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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
TOWNES AT ROCK SPRINGS
PLAT BOOK 153, PAGE 728**

BINDING ARBITRATION

This is the First page of the Covenants, Conditions and Restrictions for Townes at Rock Springs. Pursuant to South Carolina Code §15-48-10 *et seq.*, as amended, these Covenants, Conditions and Restrictions are subject to the following:

THESE COVENANTS, CONDITIONS AND RESTRICTIONS ARE SUBJECT TO ARBITRATION UNDER ARTICLE XVI HEREIN. THESE COVENANTS, CONDITIONS AND RESTRICTIONS ARE BINDING ON ALL OWNERS OF LOTS WITHIN TOWNES AT ROCK SPRINGS, INCLUDING ANY PERSON OBTAINING FINANCIAL RIGHTS IN SAID LOTS.

In the event other pages, including, but not limited to, cover pages, indexes, or tables of contents, are placed in front of this page, those pages shall not be deemed the first page. This page and only this page shall be deemed or considered the first page of the Covenants, Conditions and Restrictions for all legal purposes.

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STATE OF SOUTH CAROLINA)
)
 COUNTY OF SPARTANBURG) DECLARATION OF COVENANTS,
) CONDITIONS AND RESTRICTIONS
) FOR TOWNES AT ROCK SPRINGS

PLAT BOOK 153, PAGE 728

THIS DECLARATION of Covenants, Conditions and Restrictions for Townes at Rock Springs is made on this 17th day of June, 2003, by Beeson-Henthorn Development, LLC, a South Carolina limited liability company, having a principal address of Post Office Box 170248, Spartanburg, South Carolina 29301, hereinafter referred to as the "Declarant",

W I T N E S S E T H:

WHEREAS, the Declarant is the owner and holder of record title to certain property containing approximately 9.352 acres on the western side of Caldwell Drive in Spartanburg County, South Carolina, which is more particularly described on plat recorded in the Office of the Spartanburg County Register of Deeds in Plat Book 153 at Page 728; and

WHEREAS, Declarant intends to develop the aforementioned property for single family residential purposes only to be used in a manner which will enhance and maintain the quality and value of the Development as a whole, while permitting Declarant to retain sufficient flexibility to profitably develop the property; and

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

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

THIS DECLARATION OF COVENANTS CONTAINS ARBITRATION PROVISIONS PURSUANT TO SECTION 15-48-10 ET. SEQ. CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED.

ARTICLE I.
DEFINITIONS

Section 1. "Amenities" shall mean and refer to all of that certain property, to be subsequently described, serving, lying and being within the Development known as Rock Springs, including, without limitation, the (i) swimming pool, (ii) cabana, (iii) all furniture, fixtures and equipment now or hereafter lying within and/or pertaining to the foregoing facilities, and (iv) all private roadways now or hereafter lying within the Development.

Section 2. "Association" shall mean and refer to Townes at Rock Springs Homeowners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

Section 3. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association.

Section 4. "Building" shall mean and refer to a structure containing one or more residences constructed or erected on the Property.

Section 5. "By-Laws" means the By-Laws of the Association as they now or hereafter exist.

Section 6. "Common Area" shall mean and refer to all land within the Property owned by the Association, along with facilities and improvements erected or constructed thereon, for the exclusive use and enjoyment of the Members of the Association as shown on the aforementioned recorded plat and the plats of additional properties hereafter annexed as hereinafter provided. Said Common Area shall be maintained by the Association.

Section 7. "Common Expenses" shall mean and include;

- (a) All sums lawfully assessed by the Association against its Members;
- (b) Expenses for maintenance of the residences as provided in this Declaration;
- (c) Expenses of administration, maintenance, repair or replacement of the Common Areas;
- (d) Expenses declared to be Common Expenses by the provisions of this Declaration or the By-Laws;
- (e) Hazard, liability or such other insurance premiums as the Declaration or By-Laws may require the Association to purchase;

(f) Expenses agreed by the Members to be Common Expenses of the Association.

Section 8. "Common Profits" shall mean and refer to the balance of all income, rents, profits, and revenues of the Association remaining after the deduction of the Common Expenses or reserves therefor. Common Profits shall not mean or include any sums lawfully assessed against Members by the Association.

Section 9. "Declarant" shall mean and refer to Beeson Henthorn Development, LLC, its successors and assigns to whom the rights of Declarant are expressly transferred, or if such successors or assigns should acquire more than one undeveloped lot or undeveloped acreage for the purpose of development, or acquire title to the property under a deed in lieu of foreclosure or judicial foreclosure, or one otherwise denominated a "Declarant" hereby.

Section 10. "Development" shall mean and refer to all of that certain property containing approximately 9.352 acres on the western side of Caldwell Drive in Spartanburg County, South Carolina which is more particularly described on Plat recorded in the Office of the Spartanburg County Register of Deeds in Plat Book 153 at Page 728.

Section 11. "Lot" shall mean and refer to any plot of land, other than the Common Area, shown on a recorded subdivision plat of the Property and upon which a residence has been or may be constructed.

Section 12. "Member" shall mean and refer to every person who is a member of the Association.

Section 13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those who have such interest merely as security for the performance of an obligation.

Section 14. "Person" shall mean and refer to any individual, corporation, partnership, association or trustee or other legal entity.

Section 15. "Property" shall mean and refer to that certain real property described in **Exhibit A** and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation.

Section 16. "Residence" shall mean and refer to a dwelling or place of residence, whether townhouse, patio home or otherwise, constructed upon a Lot within the property and constituting all or part of a Building.

ARTICLE II.
ANNEXATION OF ADDITIONAL PROPERTIES.

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

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

Section 2. At any time within five (5) years following the date of incorporation of the Association, the Declarant may annex additional properties to the Property herein described. All properties annexed shall be contiguous to, or within one mile of, (i) the Property herein described or (ii) property previously annexed.

ARTICLE III.
FUTURE DEVELOPMENT OF THE PROPERTY

Section 1. Right to Subdivide. Declarant reserves, and shall have at all times, the right, in its sole discretion, to subdivide the property at any time, or from time to time, into Lots, provided only that such Lots (a) shall be in compliance with any size, width and density requirements set forth in the then applicable zoning classification for the Development pursuant to the Spartanburg County Land Use Ordinance; and (b) shall be of sufficient size, width and configuration to enable any dwellings thereafter constructed upon the Lots to comply with the purposes, standards and restrictions set forth in this Declaration. Nothing herein shall limit or prescribe the right of the Declarant to fix the boundaries of any portions of the property which it shall elect to subdivide or to determine the order, sequence or location in which any portion of the property shall be subdivided, so long as such subdivision(s) of the property shall comply with the foregoing requirements. Any subdivision of all or any portion of the property into Lots shall become effective only upon recordation in the Office of the Spartanburg County Register of Deeds of a final subdivision plat which shall depict all Lots created thereby, contain all necessary approvals thereon from applicable governmental agencies or officials, and set forth such other information thereon as shall be necessary or desirable.

Section 2. Additional Covenants, Conditions and Easements. Declarant reserves, and shall have at all times, the right, in its sole discretion, to declare, promulgate and institute such additional, other and further covenants, conditions, easements and restrictions upon all or any portions of the Property, in connection with any subdivisions thereof into Lots, provided only that such additional, other and further covenants, conditions, easements and restrictions shall be consistent with, and shall not conflict with, any covenants, conditions, easements and restrictions contained in this Declaration.

Any such additional, other or further covenants, conditions, easements and restrictions shall become effective upon recordation of an instrument setting forth the same in the Office of the Spartanburg County Register of Deeds, which instrument shall provide that, in the event of any inconsistency between any provisions thereof and any provisions of this Declaration, the provisions of this Declaration shall prevail. The foregoing rights shall include, without limitation, the rights to establish owners' associations which shall be in addition to Townes at Rock Springs Homeowners Association, Inc. and which shall be organized and shall have such powers as the Declarant shall specify, including, without limitation, the power to levy any assessments and to make and enforce supplementary rules and regulations not inconsistent with this Declaration.

ARTICLE IV. PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every assessed Lot, subject to each of the following provisions.

- (a) The right of the Association to limit the number of guests of Members.
- (b) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities.
- (c) The right of the Association to suspend the voting rights (and right to use of any recreational facilities located upon the Common Area) of a Member, or any person to whom he has delegated his voting right, for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations.
- (d) The right of the Association to formulate, publish, and enforce rules and regulations as provided in Article X (Use Restrictions).

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment to the Common Area and facilities to the Members of his family, his tenants, or contract purchaser provided every such delegee shall reside on the Property.

Section 3. Title to Common Area. At such time as Class A Members shall take control of the Association, the Declarant hereby covenants for itself, its successors and assigns, that it will convey to the Association fee simple title to the Common Areas shown upon the recorded plat referred to in the preamble of this Declaration, free and clear of all liens and encumbrances, except utility and drainage easements and easements to governmental authorities, upon condition that such Common Area shall be for the sole and exclusive use and benefit of Members, as long as such area

is maintained in conformity with the requirements of this Declaration, the By-Laws, and the Articles of Incorporation of the Association at the sole expense of the Owners. Similarly, the Declarant will convey to the Association, upon the same conditions and for the same uses and purposes, Common Areas which are parts of any additional properties that are annexed by it in the future.

Section 4. Parking Rights. The Owners of each Lot shall park their automobile(s) on their Lot in their garage or in their designated parking area. All Lot Owners are hereby granted the right of ingress and egress from their respective Lots to the roads located on the property which are to be private roads, as well as an easement for ingress and egress from all private roads to Caldwell Drive. No vehicles of any type or recreational equipment may be driven on or parked within the Common Area. No boats, trailers, campers or RV's shall be parked on the property. However, said recreational vehicles or equipment may be parked in a garage of a dwelling, provided the garage door is closed and said vehicles or accessories are not visible to persons from the outside. No cars shall be parked or maintained on the property unless they are licensed and operational.

ARTICLE V. HOMEOWNERS ASSOCIATION

Section 1. Nonprofit Corporation. Townes at Rock Springs Homeowners Association, Inc. is a nonprofit corporation organized under the laws of the State of South Carolina. The Association shall be managed by a Board of three Directors who need not be Members of the Association. Until the first annual meeting is held, the initial Board of Directors shall be Ted D. Smith, Ronald D. Taylor and John W. Beeson, Jr. The Association may increase the size of the Board up to seven Members by a majority vote of the Members. The initial mailing address of the Board shall be 221 Pelham Road, Greenville, South Carolina, 29615. Said Board shall be responsible for preparing the initial By-Laws of the Association and distributing the same to the Members thereof.

Section 2. Membership. Every person who is record Owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, but excluding persons who hold an interest merely as security for the performance of any obligations, shall be a Member of the Association. Ownership of such interest shall be the sole qualification for such membership. No Owner shall have more than one membership in the Association and there shall be only one vote for each Lot in the development. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot which is subject to assessment. The Board of Directors may make reasonable rules regarding proof of ownership.

Section 3. Mergers. To the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the consent of two-thirds of the entire Class A Membership and two-thirds of the entire Class B Membership, if any.

Section 4. Classes. The Association shall have the following two classes of voting membership:

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

(b) Class B. The Class B Member shall be the Declarant, and it shall be entitled to four (4) votes for each Lot in which it holds a fee or undivided fee interest, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(1) When the total votes outstanding in Class A membership (excluding Lots owned by Poinsett Homes, LLC) equals the total votes outstanding in Class B membership; provided, however, that Class B membership shall be reinstated with all rights, privileges, and responsibilities, if, after conversion of the Class B membership to Class A membership as herein provided, additional lands are annexed to the Property by the Declarant in the manner provided in Article II of this Declaration; or

(2) on January 1, 2007.

ARTICLE VI. COVENANTS FOR ASSESSMENTS

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

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

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

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

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

Section 3. Amount of Assessment.

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

(b) Increase by Association. From and after January 1, 2004 the annual assessment effective for any year may be increased from and after January 1st of the succeeding year by the Board of Directors, without a vote of the membership, by an amount determined by multiplying the prior year's assessment by a fraction, the numerator of which is the Consumer Price Index for the first month of the current year and the denominator of which is the Consumer Price Index for the first month of the preceding year.

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

To allow for such a possibility, the Declarant has provided that the Board of Directors may raise dues from year to year in order to assure property maintenance and thereby protect property

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

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

(c) Increase by Members. From and after January 1, 2005 the annual assessment may be increased by a percentage greater than that formula established in Section 3, Paragraph (b) of this Article by an affirmative vote of two-thirds of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose. Written notice of said meeting, setting forth the purpose of the meeting, shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation. NOTWITHSTANDING THE ABOVE, THE BOARD OF DIRECTORS AT ALL TIMES IS AUTHORIZED TO INCREASE ASSESSMENTS TO THE EXTENT NECESSARY TO PAY INSURANCE PREMIUMS AND REAL ESTATE TAXES AS AFFECT THE PROPERTY.

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

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

At the time of closing of the sale of each Lot and Residence, the pro rata share of the monthly Homeowners Association assessment plus one (1) additional month's assessment shall be collected from the purchaser and transferred to the Association's working capital fund and maintained in an account for the use and benefit of the Association. The purpose of the fund is to insure that the Association Board will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advanced payment of regular assessments.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of construction, reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. Written notice of said meeting, setting forth the purpose of the meeting, shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60%) percent of all the votes of each class of Membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the 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.

Section 6. Rate of Assessment. Both annual and special assessments shall be determined and collected by the Association on the following basis: (i) all Lot Owners assessment liability shall be equal, regardless of the square footage of any individual Residence located on the property; (ii) the Association may collect said assessments on a monthly basis.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall be paid in equal monthly installments and the payment of such shall commence as to each Lot on the first day of the month following the conveyance of the unit to the Owner. The first annual assessment shall be adjusted according to the number of remaining months in the calendar year after the date of purchase. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance. Neither the Declarant nor Poinsett Homes, LLC will be responsible for the payment of assessments on Lots it owns until such time as the Association converts to Class A Membership; however, in order to insure that the Association has sufficient funds to meet its operating budget, Poinsett Homes, LLC shall supplement the annual costs and assessments required of other Members in the Association until the time of such conversion. Notwithstanding any other provision herein to the contrary, neither the Declarant nor Poinsett Homes, LLC will be responsible

for the payment of assessments on Lots it sells and leases back until such time as the lease is terminated.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment or portion thereof which is not paid when it falls due shall be delinquent. If the assessment or portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the average prime lending rate in effect for Branch Banking and Trust Company. The Association may file a notice of lien against the Owner, Lot and Residence and bring an action against the Owner personally obligated to pay the same, or foreclose the lien against the Property in the same manner provided under South Carolina law for the foreclosure of a real estate mortgage. In either event, interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of this Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any prior mortgage on such Lot. 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 assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of South Carolina shall be exempt from the assessments created herein, except no land or improvements devoted to dwelling use shall be exempt from said assessments. Owners of exempt property shall be responsible for maintaining the same and keeping it neat and clean.

ARTICLE VII. EXTERIOR MAINTENANCE

Section 1. Association Responsibilities. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: Stain and/or paint the exterior of Residence; and repair, replace and care for roofs, gutters, down spouts, exterior Building surfaces, trees, shrubs, grass, walks, and other such exterior improvements. Such exterior maintenance shall not include glass, screening, or doors, with the exception of staining or painting as stated above. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at reasonable times to perform maintenance as provided in this Article.

Section 2. Fences, Screens, Landscaping. Owners may fence in or screen their deck or patio areas; however, any Owner who fences or screens such areas shall first obtain the written approval of the Association. The Owner shall not plant any vegetation in front or back of his Residence, except with the prior written approval of the Association and the maintenance of such additional plantings shall be the sole responsibility and expense of the Owner. If, in the opinion of the Association, any such Owner fails to maintain his plants in a neat and orderly manner, the Association may revoke the Owner's maintenance rights and remove said plants or assess said Owner for any additional expenses incurred in the maintenance of said plants.

Section 3. Willful Negligence by Owner or Damage by Storm or Others. In the event that the need for maintenance or repair of a lot or the improvements thereon is caused through the willful or negligent acts of its Owner or his family, tenants, contract purchasers, guests, or invitees, the cost of such maintenance, replacement, or repairs shall be added to, and become a part of, the assessment to which such Lot is subject to the extent the costs of such maintenance or repairs is not covered by insurance proceeds..

ARTICLE VIII. PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Residence upon the property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. Subject to the terms and provisions of Article XII (Covenants to Keep Residences Insured, etc.), the cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. Subject to the terms and provisions of Article XII (Covenants to Keep Residences Insured, etc.), if a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Subject to the terms and provisions of Article XII (Covenants to Keep Residences Insured, etc.), notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

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

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

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

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

ARTICLE IX. ARCHITECTURAL CONTROL

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

- (a) Ted D. Smith
- (b) Ronald D. Taylor
- (c) John W. Beeson, Jr.

In the event of a vacancy on the Architectural Committee or the failure or inability of any member of said Committee to act, the vacancy shall be filled, as may be necessary, by appointment by the Board of Directors of Townes at Rock Springs Homeowners Association, Inc. The members of the Architectural Committee shall be appointed for a term of three years, but may be reappointed

Section 2. Submission of Plans. Unless otherwise approved by the Architectural Committee, all Residences constructed on the Property shall be of the design, size and construction quality of the model Residences which Declarant shall pre approve for construction on the Property and which are in keeping with the current project. No improvements of any nature shall be erected, placed, altered or changed on any Lot in this subdivision until and unless the Building plans and specifications showing the proposed type of construction, exterior design and location of such improvement have been approved in writing by the Architectural Committee as to conformity and harmony of external design and consistency of plan with existing Residences.

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

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

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

Section 6. Minor Violations. The Architectural Committee is authorized by a unanimous vote of all its members to approve or ratify, in the construction or alteration of any Building, minor violations of any setback, location and size of improvements provisions contained in this Declaration, if, in the opinion of all the members of the Committee, such shall be necessary in order to prevent undue hardship. The approval or ratification by the Committee, in accordance with this paragraph, shall be binding on all persons.

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

Section 8. Abandoned Work. In the event construction of any improvement to a Residence is commenced on any Lot in this subdivision and work is abandoned for a period of thirty (30) days or longer, without just cause shown, or should any improvements to a Residence remain unfinished for a period of four (4) months from the date construction is begun, without just cause shown, then and in either event the Architectural Committee shall have (1) the authority to complete the

for a period of four (4) months from the date construction is begun, without just cause shown, then and in either event the Architectural Committee shall have (1) the authority to complete the improvements at the expense of the Owner and shall have a lien against the land and all improvements to the extent of any monies expended for said completion, but said lien shall at all times be subordinate to the lien of any prior recorded mortgage or mechanic's lien (but the Committee shall have the right to contest the validity and amount of such liens) or (2) the authority to remove the improvements from the property and the expense of said removal shall constitute a lien against the property which lien shall be subordinate to the lien of any prior recorded mortgage or mechanic's lien. Said liens shall be noticed of record and foreclosed in the same manner as the foreclosure of real estate mortgages. No action shall be taken under this paragraph without giving written registered notice to the Owner with a registered copy of said notice to any mortgagee or other lien holder of the proposed action to be taken and to give ten (10) days in which to allow Owner to show cause, if any he can, why the Architectural Committee should not take action under this paragraph.

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

Section 10. Recreational Amenities. Every Lot Owner in Townes at Rock Springs shall have a right and easement of enjoyment in and to the swimming pool, cabana, furniture, fixtures, and other recreational facilities available to the lot owners in Rock Springs Subdivision, which rights shall be appurtenant to, and shall pass with the title to, every assessed Lot in Townes at Rock Springs. **The Association is hereby provided with the right to charge the Owners of Lots in Townes at Rock Springs an annual assessment (presently \$350.00) for the rights to the recreational amenities granted herein. This assessment is a mandatory assessment and shall be in addition to the Townes at Rock Springs Homeowners' assessments previously described in this Declaration. Nonpayment of said assessment to Rock Springs Homeowners' Association shall entitle the Rock Springs Homeowners' Association to lien the Lot of the nonpaying Owner and seek collection thereof in the same manner as provided Townes at Rock Springs Homeowners' Association herein.**

ARTICLE X. USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Area. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors, shall be recorded in a Book of Resolutions, which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours and with reasonable notice.

Section 2. Use of Property. Each Building, the Residences therein, and the Common Area and facilities shall be for the following uses and subject to the following restrictions, and, in addition, to those set forth in the By-Laws.

(a) All Buildings and the Common Area and facilities shall be used for residential and related common purposes. No Residence may be subdivided and each Residence shall be used as a single-family Residence and for no other purpose, except that the Declarant may use one or more Residences for offices and/or model Residences for sales purposes.

(b) Nothing shall be kept, and no activity shall be carried on, in any Building or Residence or on the Common Area and facilities which will increase the rate of insurance applicable to residential use of the property or the contents thereof. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, in his Residence or on the Common Area and facilities which will result in the cancellation of insurance on any portion of the property, or the contents thereof, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the Common Area and facilities.

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

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

(e) No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any part of the property, except that (i) the Declarant, Poinsett Homes, LLC or their agents may use any unsold Residence or lease up to three (3) Residences for sales or display purposes and (ii) a resident-Owner may maintain a home office in his Residence so long as (a) the existence of said office does not generate pedestrian or vehicular traffic on the property, (b) no signs or advertisements concerning said business are displayed anywhere on the property, and (c) the existence of said office does not in any way affect the rights of the other Owners or their enjoyment of the property.

(f) No Owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any Residence, Building or any portion of the Common Area and facilities, except as may be allowed by the Association pursuant to its By-Laws; provided, however, that the Declarant, Poinsett Homes, LLC and any mortgagee who may become the Owner of any unit, or their respective agents, may place "For Sale" or "For Rent"

signs on any unsold or unoccupied Residence in the interior of the window of said Residence, which sign shall be no larger than eighteen (18) inches by twenty-four (24) inches or in such other place as the Association may approve.

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

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

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the property, nor shall anything be done which may be or may become a nuisance or annoyance to residents within the property.

Section 4. Pets. No animals shall be kept, maintained or quartered on any Lot except that domesticated cats, *small* dogs, and caged birds may be kept as pets for the pleasure of the occupants. A maximum of two (2) pets shall be allowed per Lot. Seeing eye dogs are allowed, also small caged animals which are not normally taken outside (such as fish, gerbils, etc.) may be kept in reasonable numbers. No pet shall exceed the weight limitation of fifty (50) pounds; however, seeing eye dogs are exempt from this weight restriction. The Architectural Committee is authorized (but not required) to issue reasonable rules for the protection of all Owners in this subdivision relating to the number and size of pets which may be kept on any numbered Lot. No animals shall be permitted to go beyond the perimeter of any Residence unless the animal is on a leash and under control of its Owner or the Owner's agent. Pet owners shall be required to remove any animal waste from Lots, Common Areas, streets, etc., in a timely manner.

Section 5. Attractive Premises. Garbage containers and trash cans must be so located in the garage that they will not be visible from the front street. The yards of each Lot shall be maintained so as to be neat and clean at all times.

Section 6. Mailboxes. Mailboxes and garbage/trash receptacles and storage areas shall be of the uniform design, size and construction approved by the Architectural Committee.

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

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

Section 9. TV Satellites/Dishes. No TV satellite dish larger than eighteen (18) inches in diameter will be allowed on any Lot or Residence. The placement and location of said dishes shall require the prior written approval of the Architectural Committee.

ARTICLE XI.
EASEMENTS

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

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

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

Section 4. Emergencies. Every Lot and Residence shall be subject to an easement for entry by the Association for the purpose of correcting, repairing or alleviating any emergency condition which arises upon any Lot or within any Residence and which endangers any Building or portion of the limited Common Area.

ARTICLE XII.
COVENANTS TO KEEP RESIDENCES INSURED AGAINST LOSS,
TO REBUILD AND TO KEEP IN GOOD REPAIR

The Declarant covenants with the Association, on behalf of itself and on behalf of each subsequent Owner of a Lot within the properties, and each Owner of any Lot within the Property, by acceptance of a deed therefor, whether or not it shall be so expressed in said deed, or be exercise of any act or ownership, is deemed to covenant:

(1) The Association shall obtain a group or blanket insurance policy equal to the full replacement value of the project. Said policy shall contain a Replacement Cost Endorsement providing for replacement of a Residence from insurance loss proceeds.

(2) The full amount of any insurance proceeds shall be applied to the rebuilding or repair of any Residence (subject to the provisions and covenants contained in any mortgage or mortgages creating a lien against any Lot).

(3) The Residence shall be rebuilt or repaired in the event of damage thereto provided the Residence is insured under a group or blanket hazard insurance policy which contains a replacement cost endorsement providing for replacement of a Residence from insurance proceeds.

(4) The Owner shall keep the Residence in good repair except for repairs required of the Association.

(5) Premiums for the group or blanket hazard insurance policy shall be a common expense and shall be collectible in the same manner and to the same extent as provided for annual and special assessments in Article VI (Covenants for Assessments). The lien for assessments for insurance premiums shall be subordinate to the lien of any first mortgage in the same manner provided for annual and special assessments.

(6) Such policies shall provide that insurance proceeds payable on account of loss of, or damage to, the real property shall be adjusted with the carrier by Townes at Rock Springs Homeowners Association, Inc. and shall be payable solely to the homeowner's mortgagee, if any, and the Townes at Rock Springs Homeowners Association, Inc. as Insurance Trustee for the homeowner(s). Such insurance proceeds shall be applied to repair or restoration of the property as hereinafter provided. All such insurance policies shall provide that coverage may not be canceled by the carrier without first giving the Townes at Rock Springs Homeowners Association, Inc. and unit mortgagee, if any, ten days written notice of cancellation. All such policies shall contain, if obtainable, a waiver of the right of subrogation against any unit Owner, Member of the unit Owner's family, the Townes at Rock Springs Homeowners Association, Inc. , its officers, agents and employees, as well as a waiver of the "pro rata" clause.

(7) The Association shall also obtain a broad form public liability policy covering all Common Area and all damage or injury caused by the negligence of the Association or any of its agents, officer or employees in an amount of not less than one million dollars for each occurrence and such policies shall contain a waiver of the right of subrogation against Members of the Townes at Rock Springs Homeowner's Association, Inc., its officers, agents and employees.

(8) Any Owner may, if he wishes, at his own expense, carry any and all other insurance he deems advisable beyond that included in the homeowners policy required by the Association.

(9) In the event of damage or destruction by fire or other casualty to any property covered by insurance payable to the Association as trustee for the homeowners, the Board of Directors shall, with the concurrence of mortgagees, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly existed. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a Federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the Members of the Board of Directors, or by an agent duly authorized by the Board of Directors. The Board of Directors shall obtain bids from at least two reputable contractors, and then may negotiate with any such contractor, who may be required to provide a full performance bond for the repair, reconstruction or rebuilding of such Building or Buildings.

(10) Also, the Association may levy in any calendar year, a special assessment for the purpose of defraying the cost of construction, reconstruction, repair or replacement of a Building or Buildings containing single family residential units, to the extent that insurance proceeds under a group insurance policy containing a Replacement Cost Endorsement are insufficient to pay all costs of said construction, reconstruction, repair or replacement to as good condition as existed prior to damage or destruction by fire or other casualty covered by said insurance.

(11) The reconstructed or repaired Residence shall be substantially identical to the destroyed Residence, unless a change shall be approved by the Board, and shall be constructed in conformity with plans submitted to and approved by the Board prior to construction.

(12) If a Residence is not habitable by reason of damage, the obligation of the Owner to pay annual assessment installments shall be suspended either for a period of ninety (90) days or until the Residence is restored to a habitable condition, whichever shall first occur. In the event a Residence is damaged or destroyed, the Owner, at his expense, shall remove all personal debris from the Lot within thirty (30) days, so that it shall be placed in a neat, clean, and safe condition; and if he fails to do so, the Association may cause the debris to be removed, and the cost of removal shall constitute a lien upon the Residence until paid by the Owner, unless the Residence is thereafter acquired by the Association.

(13) Any Residence which has been destroyed, in whole or in part, by fire or other casualty, and is substantially restored or reconstructed, shall be subject to the provisions of this Declaration and to the By-Laws of the Association.

(14) The Association shall maintain adequate fidelity coverage against dishonest acts by officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. Such fidelity bonds shall:

- (a) Name the Association as an obligee.
- (b) Be written in an amount equal to at least 150% of the estimated annual operation expenses of the planned unit development project, including reserves.
- (c) Contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

ARTICLE XIII. GENERAL PROVISIONS

Section 1. Enforcement. Subject to the provisions of Article VIII, Section 8 (Arbitration) and Article XVI, Section 1 (Arbitration of Disputes), the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions, which shall remain in full force and effect.

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

of the Greenville County, South Carolina Register of Deeds. All amendments shall become effective upon recordation.

Section 4. Lease of Residence. No Residence shall be leased for transient or hotel purposes, nor may any Owner lease less than the entire unit. Any lease must be in writing and shall provide for a minimum term of one (1) year and the terms of the lease and the occupancy of the unit shall be subject in all respects to the provisions of the Declaration of Covenants, Conditions and Restrictions and By-Laws of the Townes at Rock Springs Homeowners Association, Inc. and any failure by any lessee to comply with the terms of such documents shall be a default under the lease.

Section 5. Conflicts. In the event of any irreconcilable conflict between this Declaration and the By-Laws of the Association, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between this Declaration or the By-Laws of the Association and the Articles of Incorporation of the Association, the provision of the Articles shall control.

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

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

ARTICLE XIV. RIGHTS OF FIRST MORTGAGEES

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

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

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

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

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly, by such homeowners association, corporation or trust for the benefit of the units in the PUD (the granting of easements for other public purposes consistent with the intended use of such common property by the PUD shall not be deemed a transfer within the meaning of this clause);

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

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

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

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

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

(5) No provision of the PUD constituent documents gives a PUD unit Owner, or any other party, priority over any rights of the first mortgagee of a unit in a PUD pursuant to its

mortgage in the case of a distribution to such PUD unit Owner of insurance proceeds or condemnation awards for losses to, or taking of, PUD common property.

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

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

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

(a) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.

(b) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage.

(c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Homeowners Association.

(d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

ARTICLE XV. MISCELLANEOUS

Section 1. Arbitration of Disputes. ALL MEMBERS OF THE ASSOCIATION AGREE THAT ANY DISPUTE ARISING BETWEEN THE MEMBERS AND THE ASSOCIATION, OR ANY DISPUTE ARISING BETWEEN THE ASSOCIATION AND THE DEVELOPER OR POINSETT HOMES, LLC, SHALL BE RESOLVED THROUGH ARBITRATION PURSUANT TO THE RULES PROMULGATED BY THE AMERICAN ARBITRATION ASSOCIATION. THE PARTIES AGREE THAT JURISDICTION AND VENUE FOR ANY DISPUTE RESOLUTION HEREUNDER SHALL BE SPARTANBURG COUNTY, SOUTH CAROLINA.

Section 2. No Mechanic's Liens. No Owner shall have the right to subject any portion of any Owner's Lot or Residence or any part of the Property other than its own Lot or Residence to any lien

for goods, labor or materials supplied at the request of said Owner, and no person performing services, labor, or materials or goods to or for said Owner shall have any right of lien with respect to any other Owner's Lot or Residence or the remaining portions of the Property. Each Owner shall keep the Property of any other Owner free of all mechanic's liens or claims resulting from goods, labor or materials supplied at the request of said Owner and, upon written request, said Owner will take all steps necessary, including obtaining a bond in favor of the claimant, for the removal of the mechanic's lien from the other Owner's Property.

Section 3. Exhibits. Each reference hereunder to an "Exhibit" hereto refers to applicable exhibit that is attached to this Declaration, which exhibit may be amended by the Declarant from time to time in accordance with the provisions of this Declaration. All such exhibits constitute a part of this Declaration and by this section are expressly made a part hereof.

Section 4. Successors and Assigns. This Declaration shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the Declarant and all Members.

Section 5. Effective Date. The Effective Date of this Declaration shall be the date that a fully executed original of this Declaration is recorded in the Office of the Register of Deeds or similar office with the county and state in which the Property is located.

Section 6. Controlling Effect. The restrictions, easements and covenants contained herein supersede and replace any restrictions, easements and covenants contained in any document relating to the Property created and/or recorded prior to the Effective Date of this Declaration.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed as of the day and date first written above.

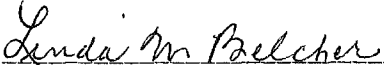
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IN THE PRESENCE OF:

BEESON-HENTHORN DEVELOPMENT, LLC
(SEAL)



By: 
Laura Beeson Henthorn, Member/Owner



STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF SPARTANBURG)

PERSONALLY appeared the undersigned witness and made oath that (s)he saw the within named Beeson-Henthorn Development, LLC, by its duly authorized Member/Owner, sign, seal and as its act and deed, deliver the within written Declaration of Covenants, Conditions and Conditions and that (s)he with the other witness subscribed above witnessed the execution thereof.



SWORN to before me this 17th
day of June, 2003.


(SEAL)

Notary Public for South Carolina
My Commission Expires: 2/10/07