposed by the provisions of these Restrictive Covenants. Failure by the Association, by any Owner or by the Declarant to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE XI

Invalidation

11.01 The determination that any provision hereof is void, invalid or unenforceable by any court, administrative agency or other governmental authority, shall in no wise affect any other provision hereof which shall remain in full force and effect to the fullest extent possible, each provision hereof being a separate and independent covenant running with the land. It is intended by these Restrictive Covenants that a uniform plan for the development, use and enjoyment of Arbours West be so created and as a consequence, these Restrictive Covenants are to be enforced and interpreted in keeping with such plan.

11.02 The invalidation of any of the restrictions herein contained shall not affect the rights of any mortgagee or other lien holder holding a lien upon any Lot or Lots, Common Areas or other portion of the Property.

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IN WITNESS WHEREOF, Arbours West Investment Group, Inc., a South Carolina corporation, has caused these Restrictive Covenants to be executed by its Designated Director as of the day and year first above written.

Signed, Sealed and
Delivered in the Presence of:

ARBOURS WEST INVESTMENT GROUP, INC.

Elizabeth B. Webb

William Alex Hudson, II
By: William Alex Hudson, II
Its: President

Anne W. Bruce

William A. Hudson
By: William A. Hudson
Its: Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF SPARTANBURG)

PROBATE

Personally appeared before me the undersigned witness and made oath that (s)he saw the within named Arbours West Investment Group, Inc. by William Alex Hudson, II and William A. Hudson sign, seal and as its act and deed deliver the within written Declaration of Covenants and Restrictions that (s)he with the other witness subscribed above witnessed the execution thereof.

SWORN to before me this
31st day of August, 1992.

Elizabeth B Webb

Anne W. Bruce (SEAL)
Notary Public for South Carolina
My commission expires: 8/28/07

WITNESSETH:

WHEREAS, one of the restrictions placed upon the property read as follows: "No exterior antenna, satellite dish, aerial, or similar device or structure of any kind or nature shall be erected, maintained or placed on any lot." (See Paragraph 3.12 of the Restrictions); and

WHEREAS, the undersigned are desirous of eliminating the words quoted from Paragraph 3.12 of the Restrictions and adding a new paragraph to be called Paragraph 3.14 which shall read as follows:

3.14 No antenna, satellite dish or similar device for the transmission or receipt of signals of any kind shall be erected or allowed to remain on any lot without the expressed written permission of the Declarant. The Declarant reserves the right to formulate and require specific rules and regulations for such items and/or approve the same on a case by case basis. The Declarant will approve satellite dishes which are 18" or smaller in diameter but the location of each one requires the written approval of the Declarant.

WHEREAS, Paragraph 9.01 provides that in order to amend the Restrictive Covenants, an affirmative vote of 90% of all votes of the then existing classes of membership of The Arbours West Homeowners Association must approve; and

WHEREAS, Paragraph 6.02 provides that the Corporation shall be a Class B member and entitled to vote the number of votes as set forth in that paragraph and all owners of the lots shall be Class A members and entitled to the number of votes as set forth in that paragraph;

NOW THEREFORE, in consideration of the premises and under the authority granted to the Corporation and the owners of Lots in of The Arbours West pursuant to the Restrictions, the undersigned representing 90% of all the votes of the existing classes of membership do declare as follows:

1. That the Declaration of Covenants, Conditions and Restrictions for Arbours West previously recorded in Deed Book 61-V at Page 237, MC Office for Spartanburg County, South Carolina, is hereby amended as follows:

a. Paragraph 3.12 of those restrictions shall have the following language deleted from it: "No exterior antenna, satellite dish, aerial, or similar device or structure of any kind or nature shall be erected, maintained or placed on any lot."

b. An additional paragraph styled "Paragraph 3.14" shall be added to the restrictions and it shall read as follows:

3.14 No antenna, satellite dish or similar device for the transmission or receipt of signals of any kind shall be erected or allowed to remain on any lot without the expressed written permission of the Declarant. The Declarant reserves the right to formulate and require specific rules and regulations for such items and/or approve the same on a case by case basis. The Declarant will approve satellite dishes which are 18" or smaller in diameter but the location of each one requires the written approval of the Declarant.

IN WITNESS WHEREOF, Arbours West Investment Group, Inc. and the owners of lots in Arbours West Subdivision have caused this Modification and Second Amendment to Declaration of Covenants, Conditions and Restrictions to be executed on this _____ day of _____, 1998.

IN THE PRESENCE OF:

Tracy W. Wimble
Caroleen Cooley

Thomas M. Sugaski
As to Lot 1 Thomas M. Sugaski

Tracy W. Wimble
Caroleen Cooley
Tracy W. Wimble
Caroleen Cooley

Joanne W. Sugaski
As to Lot 1 JoAnne W. Sugaski

Lucille M. Graham
As to Lot 2 Lucille Graham

Trey Wilburn
Caroleen Coolidge

Lucille J. Halfacre
As to Lot 3 Lucille J. Halfacre

Trey Wilburn
Caroleen Coolidge

David N. Wilburn
As to Lot 5 David N. Wilburn

Trey Wilburn
Caroleen Coolidge

Teresa D. Wilburn
As to Lot 5 Teresa D. Wilburn

Trey Wilburn
Caroleen Coolidge

Janet S. Brock
As to Lot 6 Janet S. Brock

Trey Wilburn
Caroleen Coolidge

Kim Littlefield Kacy
As to Lot 7 Kim Littlefield Kacy

Trey Wilburn
Caroleen Coolidge

James E. Cook
As to Lot 8 James E. Cook

Trey Wilburn
Caroleen Coolidge

Kenya B. Cook
As to Lot 8 Kenya B. Cook

Trey Wilburn
Caroleen Coolidge

Joseph D. Nelson
As to Lot 9 Joseph D. Nelson

Trey Wilburn
Caroleen Coolidge

Debra S. Nelson
As to Lot 9 Debra S. Nelson