

BY-LAWS  
OF  
ARCADIA FARMS PROPERTY OWNERS ASSOCIATION

ARTICLE I  
IDENTITY

The following By-Laws shall govern the operation of the Arcadia Farms Property Owners Association.

Section 1.01. Name. The name of the corporation is Arcadia Farms Property Owners Association, a non-profit corporation (hereinafter referred to as the "Association") organized and existing under the laws of the State of South Carolina.

Section 1.02. Offices of the Association. The offices of the Association shall be at the offices of Arcadia Farms Development Company, Inc. (hereinafter referred to as the "Company"), or at such other place as may be subsequently designated by the Board of Directors of the Association.

Section 1.03. The seal of the Association shall bear the name of the Association, the words "South Carolina"; the words "non-profit corporation" and the year of incorporation.

ARTICLE II  
DEFINITIONS

Section 2.01. General. All terms used herein and not otherwise that certain DECLARATION OF COVENANTS AND RESTRICTIONS FOR ARCADIA FARMS and provisions for the ARCADIA FARMS PROPERTY OWNERS ASSOCIATION, INC. dated April 15, 1998, and recorded in the Office of the Register of Deeds of Mesne Conveyances for Orangeburg County, South Carolina ("Declaration"), certain provisions of which Declaration may be repeated in full or in part and may be renumbered as they appear.

ARTICLE III  
MEMBERSHIP AND VOTING PROVISIONS

Section 3.01. Membership. Every Property Owner, including the Company, shall be a Member of the Association; provided, however, that in the case of multiple ownership of any Homesite, Dwelling Unit, or other properties on Arcadia Farms, there shall be a maximum of one (1) Member. In the event of such multiple ownership of any kind, including by a partnership or corporation, the name of the Property Owner designated as Member shall be submitted to the Company and/or the Association each year, not later than the 1st day of January of each year and only the designated Member shall be entitled to access to the facilities of the Association as a Member of the Association. Remaining Property Owners shall be entitled to access only in accordance with rules and regulations established by the Association, its successors and assigns, for guests. If no designation of a Member is made by the multiple owners, all such multiple

owners shall be required to pay such user fees as may be established by the Company or Association.

Section 3.02. Voting Rights. The Association shall have two (2) types of regular voting memberships:

Class "A" - Class "A" Members shall be all those owners (including the Company and Property Owners) of Homesites and any type of Dwelling Units. A Class "A" Member shall be entitled to one vote for each Dwelling Unit and/or Homesite which he owns; provided, however, a Member casting a vote representing a Dwelling Unit owned by such Member shall not be entitled to cast an additional vote for the Homesite upon which said Dwelling Unit is situated. If a Dwelling Unit is constructed on more than one Homesite, the Member shall have one vote for the Dwelling Unit but shall have no additional vote for each other Homesite comprising a part of the total consolidated building site so long as such Homesite remains a part of the consolidated site.

Class "B" - Class "B" Members shall be all those owners of lands within the Property designated as Open Space, Common Properties, Development Parcels, Unsubdivided Land or land reserved for future development. A Class "B" Member shall be entitled to one vote for every two acres of such lands which such Member owns; provided, however, that in computing the number of votes such Member shall have, the areas contained in such property shall be rounded off to the nearest 0.25 of an acre.

When any property entitling the Property Owner to membership as a Class "A" or "B" Member of the Association is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the Secretary of the Association, or unless the name of the designated Member has been submitted as approved in Section 3.01 above, their acts with respect to voting shall have the following effect:

- (a) If only one votes, in person or by proxy, his act binds all;
- (b) If more than one votes, in person or by proxy, the act of the majority so, voting binds all;
- (c) If more than one votes, in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled its proportionate share of the vote or votes;

(d) If the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or even split for purposes of this paragraph shall be a majority or even split in interest;

(e) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Member may be assigned by said Member to his lessee who has entered into a lease with a term of two (2) years or more; provided, however, that the owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee. The Class "A" and "B" Members are sometimes hereinafter collectively referred to as the "Members."

Section 3.03. Special Voting Membership. In addition to the Classes "A" & "B" regular voting Memberships described hereinabove, there shall be allowed with respect to each class, a Special Voting Membership for the Company under the following circumstances:

So long as the total operating deficits funded by the company and total amount of outstanding loans by the Company to the Association exceed, cumulatively, the total amount of assessments paid by Type "A" Members or until ninety percent (90%) of the Homesites in the Property have been sold by the company, whichever shall occur last, the Company shall be allowed a Special Voting Membership with respect to each class by which it shall be entitled to the same number of votes in each of Class "A" and Class "B" as cumulatively held by all Members of each Class respectively (including itself), plus one. This provision, without further reference herein, shall be self-operative and its applicability determined, for any purposes, by reference to the Annual Statement of the Association for the preceding year, or years, required by the Declaration in Section 3-3.13.

Section 3.04. Cumulative Voting Permitted. Each Member of each Membership class shall be entitled to as many votes as equals the number of votes he is ordinarily entitled to, based his ownership of one (1) or more of the various classifications of property as computed by the formula set out hereinabove in Sections 3.02 and 3.03, multiplied by the number of Directors to be elected, and may cast all of such votes for any one (1) Director or may distribute them among the number to be voted for, and all votes must be cast in whole numbers and not fractions thereof. This right, when exercised, is termed cumulative voting. Members are divided into classes for the sole purpose of computing voting rights and shall, in no event, vote as a class.

Section 3.05. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association shall be as follows:

The first time a meeting of the members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast fifty-one (51%) percent of the total vote of the Membership shall constitute a quorum . If the required quorum is not forthcoming at any such meeting, the meeting shall be adjourned and a second meeting shall be called subject to the giving of proper notice under the provisions of Article IV, Section 4.03, and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) percent of the total vote of the Membership of the Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Section 3.05, and any other requirements for such "duly called meeting."

Section 3.06. Proxies. Votes may be cast in person or by proxy. All Members may vote and transact business at any meeting of the Association by proxy authorized in writing, provided; however, that proxies shall not be permitted for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specially provided ballots which shall be marked, signed and mailed to the Association.

#### ARTICLE IV MEETING OF THE MEMBERSHIP

Section 4.01. Place. All meetings of the Association membership shall be held at the office of the Association, or at such other place and at such time as shall be designated by the Board of Directors of the Association and stated in the Notice of Meeting, and shall be open to all Property Owners.

Section 4.02. Membership List. At least ten (10) but not more than forty (40) days before every meeting of the Association a complete list of Members of the Association shall be prepared by the Secretary. Such list shall be maintained in the office of the Association for at least ten (10) days prior to any meeting and ten (10) days after any meeting.

Section 4.03. Notices. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized or qualified to call the meeting, by mailing a copy of such notice, with proper postage affixed, at least fourteen (14) days (but not more than thirty (30) days) before such meeting to each Member entitled to vote thereat, to the last known address of the person or entity who appears as Property Owner in the Real Estate Records of Orangeburg County, South Carolina, on the first day of the calendar month in which said notice is mailed. Notice to one (1) of two- (2) or more co-owners of a Homesite, Dwelling Unit, Development Parcel or Unsubdivided Land shall

constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes the Property Owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor-in-title. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Evidence of such notice having been given may consist of an Affidavit of Meeting evidencing that the requisite notice was posted at least fourteen (14) days prior to such meeting.

Section 4.04. Quorum. The presence at the meeting of Members entitled to cast, or the proxies entitled to cast, fifty-one percent (51%) of the total vote of each Membership class shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws and as more fully described in Section 3.05 hereinabove.

Section 4.05. Annual Meeting. The annual meeting shall be held at 10:00 A. M., Eastern Standard Time, on the 3rd Friday of April, each year for the purpose of electing directors and transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next secular day following. At the annual meeting the Property Owners shall elect new members of the Board of Directors by plurality vote and in accordance with Section 5.01 of these By-Laws, and shall transact such other business as may properly be brought before the meeting.

Section 4.06. Special Meetings. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Association and shall be called by the President or Secretary of the Association at the request, in writing, of Members owning twenty-five (25%) percent or more of the interests in the Property, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the Notice thereof.

Section 4.07. Waiver and Consent. Whenever the vote of Property Owners at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of Property Owners may be waived if a majority of Property Owners who would have been entitled to vote on the action if such meeting were held, shall consent in writing to such action being taken; however, Notice of such action shall be given to all Property owners, unless all Property Owners participated in the approval of such action.

Section 4.08. Adjourned Meetings. If any meeting of the Members cannot be organized or convened because a quorum does not exist, then the Members entitled to vote thereat or the persons initially calling the meeting shall have the power to adjourn the meeting and to call a second meeting subject to the giving of proper notice and the required quorum at such second meeting shall be the presence of Members or proxies entitled to cast

twenty five percent (25%) of the total vote of the Membership of the Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called in the same manner as the second meeting subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. This provision shall not apply when the proposed action is the amendment of the Declaration and the quorum requirement established by PART SIX, Article II of said Declaration shall govern in that instance.

## ARTICLE V DIRECTORS

Section 5.01. Composition of the Board of Directors. The Association shall be governed by a Board of Directors consisting of three (3), five (5), seven (7) or nine (9) members. Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board of Directors as provided for in these By-Laws or by the Association.

Section 5.02. Qualifications and Selection of Board Members. All directors must be Members of the Association. All officers of a corporate Property Owner, for purposes of this Section 5.02, shall be deemed to be Members of the Association so as to qualify to serve as a director herein. Each Member of each Membership Class shall be entitled to as many votes as equals the number of votes he is ordinarily entitled to, based upon his ownership of one or more of the various classifications of property as computed by the formula set out hereinabove in Article III, Sections 3.02 and 3.03. Cumulative voting shall be permitted as provided in Article III, Section 3.04 of these By-Laws. Members are divided into classes for the sole purpose of computing voting rights and shall, in no event, vote as a class.

Section 5.03. Term of Office. The initial Members of the Board of Directors who are appointed by the Company shall be appointed for a one (1) year term. Thereafter, at the first election of Directors by the Membership, the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years, and one (1) Director for a term of three (3) years; and at each annual meeting thereafter the Members shall elect Directors to fill the expiring terms for a term of three (3) years. In the event the Board is expanded as permitted by these By-Laws, the terms of new Members shall be staggered in a similar fashion as directed by the Board.

Section 5.04. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. A successor may then and there be elected to fill the vacancy thus created. Should the Association fail to elect a successor, the Board of Directors may fill the vacancy in the manner provided in Section 5.05 below.

Section 5.05. Vacancies on Directorate. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining members of the Board of

Directors, though less than a quorum, as defined in Section 5.12 below, shall choose a successor or successors, who shall hold office for the balance of the unexpired term in respect to which such vacancy may be held at any regular or special meeting of the Board of Directors.

Section 5.06. Disqualification and Resignation of Directors. Any director may resign at any time by sending a written notice of such resignation to the office of the Association, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the Board of Directors elected at such second annual meeting of the membership, the transfer of title of his Property by a director shall, automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors. No Director shall continue to serve on the Board of Directors should he be more than thirty (30) days delinquent in the payment as a Property Owner of any assessment against his Property; and said delinquency shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors.

Section 5.07. Nomination. Nomination of the Members of the initial Board of Directors shall be made by the Company. Thereafter, nomination for election to the Board of Directors by the Members shall be made by a Nominating Committee. Nominations may also be made by a petition of not less than fifteen (15) Members in good standing submitting such nomination in writing to any officer or Director at least forty eight (48) hours prior to the date and time set for the meeting at which the Directors will be elected. The Nominating Committee shall consist of a chairman, who shall be Member of the Board of Directors, and two (2) or more Members of the Association who need not be members of the Board of Directors. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made only from among Members except as provided in Section 5.02 and shall be made in such categories of directorship as required by the provisions of Section 5.03 of these By-Laws.

Section 5.08. Election of Directors. Subsequent to the appointment of the initial Board of Directors by the Company, election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and these By-Laws. The persons receiving the largest number of votes for each category of directorship shall be elected. As previously provided, cumulative voting is permitted.

Section 5.09. Regular Meetings. The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate. Notice of such regular meetings shall nevertheless be given to each Director personally or by mail, facsimile, telephone or telegraph at least five (5) days prior to the day

named for such meeting. All meetings of the Board of Directors, including special meetings, shall be open to all Property Owners.

Section 5.10. Special Meetings. Special meetings of the Board of Directors may be called by the President, and in his absence, by the Vice President, or by a majority of the members of the Board of Directors, by giving five (5) days notice, in writing, to all of the members of the Board of Directors of the time and place of said meeting. All notices of special meetings shall state the purpose of the meeting.

Section 5.11. Directors' Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 5.12. Quorum. At all meetings of the Board of Directors, a majority of the members of the Board of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the members of the Board of Directors present at such meetings at which a quorum is present, shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the Minutes thereof, shall constitute the presence of such Director for the purpose of determining a quorum.

Section 5.13. Compensation. No Directors shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5.14. Powers. The Board of Directors of the Association shall have the powers necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration, this Association's Articles of Incorporation, or these By-Laws, directed to be exercised and done by Property Owners. These powers shall specifically include, but shall not be limited to, the following:

(a) To exercise all powers specifically set forth in the Declaration in this Association's Articles of Incorporation, in these By-Laws, and all powers incidental thereto.

(b) To make assessments, collect said assessments, and use and expend the assessments to carry out the purposes and powers of the Association.



(c) To employ, dismiss and control the personnel necessary for the maintenance and operation of the Property and of the Common Properties, including the right and power to employ attorneys, accountants, contractors and other professionals as the need arises.

(d) To make and amend Rules and Regulations respecting the operation and use of the Common Properties.

(e) To contract for the management of the Property and to delegate to such contractor all of the powers and duties of the Association, except those which be required by the Declaration to have approval of the of Directors or Property Owners. To contract for the management or operation of portions of the Common Properties to the separate management or operation thereof, and to lease or concession such portions.

(f) To make further improvements to the Common Properties, both real and personal, and the right to purchase realty and items of furniture, furnishings, fixtures and equipment for the foregoing, and the right to acquire and enter into agreements, subject to provisions of the Declaration, this Association's Articles of Incorporation and these By-Laws.

(g) To designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management and affairs and business of the Association. Such committee shall consist of at least three (3) Members. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular minutes of their proceedings and report the same to the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees, subject only to approval by Members when such is specifically required.

(h) To borrow money to meet the financial needs of the Association and to mortgage the property of the Association and to pledge revenues of the Association as security for such loans made to the Association, the proceeds of which loan shall be used by the Association in performing its authorized functions.

Section 5.15. Duties. The duties of the Board of Directors shall specifically include, but shall not be limited to the following:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Membership.

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

(c) As more fully provided in the Declaration, to:

(i) fix the amount of the annual assessment against each property ownership form as defined in the Declaration not later than the first calendar quarter in each year;

(ii) send written notice of each assessment to every Property Owner subject thereto as soon as practicable after the fixing hereof; and

(iii) enforce the lien rights against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) To procure and maintain adequate liability and hazard insurance on property owned by the Association in the form and amount required by the Declaration.

(f) If deemed advisable by the Board, to cause all officers or employees of the Association having fiscal responsibilities to be bonded, with fidelity bonds in the form and amount required by the Association, and the premium on such bonds shall be paid by the Association.

(g) To cause the Common Properties to be adequately maintained.

(h) To review and amend, if appropriate, the proposed annual budget as prepared by the Treasurer.

Section 5.16. Liability of the Board of Directors: Indemnification. The members of the Board of Directors shall not be liable to the Property Owners or the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the members of the Board of Directors

shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible and shall not be deemed to be self dealing for the Company to contract with corporations owned or controlled by, or affiliated with, the Company. It is also intended that the liability of any Property Owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportions of the total liability thereunder as his interest in the Common Properties bears to the interests of all Property Owners in the Common Properties. Every agreement made by the Board of Directors, or by any managing agent, or by any management firm, as the case may be, are acting only as agent for the Property owners and shall have no personal liability thereunder (except as Property Owners), and that each Property Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Properties bears to the interests of all Property owners in the Common Properties.

## ARTICLE VI OFFICERS

Section 6.01. Elective Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of whom shall be Members of the Board of Directors. One person may hold more than one of the aforementioned offices.

Section 6.02. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 6.03. Appointive Officers. The Board of Directors may appoint Assistant Secretaries and Assistant Treasurers and such other officers as the affairs of the Association may require, who need not be members of the Board of Directors, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may from time-to-time determine.

Section 6.04. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance and/or acknowledgement of acceptance of such resignation shall not be necessary to make it effective.

Section 6.05. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6.06. The President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Property Owners and of the Board

of Directors. He shall have executive powers and general supervision over the affairs of the Association and other officers. The President shall sign all written contracts, and perform all of the duties incident to his office which may be delegated to him from time to time by the Board of Directors.

Section 6.07. The Vice President. The Vice President shall perform all of the duties of the President in his absence, and such other duties as may be required of him from time to time by the Board of Directors of the Association.

Section 6.08. The Secretary. The Secretary shall issue notices of all Board of Directors meetings and all meetings of the Property Owners and shall attend and keep the minutes of same. The secretary shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 6.09. The Treasurer. The Treasurer shall:

(a) have custody of the Association's funds and securities, except the funds payable to any management firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name of and to the credit of the Association, in such depositories as may be designated from time to time by the Board of Directors;

(b) disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as the Treasurer and of the financial condition of the Association;

(c) collect the assessments and maintenance fees and shall promptly report the status of collections and of all delinquencies to the Board of Directors;

(d) give status reports to potential transferees on which reports the transferees may rely;

(e) in conjunction with the Association's accountant and such other persons as the Board of Directors may designate, shall prepare an annual budget for consideration, modification, if appropriate, and ultimate approval by the Board of Directors.

(f) The Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

(g) The duties of the Treasurer may be fulfilled by a management firm or professional employed by the Association, in which event such management firm shall have custody of the books of the Association as it determines is necessary for the performance of such treasurer duties and the foregoing may include any books required to be kept by the Secretary of the Association.

## ARTICLE VII MATNTENANCE AND ANNUAL ASSESSMENTS

Section 7.01. Payment of Assessments to Owner. Notwithstanding any provision hereinafter contained, until the Company begins the process of systematic conveyancing of Open Space, Common Properties, roadways, etc. to the Association, the assessments described in these By-Laws shall be due and payable to the Company, its successors or assigns, and all rights hereby established on behalf of the Association, including the lien remedies, shall accrue to the benefit of the Company.

Section 7.02. Depositories. The funds collected as Assessments shall be deposited in such banks and depositories as may be determined by the Company or Board of Directors of the Association from time to time upon resolutions approved by the Company or Board of Directors. Such funds shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Company or Association as may be designated. Obligations of Association shall be signed by at least two officers of the Association as may be designated by the Board of Directors; provided, however, that the provisions of any agreement between the Association and any management firm or professional relative to the subject matter in this Section shall supersede the provisions hereof.

Section 7.03. Fidelity Bonds. The Treasurer and all officers who are authorized to sign checks and all officers and employees of the Association and any contractor handling or responsible for Association funds including any management firm may be bonded in such amount as may be determined by the Board of Directors. The premiums on such Bonds shall be paid by the Association. The Bond shall be in an amount sufficient to equal the monies an individual handles or has control of via a signatory or a bank account or other depository account. Notwithstanding the foregoing, however, the management firm or professional, as to funds in its possession and/or control, shall determine, in its sole discretion, the amount of and who is to be bonded, if any, among its employees.

Section 7.04. Fiscal Year. The fiscal year for the Association shall begin on the 1st day of January of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 7.05. Application of Payments and Commingling of Funds. All sums collected by the Company or Association from assessments and maintenance fees may be commingled in a single fund or divided into more than one fund, as determined by the Company or Board of Directors of the Association. All assessment payments and maintenance fees by a Property Owner shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, expenses and advances as provided herein and in the Declaration and general or special assessments, in such manner and amounts as the Board of Directors determines in its sole discretion.

Section 7.06. Acceleration of Assessment Installments Upon Default. If a Property Owner shall be in default in the payment of an installment upon any assessment, the Board of Directors may accelerate the remaining monthly or quarterly installments for the fiscal year upon notice thereof to the Property Owner; and, thereupon, the unpaid balance of the assessment shall become due upon the date stated in the notice, but not less than fifteen (15) days after delivery of or the mailing of such notice to the Property Owner.

Section 7.07. Audits. An audit of the accounts of the Association will be made upon request of a majority of the Property Owners in and at such times as the Board of Directors deems necessary.

Section 7.08. Application of Surplus. Any payments or receipts to the Association, whether from Property Owners or otherwise paid during the fiscal year in excess of the Common Expenses of the Association shall be kept by the Association and applied against the Association's expenses for the following year.

Section 7.09. Creation of the Lien and Personal Obligations of Assessments. Each owner of any Homesite, Dwelling Unit, Development Parcel, or Unsubdivided Land, whether or not it shall be so expressed in any such deed or other conveyance, agrees to all terms and provisions of these By-Laws and the Declaration and to pay to the Company and, subsequently to the Association:

- (1) Annual assessments or charges; and
- (2) Special assessments or charges for the purposes set forth in this Article and any additional provisions with the Declaration, such assessments to be fixed, established and collected from time to time as hereinafter provided.

The Annual and Special Assessments together with such interest thereon and costs of collection therefor as hereinafter provided shall be a charge and continuing lien on the real property and improvements thereon of each Property Owner against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the personal obligation of the person who was the owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a Homesite, Dwelling Unit, Development Parcel,

or any Unsubdivided Land, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 7.10. Purpose of Assessments and Payment of Assessments. All provisions regarding the purpose and of Annual Assessments and Special Assessments to the Company or the Association shall be governed by the provisions contained within Sections 3-3.01 through 3-3.13 of the Declaration.

Section 7.11. Personal Obligation of the Property Owner: Lien; Remedies of the Association. Pursuant to the provisions contained within Section 3-3.10 of the Declaration, non-payment of any assessments or charges required to be paid to the Company, its successors or assigns, or the Association by a Property Owner shall become delinquent and shall, together with interest thereon at the rate of fourteen (14%) percent per annum, from the due date and cost of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements thereon, against which each such assessment is made, in the hands of the Property Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Property Owner at the time when the assessment first became due and payable to pay such assessment, however, shall remain his personal obligation and shall not pass as a personal obligation to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the past due date, the Company and/or the Association may bring an action at law against the Property Owner personally and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment at the rate of fourteen percent (14%) per annum or the maximum lawful rate on such judgment and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

Section 7.12. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding or deed in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments accruing after conveyance by mortgagee to a subsequent owner.

## ARTICLE VIII COMPLIANCE AND DEFAULT

Section 8.01. Violations. In the event of a violation (other than the non-payment of an assessment) by a Property Owner of any of the provisions of the Declaration or these By-Laws, the Association, by direction of its Board of Directors, may

Company. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed without the consent of the Company to reduce the limits of the minimum regular annual assessments at any time there is outstanding any amount due to the Company as repayment of any loans made by the Company to the Association.

ARTICLE X  
AMENDMENTS TO THE BY-LAWS

The By-Laws may be altered, amended or added to at any duly called meeting of the Property Owners, provided:

- (1) Notice of the meeting shall contain a statement of the proposed Amendment.
- (2) If the Amendment has received the unanimous approval of the full Board of Directors, then it shall be approved upon the affirmative vote of the majority of Property Owners.
- (3) If the Amendment has not been approved by the unanimous vote of the Board of Directors, then the Amendment shall be approved by the affirmative vote of not less than seventy-five (75%) percent of the Property Owners entitled to vote.
- (4) Notwithstanding the foregoing, these By-Laws may only be amended with the written approval, when required, of the parties specified in the Declaration. The system of administration may at any time be modified at a duly held meeting of the Association by the affirmative vote of not less than seventyfive (75%) percent of the Property Owners entitled to vote.
- (5) The Company, so long as it owns more than ten (10%) percent of the aggregate of the Property reserves the right at any time to amend the portion of the By-Laws that are not likewise covered in the Declaration in such manner as may be required by a lending institution or public body, or in such manner as the Company may determine to be necessary to carry out the purposes of the development provided that such amendment shall not impair the voting rights of Property Owners.



ARTICLE XI  
LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of membership in the Association shall not relieve or release any such former Property Owner from any under or in any way connected liability or obligations incur with the Association during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Property Owner arising out of or in any way connected with such ownership of Property and the covenants and obligations incident thereto.

ARTICLE XII  
PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration or these By-Laws.

ARTICLE XIII  
LIENS

Section 13.01. Protection of Property. All liens against the Common Properties or any portion thereof, other than for mortgages, taxes or special assessments shall be satisfied or otherwise removed within thirty (30) days of the date the lien attached. All taxes and special assessments upon the Common Properties shall be paid before becoming delinquent, as provided in the Declaration, Articles of Incorporation and these By-Laws, or by law, whichever is sooner.

Section 13.02. Notice of Suit. Property owners shall give Notice to the Association of every suit or other proceeding which will or may affect title to his property or any part of the Common Properties, such Notice to be given within five (5) days after the Property owner receives notice of such suit or proceeding.

Section 13.03. Failure to Cooperate. Failure to comply with this Article concerning liens will not affect the validity of any judicial sale.

ARTICLE XIV  
RULES AND REGULATIONS

Section 14.01. Establishment of Rules and Regulations. Subject to the provisions hereof, the Association may establish reasonable rules and regulations concerning the use of Homesites, Dwelling Units, easement areas, Open Space and the Common Properties and facilities located thereon. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Property Owners prior to the

effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Property Owners, their families, tenants, guests, invitees, servants and agents, until and unless any such rules or regulations are specifically overruled, cancelled or modified by the Board of Directors of the Association or in a regular or special meeting of the Association by the vote of the Property Owners, in person or by proxy, holding a majority of the total votes in the Association; provided that in the event of such vote prior to elimination of the Special Voting Membership such action must also be approved by the Company.

Section 14.02. Authority and Enforcement. Subject to the provisions of the Declaration, upon the violation of the Declaration, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments, the Board of Directors of the Association shall have the power to:

(a) impose reasonable monetary fines on the Property Owner guilty of such violation which shall also constitute an equitable charge and a continuing lien upon the properties of such Property Owner.

(b) suspend a Property Owner's right to vote in the Association; and

(c) suspend a Property Owner's right to use any Common Properties other than the right of ingress and egress and the Board of Directors of the Association shall have the power to impose all or any combination of these sanctions.

A Property Owner shall be subject to the foregoing sanctions in the event of such a violation by such Property Owner, his family, guests, tenants or invitees, or by his co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed sixty (60) days as to a Member who is also a Property Owner.

Section 14.03. Procedure. Except with respect to the failure to pay assessments, the Board of Directors of the Association shall not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of a Property owner for violations of the Declaration, the By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

(a) Written demand to cease and desist from an alleged violation shall be served upon the person responsible for such violation specifying:

(i) the alleged violation;

(ii) the action required to abate the violation; and

(iii) a time period of not less than five (5) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that

any further violation of the same provision of this Declaration, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(b) If the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs within twelve (12) months of such demand, the Board of Directors of the Association may serve such person with written notice of a hearing to be held by the Board of Directors in executive session. The notice shall contain:

(i) the nature of the alleged violation;

(ii) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;

(iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his behalf; and

(iv) the proposed sanction to be imposed.

(c) The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director or other individual who deliver such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

Dated this 15<sup>th</sup> day of April, 1998.

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:

ARCADIA FARMS PROPERTY  
OWNERS ASSOCIATION

Nareesa Cross  
Marie L. Holm

By: Grant B. Warren

Attest: President

C:\WS\ARCADIA\BYLAWS-ARCADIA.DOC

Notary Arlene C. Johnson  
expires 3-10-2007



STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF ORANGEBURG )  
DECLARATION OF COVENANTS AND  
RESTRICTION FOR ARCADIA FARMS  
AND PROVISIONS FOR THE  
ARCADIA FARMS PROPERTY  
OWNERS ASSOCIATION, INC.

THIS DECLARATION, made as of the 15th day of April, 1998, by ARCADIA DEVELOPMENT COMPANY, INC. (hereinafter referred to as the "Company").

WHEREAS, the Company is the owner of the lands (hereinafter referred to as the "Property") and associated easements described in Section 1-2.01 of the Declaration and in the Master Plan (which has been made available for inspection by prospective property owners) and intends to plan and develop a community comprised of the Property and known as Arcadia Farms with certain facilities, amenities and services for the use and benefit of all property owners within such community; and

WHEREAS, the Company desires to provide a means for the preservation of the values and amenities and for the maintenance of common facilities, services and properties; and to this end, the Company has made the determination to subject the Property together with such additions as may hereafter be made, as provided in PART ONE, Article II, to the covenants, restriction, easements, affirmative obligations, charges and liens hereinafter set forth ( hereinafter referred to as the "Covenants"), each and all of which is hereby declared to be for the benefit of the Property and every owner of any and all parts thereof; and

WHEREAS, the Company deems is desirable, for the efficient preservation of the values and amenities in the community, to create an entity to which can be ultimately delegated and assigned by the Company authority to maintain and administer the common properties and services, to enforce the Covenants governing the same, and to receive and disburse all assessments and charges necessary for such maintenance, administration and enforcement; and

WHEREAS, the Company has caused to be incorporated under the laws of the State of South Carolina, a non-profit corporation, Arcadia Farms Property Owners Association, Inc. for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth; and

WHEREAS, this Declaration will be referred to as the "Arcadia Farms Covenants", and will be recorded in the Office of the Register of Deeds for Orangeburg County, South Carolina, and may be incorporated by reference in deeds to residential property issued by the Company, by reference to the Book and Page of recording in the realty records in said Office; and

NOW, THEREFORE; the Company hereby declares that the Property and such additions thereto as may hereafter by made pursuant to PART ONE, Article II hereof are and shall be held, transferred, sold, conveyed, given, donated, purchased, leased, occupied, and used subject to the Covenants. These Covenants, the benefits of these Covenants, and the affirmative and negative burden of these Covenants, shall touch and concern and run with the land herein referred to as the Property. The Company reserves the right to add additional covenants in respect to the property owned by the Company at the time of the adoption of the additional covenants but not to property previously conveyed to others. Any rights and easements reserved by the Company under these Covenants shall also be reserved to the assigns and successors in interest of the Company.

FILED FOR RECORD  
APR 21 PM 2 14  
REGISTER OF DEEDS  
ORANGEBURG COUNTY, S.C.

BK 695 PG 0037

PART ONE  
GENERAL REFERENCES  
ARTICLE I  
DEFINITIONS

Section 1-1.01. The following words and terms when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

(a) "Affiliate" shall mean any corporation more than fifty percent (50%) of the voting stock of which is owned or controlled by the Company and any corporation, limited liability company, limited liability partnership, partnership or joint venture in which the Company has more than a fifty percent (50%) equity interest or an interest in fifty percent (50%) or more of the cash flow from such partnership, limited liability company, limited liability partnership, corporation or joint venture.

(b) "Approval by the Architectural Review Board or Company" shall mean and refer to any approval required under these Covenants to be made by the Architectural Review Board or Company and which shall be sought and received or denied pursuant to the provisions of these covenants.

(c) "Approved by the Company" shall mean written approval issued by the Company signed by its managing agent or by the Company's designated representative.

(d) "Architectural Review Board" or "Review Board" shall mean and refer to that Board formed and operated in the manner described in PART TWO, Article I hereof.

(e) "Association" shall mean and refer to the Arcadia Farms Property Owners Association, Inc., a South Carolina nonprofit corporation, its successors and assigns.

(f) "By-Laws of the Association" or "By-Laws" shall mean refer to the By-Laws of the Arcadia Farms Owners Association, Inc. the initial text of which is set forth in Exhibit "B" attached hereto and made a part hereof.

(g) "Amenities" shall mean and refer to any tennis courts, swimming pool, or other recreational facilities or programs as the Association may own, operate or sponsor from time to time.

(h) "Common Properties" or "Common Property" shall mean and refer to those areas of land with any improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties". The term "Common Properties" may include common recreational amenities which may be deeded to the Association and any personal property acquired by the Association if said property is designated as "Common Property". All Common Properties are to be devoted to and intended for the common use and enjoyment of the Property Owners, their tenants, guests and invitees, at uniform fees, charges and assessments established herein as may be modified from time to time by the Association. The designation and dedication of land or improvements as Common Properties shall not mean or imply that the public at large or Property Owners, their tenants, guests and invitees acquire an easement of use or enjoyment therein except at such fees, if applicable, and under such rules and regulations for operation as may be established from time to time by the Association.

(i) "Company" shall mean and refer to "Declarant" as such term is defined in Section 1-1.01, Paragraph (k) hereinafter.

(j) "Covenants" or "Declaration" shall mean and refer to this "Declaration of Covenants and Restrictions for Arcadia Farms and Provisions for the Arcadia Farms Property Owners Association", which include all of the duly adopted amendments thereof filed for record in the office of the Register of Deeds for Orangeburg County.

(k) "Declarant" shall mean and refer to Arcadia Development Company, Inc., a South Carolina corporation and its successors and assigns, or any mortgagee which may acquire substantially all of the property included in this Declaration by foreclosure of a mortgage given by Declarant or by any proceeding or conveyance in lieu of foreclosure in which event such mortgagee acquirer shall succeed to all of the declarant rights of the Company and its successors or assigns.

(l) "Development Parcels" shall mean and refer to those parcels or tracts of land conveyed by the Company to third parties under these covenants and restrictions permitting the division of any such parcel or tract into smaller land units such as Homesites or for development.

(m) "Drainage" means the removal of surface water or ground water from land by drains, grading or other means, and includes control of runoff to minimize erosion and sedimentation during and after construction or development and likewise includes undertaking these measures necessary for water supply preservation or for prevention of alleviation of flooding.

(n) "Dwelling Unit" shall mean and refer to any improved property located within the Property intended for use as a single-family dwelling, whether a detached dwelling on a Homesite, or any townhouse, condominium unit or patio or cluster home, whether detached or attached.

(o) "Homesite" shall mean any unimproved lot or parcel of land located within the Property which is intended for use as a site for a single family detached dwelling and associated improvements, as shown upon any recorded final subdivision plat of any part of the Property. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to reasonably permit habitation thereof.

(p) "Master Plan" shall mean and refer to the drawings which represent the conceptual research plan for the future development of Arcadia Farms, held by the Company and made available for inspection by prospective land purchasers. Since the concept of the future development of the undeveloped portions of Arcadia Farms retained by, and remaining in the Company's ownership is subject to continuing revision and change at the discretion of the Company as provided in Section 1-2.01 hereof, present and future references to the "Master Plan" by the Company, its employees or agents shall be references to the latest revision thereof. In addition, no implied reciprocal covenants shall arise with respect to lands which have been retained by the Company for future development restricting their uses. This Declaration does not designate any portion of the Property for any particular use, such designations to be made by separate subsequent Declaration or by recorded plat with such designation clearly and unequivocally shown thereon. The Company shall not be bound by any development plan, use or restriction of use shown on any Master Plan, and may at any time in its sole discretion change or revise said Master Plan.

(q) "Member" shall mean and refer to the Company and all those Property owners who are Members of the Arcadia Farms Property Owners Association as provided in PART THREE, Article I, hereof, including the spouse and children (under 18) permanently residing with the said Property Owner.

(r) "Multi-Family Area" shall mean and refer to any portion of the Property (excluding Phase I) designated as such by the Company in which common elements are owned either by the owners of lots in such multi-family area as tenants-in-common or by a multi-family association composed of such owners pursuant to a horizontal property regime within the development upon which there will be constructed either attached or detached townhouses, condominium units, cooperative units, cluster homes, patio homes or similar multi-family structures.

(s) "Offensive or Noxious" activity or behavior shall include but not be limited to a public nuisance or nuisance per se and shall also include any behavior or activity which is inconsistent with both the pleasurable use of Arcadia Farms by a majority of the residents and their reasonable expectations of enjoying their property and the available amenities and natural surroundings free of boorish, rude, excessively noisy, crude, tasteless behavior, flashing lights, racing vehicles, radio, hi-fi or electronic music distractions, etc., or other similar behavior curtailing the pleasure of use of the natural environment and facilities of Arcadia Farms. Musical or other entertainment, concerts, festivals, competitions or shows conducted under permit from the Company shall not constitute offensive or noxious activity or behavior unless such permit is withdrawn by the Company.

(t) "Open Space" shall mean and refer to those parcels of land, if any, which are dedicated pursuant to Section 2-3.01 of these Covenants by declaration of the Company as land which cannot be developed or improved or altered except as provided in PART TWO, Article III and any other relevant sections of these Covenants. Open Space shall be designated in such declarations, making reference to recorded plats, as "Open Space".

(u) "Pertinent Laws" shall mean and refer to the statutes, ordinances, regulations, and other laws pertinent to the ownership, sale, use, and development of the Property as are codified or promulgated by the County of Orangeburg, the State of South Carolina and agencies thereof, the Government of the United States of America, and other public authorities having jurisdiction over the Property.

(v) "Phase I" shall mean the real property initially subjected to these Covenants as more fully described in Exhibit A, but excluding the road area.

(w) "Property" and "Arcadia Farms" shall mean and refer to the lands described in Section 1-2.01 hereof and Exhibit A attached hereto, and additions thereto as provided in Section 1-2.02 hereof, as are subjected to this Declaration or any supplemental declaration under the provisions of PART ONE, Article II hereof. At all times the Property shall be comprised of the following classes of property for purposes of the various assessments set forth herein: (1) Unsubdivided Land owned by the Company or other Property Owners; (2) Development Parcels owned by Property Owners or the Company; (3) Homesites; (4) Dwelling Units; (5) Amenities; (6) Common Properties, including Open Space, owned by the Company or the Association; (7) Other Open Space; (8) Maintenance areas, service areas and facilities, and sewage effluent spray or discharge areas; (9) Sales, Service and Administrative areas of the Company or the Association; and (10) Institutional land for not-for-profit religious, charitable, educational, cultural or environmental purposes.

(x) "Property Owner" or "Owner" shall mean and refer to the owner (but shall not include the Declarant except with respect to properties reacquired by the Declarant after the Declarant's conveyance thereof) as shown by the real estate records of the Orangeburg County Register of Deeds, whether it be one or more person, firm, association, corporation, or other legal entities, of fee simple title to any Homesite, Dwelling Unit, Development Parcel, or Unsubdivided Land situation upon the Property, but notwithstanding any applicable theory of mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless



and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Property Owner" mean or refer to any lessee or tenant of a Property Owner. In the event that there is recorded with the Orangeburg County Register of Deeds a long-term contract of sale covering any Homesite, Dwelling Unit or parcel of land within the Property, the Property Owner of such Homesite, Dwelling Unit or parcel of land shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one which is recorded and provides that the purchaser is required to make payments for the property for a period extending beyond five (5) months from the date of the contract, and where the purchaser does not receive title to the property until such payments are made although the purchaser is given the use of said property.

(y) "Recorded" shall mean made a matter of public record by permanently registering same in the Office of the Register of Deeds for Orangeburg County, South Carolina.

(z) "Register of Deeds" shall mean and refer to the Office of the Register of Deeds for Orangeburg County, South Carolina, the successors and assigns of that office.

(aa) "Shall" indicates a mandatory requirement, condition, or obligation; in contrast, the term "may" indicates a permissive action.

(bb) "Structure" shall mean any construction, object, projection or piece of work artificially built up or composed of parts joined together in some definite manner, which is erected or shaped on the Property, including but not limited to buildings, fences, walls, bridges, signs, blinds, docks, bulkheads, tennis courts, swimming pools, pool houses, pavilions, tents, gazebos, greenhouses, garage facilities, other out buildings, signs, abutments, ornamental projections, exterior fixtures, shaped earth as a masonry structure, lights or any device which might obstruct or interfere with the quality of a view from the Property.

(cc) "Undeveloped Land" shall be land owned by the Company which is not improved, and which has not been designated as Open Space or Common Properties, whether subdivided or unsubdivided.

(dd) "Unsubdivided land" shall mean and refer to all land in the Property described in PART ONE, Article II hereof, and additions thereto, as are subjected to this Declaration or any supplemental declaration under the provisions of PART ONE, Article II hereof which have not been subdivided through metes and bounds subdivision plats filed for record with the Orangeburg County Register of Deeds. For the purposes of this Declaration, the following classifications of Property shall not be deemed "Unsubdivided Land" and shall be expressly excepted from the definition thereof:

(1) All lands designated on the Master Plan for use for outdoor recreation facilities; farm fields, and/or animal pastures; woodland, marsh, pond, lake and lagoon conservancies.

(2) Institutional land for not-for-profit religious, charitable, educational, cultural, community or environmental purposes.

(3) Sales, service and administrative areas or facility of the Company or the Association.

(4) Maintenance areas, service areas and facilities, and sewage effluent spray or discharge areas.

(5) All lands designated, in the manner provided herein, as Open Space or Common Properties.

(6) Amenities.

(ee) "Use of Land" or "Intended for Use" shall mean the use designated in the deed of conveyance of a parcel or space or by separate declaration of covenants designating the use for which any particular parcel of land is restricted to in such declaration or incorporated by reference to a particular recorded declaration of covenants in deeds by which the Company has conveyed such land. Reference to "uses" of land, or description of parcels on maps, master plans, and promotional material shall not constitute a designation of use for purposes of this Declaration nor shall such reference create any obligation for the Company.

(ff) "Use or Used for Residential Purposes" shall mean to be used as one's residence or normal and customary place of abode and shall not include any use for business purposes. The use of a portion of a Dwelling Unit as a home office shall be considered a residential use: (1) if such use does not create more than very occasional customer or client traffic to and from the Dwelling Unit; (2) if the Dwelling Unit's address is not held out or advertised in any way as a business address; (3) no sign, symbol, logo, or nameplate identifying such business is affixed to the exterior of the Dwelling Unit or visible from the exterior of the Dwelling Unit; and (4) except where the approval of the Company (in Company's sole discretion) has been given to such use.

## ARTICLE II PROPERTY DESCRIPTION

Section 1-2.01. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these Covenants is described as follows:

ALL that tract or parcel of land situate, lying and being in Orangeburg County, South Carolina, being a portion of Arcadia Farms which is more particularly described in Exhibit "A" attached hereto and by specific reference incorporated herein and made a part hereof.

The Company, contemplates developing the Property in accordance with its Master Plan, as subsequently modified from time to time, as a residential community including recreation facilities and various amenities and all other activities permitted by law which the Company deems appropriate as uses for such property. The Company reserves the right to review and modify the Master Plan at its sole option, from time to time, based upon its continuing research and design program. The Master Plan or any future Master Plan, shall not bind the company, its heirs, successors and assigns to adhere to the Master Plan in the development of the land shown thereon except as to (1) a residential density of the Property of not more than 300 Dwelling Units and associated improvements thereon as defined herein, together with associated facilities; and (2) a restriction that no building will exceed three (3) stories, as defined herein, in height. Properties conveyed to the Association shall become Open Space or Common Properties, as the case may be, in accordance with their designation in the deed of conveyance from the Company. The Company shall not be required to follow any predetermined sequence or order of improvements and development; and it may bring within the plan of these covenants additional lands, and develop the same before completing the development of the Property. Other than as stated in this Section, the Company shall have full power to add to, subtract from, or make changes in the Master Plan, including the addition of other nearby lands owned by Company, such actions potentially altering membership of the Association.

Section 1-2.02. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Pre-approved Additions. The Company, its successors and assigns, shall have the right, without consent of the Association, to bring within the plan and operation of this

Declaration, additional properties, whether or not said additional properties are contiguous with the existing Property. The additions authorized under this and the succeeding subsections shall be made by either deeding such additional property subject to this Declaration by specific reference in individual deeds or by filing a Supplementary Declaration of Covenants and Restrictions (hereinafter referred to as "The Supplementary Declaration") with respect to the additional property which shall extend the operation and effect of these Covenants to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications of these Covenants as may be necessary or convenient, in the judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modifications shall have no effect on the Covenants as they apply to the Property. The Supplementary Declaration shall be executed by the Company and shall be recorded in the Register of Deeds Office for Orangeburg County.

(b) Other Additions. Upon approval in writing by the Association pursuant to three-fourths (3/4) of the vote of those present at a duly called meeting, the owner of any property who desires to add it to the plan of these Covenants and to subject it to the jurisdiction of the Association, may file or record a Supplementary Declaration with respect to the additional property which shall extend the operation and effect of these Covenants to such additional property. The Supplementary Declaration may contain such complementary additions and/or modification of these Covenants as may be necessary or convenient, in the sole judgment of the Association, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modifications shall likewise have no effect on the Covenants as they apply to the Property. The Supplementary Declaration shall be executed by the Company and the Association and shall be recorded in the Register of Deeds Office for Orangeburg County.

(c) Mergers. Upon merger or consolidation of the Association with another association or not-for-profit corporations as provided for in the By-Laws of the Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the existing Property, together with the covenants and restrictions established upon any other properties, as one plan. No merger or consolidation shall effect any revocation, change or addition to these Covenants including, without limitation, the maximum limits on assessments and dues of the Associations, or any other matter substantially affecting the interests of Members of the Association.

(d) Separate Associations. For any property subjected to this Declaration pursuant to the provisions of this Section, there may be established by the Company an additional association limited to the owners and/or residents of such additional property in order to promote their social welfare, including their health, safety, education, culture, comfort, and convenience, to elect representatives on the Board of the Association, to receive from the Association a portion, as determined by the Board of Directors of the Association, of the annual assessments levied pursuant hereto and use such funds for its general purposes, and to make and enforce rules and regulations of supplementary covenants and restrictions, if any, applicable to such additional lands. In the event the Developer subjects any Multi-Family Area to the within Declaration there may be established by Developer, its successors and assigns, multi-family associations structured as horizontal property regimes and similar multi-family projects, the membership of which have been limited to the owners of Dwelling Units within the Multi-Family Areas located within such portion or portions of the Property so submitted in order to promote the health, safety and social welfare of the owners of Dwelling Units therein, as well as provide for the maintenance of improvements and common elements, provided that such Owners shall also be members of the Association and such Dwelling Units shall continue to be subject to the terms of this Declaration.

Such Multi-Family Areas may be subject to multi-family declarations which impose covenants and restrictions which are in addition to, but not in abrogation or substitution of those imposed hereby, and such multi-family associations may levy additional assessments and make and enforce supplementary covenants, restrictions, rules and regulations with respect to such Multi-Family Areas.

PART TWO  
COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS APPLICABLE TO ARCADIA FARMS

ARTICLE I  
GENERAL COVENANTS

Section 2-1.01. Purposes. The primary purpose of these Covenants and the foremost consideration in the origin of same has been the creation of a residential community which is aesthetically pleasing, which is functionally convenient, which is capable of maintaining itself while retaining private control, which provides some recreational amenities as Common Property and provides for the ultimate ownership, operation and maintenance, through the Company or the Association, of the Common Properties.

The establishment of objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of property and of technological advances and environmental values. For this reason, such standards are not established hereby, but may be suggested by the Company in discussions with and materials submitted to Property Owners. These standards and this Declaration are consistent with and serve to complement the Subdivision Regulations of Orangeburg County, South Carolina. To implement these covenants, the Company shall, through the Architectural Review Board, establish and amend from time to time objective standards and guidelines which shall be in addition to and more restrictive than said governmental standards. Moreover, the Architectural Review Board shall likewise have the authority to grant variances of prescribed setbacks which appear on recorded subdivision plats of Homesites, if any, which authority may be exercised in its sole discretion and in a manner consistent with its established standards and guidelines.

Section 2-1.02. Residential Use. All Homesites and Dwelling Units in Arcadia Farms shall be used for residential purposes exclusively. With respect to Phase I and any additional phases limited to single family detached Dwelling Units, no structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Homesite other than one single family dwelling with one detached private garage which is strictly related to the use of the main dwelling. Any suite or servants' quarters in the main building shall not be rented or leased except as a part of the entire premises including the main dwelling. Future phases may contain Dwelling Units which are comprised of townhouses, condominium units or patio or cluster homes, whether detached or attached.

The restriction to use for "residential" purposes is subject to the following qualifications:

(a) Unless further restricted in the deed or other document, the use of a portion of a Dwelling Unit as a home office shall be considered as a residential use if such use does not create a significant increase in traffic to and from the Dwelling Unit by customers or clients, if no sign, symbol, logo or nameplate identifying a business or professional office is affixed to or about the grounds or the entrance to the Dwelling Unit, if the office is only incidentally used for business or professional purposes, if the Dwelling Unit's address is not held out or advertised in any way as a business address, and if the Company, in responding to a complaint by a neighboring Property

Owner, has not expressly requested that the subject Dwelling Unit not be used in whole or in part as an office.

(b) The use of a Dwelling Unit as a model or for sales or operational purposes shall be limited to those granted written temporary permission for such use by the Company in its sole discretion, and may be deemed a use for residential purposes for a maximum period of twenty-four (24) months after the building is newly constructed and is ready for occupancy, and use of said Dwelling Unit as a model or for sales or operational purposes after said twenty-four month period shall be prohibited.

Section 2-1.03 Architectural and Design Review.

(a) Purpose: In order to preserve the natural beauty of Arcadia Farms and its setting, to maintain Arcadia Farms as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, no building, fence or other structure (as herein defined) shall be erected, placed or altered until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking areas), landscape plan, and construction schedule shall have been approved in writing as hereinafter provided.

(b) Objectives: Architectural and Design review shall be directed towards attaining the following objectives for Arcadia Farms:

(1) Preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property, removal of trees and vegetation which could cause disruption of natural water courses or scar natural landforms.

(2) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Homesite with surrounding Homesites and structures and do not unnecessarily block scenic views from existing structures or tend to unacceptably dominate any area of the general development or of the natural landscape.

(3) Ensuring that the architectural design of structures and their materials and colors are visually harmonious with Arcadia Farms' overall appearance, with surrounding development, with natural landforms and native vegetation, and with development plans officially approved by the Company or any governmental or public authority, if any, for the areas in which the structures are proposed to be located.

(4) Ensuring the plans for landscaping provide visually pleasing settings for structures on the same Homesite and on adjoining or nearby Homesites, and blend or co-exist harmoniously with the natural landscape.

(5) Ensuring that any development, structure, building or landscaping complies with the provisions of these covenants.

(6) Promoting building design and construction techniques that respond to energy conservation and environmental quality consideration such as heat loss, air emissions, and run-off water quality.

(c) Architectural Review Board. (i) The Company shall establish an Architectural Review Board (such board hereinafter referred to as the "Review Board") which shall consist of five (5) members. The five (5) members shall be appointed by the Company until construction is completed for 80% of the development of the property which has been subjected to this

Declaration. Thereafter the Review Board shall consist of five (5) members of which three (3) members shall be appointed by the Company and two (2) members shall be elected by the Association. The regular term of office for each member shall be two (2) years, coinciding with the fiscal year of the Company. Appointments shall be staggered by one year. Any member appointed by the Company may be removed with or without cause by the Company at any time by written notice to such appointee. A successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member. Any member elected by the Association shall be removed in accordance with the By-Laws of the Association; (ii) The Review Board shall select its own Chairman and he/she, or in his/her absence the Vice-Chairman, shall be presiding officer of its meetings. Meetings of the Review Board shall be held at least once in each calendar month if there are matters to be reviewed or upon call of the Chairman; all meetings shall be held at the offices of the Company in Orangeburg, South Carolina, or at such other places as may be designated by the Chairman. Three (3) members shall constitute a quorum for the transaction of business, provided a minimum of two (2) members appointed by the Company shall be present in order to have a quorum. The affirmative vote of a majority of the members of the Review Board shall constitute the action of the Review Board on any matter before it. The Review Board shall operate in accordance with its own rules of procedure; said rules shall be filed with the Association and maintained in the records of the Association. (iii) The Review Board is hereby authorized to retain the services of one or more consulting architects, engineers, landscape architects, community planners and/or attorneys, who need not be licensed to practice in the State of South Carolina, to advise and assist the Review Board in performing the design review functions herein prescribed.

(d) Transfer of Architectural Review Authority. Upon the sale of greater than 90% of the sites for the permitted Dwelling Units within the entire development property subjected to these covenants, the Company may by filing a supplementary declaration of covenants and conditions with the Register of Deeds Office, transfer the above described architectural review authority to a permanent Review Board which, subject to the covenants and conditions stated with the aforesaid supplemental declaration, shall be under the control of the Arcadia Farms Property Owners Association, Inc. This Section does not obligate the Company to make such transfer, provided, however, that such transfer must be made no later than December 31, 2028.

(e) Review of Plans for Additions, Alterations or Changes to Structures and Landscaping. No building, wall, fence, swimming pool, roof, exterior light, or other structure (as herein defined) or improvement of any kind including painting shall be commenced or erected upon any Homesite or upon the exterior of any Dwelling Unit or upon a Development Parcel or upon the Common Properties or Open Spaces, nor shall any landscaping be done, nor shall any addition to any existing building or structure or alteration or change therein be made until the proposed building plans, specifications (including height, materials, and exterior finish), plot plan, tree and topographic survey, landscape plan, and construction schedule shall have been submitted to and approved by the Review Board. Notwithstanding the foregoing, the Property Owner may make interior improvements and alterations within the building or structure without the necessity of approval or review by the Review Board provided that such improvements or alterations are (i) not visible from the outside of the structure; and (ii) do not impair the structural integrity of the structure or create a potentially hazardous condition.

(f) Submission, Approval and Disapproval of Architecture, Siting, Landscaping and Other Building Plans. Two copies of all plans and related data shall be furnished the Review Board. One copy shall be retained in the record of the Review Board. The other copy shall be returned to the Property Owner marked "approved" or "disapproved". The Review Board shall establish a fee sufficient to cover the expense of reviewing plans and related data at the time they are submitted for review and to compensate any consulting architects, landscape architects, community planners or attorneys in accordance with subparagraph (c) (iii) above. The Fee initially established by these Covenants shall be \$200.00 for each submission of a complete set of plans. The Review

Board shall have the right to increase this amount not more than once in any subsequent twelve (12) month period. Approvals shall be dated and shall not be effective for construction commenced more than twelve (12) months after such approval. Disapproved plans and related data shall be accompanied by a reasonable statement of items found unacceptable. In the event approval of such plans is neither granted nor denied within 60 days following receipt by Review Board of written request for approval, the provisions of this Section shall be thereby waived. Refusal or approval of plans, location or specification may be based by the Review Board upon any ground which is consistent with the objectives of these covenants, including purely aesthetic considerations, so long as such ground is not arbitrary and capricious.

(g) Approval Not a Guarantee or Representation of Proper Design or Good Workmanship.

No approval of plans, location or specifications, and no publication or architectural standards bulletin shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed residence. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence or improvement thereto will be built in a good and workmanlike manner. Neither the Company nor the Review Board shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under these covenants nor for any defects in construction pursuant to such plans and specifications. The Property Owner shall have sole responsibility for compliance with approved plans and does hereby accept responsibility to hold the Review Board and the Company harmless for any failure thereof. The Company reserves the right to prohibit the Property Owner's builder and/or general contractor from the site in the event it is determined that failure to comply with approved plans is determined to be intentional or due to gross negligence under the above-mentioned circumstances. The Property Owner hereby agrees that the exercise of these rights shall not constitute a denial of the Property Owner's property rights and shall not give rise to a cause of action for damages by the Property Owner.

(h) Review Board Inspection During Construction. Following approval of any plans or specifications by the Review Board, representatives or agents of the Review Board shall have the right during reasonable hours to enter upon and inspect any Homesite, Dwelling Unit or other improvements with respect to which construction is underway to determine whether or not the plans and specifications therefor have been approved and are being complied with. In the event the Review Board shall determine that such plans and specifications have not been approved or are not being complied with, the Review Board shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In such event the Property Owner who is in non-compliance shall be required to reimburse the Review Board for its expenses incurred to enforce compliance, including reasonable attorney's fees.

(i) Landscaping Approval. As referred to above, no landscaping, grading, excavation or filling of any nature whatsoever shall be implemented and installed by any Property Owner other than the Company, unless and until plans therefor have been submitted to and approved in writing by the Review Board as herein above provided. The provision of Sections 2-1.03 (e) - (h) regarding time for approval of plans, right to inspect, right to enjoin and/or require removal, recovery of expenses and fees, etc., shall also be applicable to any proposed landscaping, Dwelling Unit, clearing grading, excavation or filling. Such plans shall include a calculation of the area to be covered by grass lawns, domestic landscaping, impervious surfaces, and the area to be left in a natural state, and the Review Board shall be entitled to promulgate standards with respect to such coverages. Landscaping plans for any Homesites adjacent to amenity areas or designated open spaces shall be in general conformity with the overall landscaping plan of those areas or designated open spaces. All of the landscaping of Homesites must be completed within ninety (90) days of the issuance of a certificate of occupancy unless winter weather conditions necessitate additional time for the completion of the establishment of the landscape.

Section 2-1.04. Siting. To assure that buildings and other structures will be located so that the maximum view and privacy will be available to each building or structure, and that structures will be located with regard to topography of each property taking into consideration the location of large trees and other aesthetic and environmental considerations, the Review Board reserves unto itself, its successors and assigns, the right to control and to decide solely (so long as (a) its decisions are not arbitrary and capricious and (b) subject to the provision of the pertinent land use regulations of public authorities having jurisdiction) the precise site and location of any building or structures on any property on Arcadia Farms. Furthermore, the Company reserves the right to designate certain Homesites which will have shared driveways, as determined by the existence of curb cuts, which may dictate the location of the Dwelling Units on the Homesites.

The location shall be determined only after reasonable opportunity is afforded the property Owner to recommend a specific site. Provided, however, that in the event an agreed location is stipulated in writing in the contract of purchase and approved by the Company, and such location complies with the Orangeburg County Subdivision Regulations, the Company shall approve automatically such location for a residence.

Dwellings to be constructed on any Homesite shall be subject to the following requirements:

- (a) The front facade shall be set back from the front lot line not less than 20 feet and not greater than 40 feet.
- (b) Front porches shall be set back from the front lot line not less than 10 feet and not greater than 35 feet.
- (c) The front set back of each home must vary from the front setback of adjacent homes by a minimum of 5 feet and a maximum of 10 feet.
- (d) Building footprints must be contained within the limit shown on individual recorded plats. Generally, these limits will be as follows: The front of the building will be 10 feet from the front property lines; the rear will be 120 from the front property line; and the sides shall be 25 feet from the side property lines.
- (e) In no event shall the maximum building footprint width or depth be construed to supersede the limits of other setbacks or easements as described herein or on recorded plats.

Notwithstanding the designation of setbacks as described herein on the Review Board shall have the authority in its sole discretion to grant variances where the nature of the Homesite's topography, tree cover, orientation and similar considerations relative to a given Homesite warrant in its opinion the granting of a variance to prevent hardship or to promote better land use.

Section 2-1.05. Parking. Each Property Owner of a Homesite subject to these Covenants shall provide covered space for the parking of at least two (2) automobiles off of community streets and roads prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Review Board. All other parking spaces for property owner and guest automobiles will be concealed from street side or frontal house view.

Section 2-1.06 Commencement and Completion of Construction. Each Property Owner must submit proposed plans and specifications within six months (6) of the acquisition of a Homesite and commence construction within six months (6) after approval has been given by the Architectural Review Board. The exterior of all houses and other structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Property Owner or builder due to strikes, fires, national emergency or natural



calamities. Notwithstanding the foregoing, the Developer, in its sole discretion, shall have the right to modify or waive the aforescribed time periods. Houses and other dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction the Property Owner shall require the contractor to maintain the Homesite in a reasonably clean and uncluttered condition. Upon completion of construction, the Property Owner shall cause the contractor to immediately remove all equipment, tools, construction material and debris from the Homesite. Any damage to roads, bike paths, Common Properties or property owned by others caused by the Property Owner's contractor or other parties providing labor or services to the Property Owner shall be repaired by the Property Owner or by the Company at Property Owner's expense. The implementation of the landscaping plan for any Dwelling Unit and other structures must be completed within ninety (90) days of the issuance of a certificate of occupancy. The time periods set forth herein for the submission of plans and specifications and commencement and completion of construction may be extended by the Architectural Review Board in its sole discretion.

Section 2-1.07. Service Yards. Each Property Owner shall provide a visually screened area to serve as a service yard and an area in which garbage receptacles, fuel tanks or similar storage receptacles, electric and gas meters, air conditioning equipment, clothes lines, and other unsightly objects must be placed or stored in order to conceal them from view from the road and adjacent properties.

Plans for such visually screened area delineating the size, design, texture, appearance and location must be approved by the Review Board prior to construction.

Section 2-1.08. Mailboxes. No mailboxes may be erected on any homesite unless the Company and the Association agree at some point in the future to authorize dispersed mail delivery. All mail shall be deposited and received at a central community facility to be erected by the Company or the Association as a Common Property unless and until the Company and the Association agree upon a different handling of mail deposit and receipt.

Section 2-1.09. Automotive Fuel Tanks. No automotive fuel tanks of any type whatsoever shall be permitted on any Homesite or other residential parcel or tract. Moreover, no automotive fuel tanks shall be permitted on any other portions of the Property except in the maintenance areas of the Company or the Association without the written consent of the Company. The granting of such consent by the Company shall not render the Company liable for any loss or injury caused by the existence of such tank in such location.

Section 2-1.10. Signs. No signs or ornaments shall be erected or maintained on the Property by anyone including, but not limited to, the Property Owner, a realtor, a contractor or subcontractor, or except with the written permission of the Review Board or except as may be required by legal proceedings. If such permission is granted the Review Board reserves the right to restrict size, color and content of such signs.

Section 2-1.11. Vehicles and Trailers. No mobile home, trailer, tent or other similar apparatus or structure shall be placed on any Homesite or Development Parcel at any time, either temporarily or permanently without prior approval from the Review Board and such approval shall normally be limited to temporary use of such structures reasonable essential to economical, orderly and efficient construction during the construction process. No home trailers or residence trailers may be permitted on any Homesite and no boats, boat trailers, campers, motorcycles, motorbikes, recreation vehicles, recreational motor homes, commercial trucks, tractors, motorized go-carts, buses or any other similar form of combustion-driven or towed transportation devices or utility trailers may be maintained on the Property. No jet skis or other motorized non-boating equipment shall be docked or operated in or around Arcadia Farms. Private golf carts of conventional design shall be permitted to be kept and used on the Property. The term "truck" as used herein is intended to refer to those vehicles of various sizes and designs for transporting goods, moving heavy articles or hauling quantities of cargo and which are used in a trade of business in which the truck is used because of its commercial capabilities and not merely as a means of transportation, domestic use or recreation, or which displays identification on the exterior of the vehicle to a commercial enterprise.

This is not intended to include such dual-purpose vehicles as station wagons, jeeps, "scouts" or "wagoneer"-type vehicles and sports trucks and pick-up trucks of one-half (1/2) ton or less that do not have exposed signage or logo other than discreet identification approved by the Review Board and do not have exposed equipment or supplies, or similar, attractive vehicles driven and maintained primarily as a means of personal transportation.

Furthermore, the Board of Directors of the Association may at any time prohibit mobile homes, motor homes, campers, trailers of any kind, motorcycles, motorized bicycles, motorized go-carts and other similar vehicles, or any of them, from entering and/or being kept, placed stored, maintained or operated upon any portion of the Property if in the opinion of the Board such prohibition shall be in the best interest of Arcadia Farms.

No Property owners or other occupants of any portion of the Property shall repair or restore any vehicle of any kind upon any Homesite or within any portion of the Common Properties, except within enclosed garages or workshops or for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. In the Company's discretion, rental storage space for the above-mentioned vehicles, boats, etc., may be provided in an area designated by the Company.

Section 2-1.12. Unsightly Conditions. It shall be the responsibility of each Property owner and tenant to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkempt condition of buildings or grounds on his property either before, during or after construction, or to permit accumulations which shall tend to substantially decrease the beauty of the community as a whole of the specific area.

Section 2-1.13. Lights. The design and location of all exterior lighting fixtures shall be subject to the approval of the Review Board. Neither these nor any other illumination devices, including but not limited to Christmas ornaments, located anywhere on the structures or grounds of any Homesite or Dwelling Unit shall be located, directed, or of such intensity to affect adversely the nighttime environment of any adjacent property.

Section 2-1.14. Animals. With the exception of the Company and the Association, no animals, livestock, birds or poultry of any kind shall be raised, bred, kept or pastured on the Property, provided that a reasonable number of generally recognized household pets such as dogs and cats may be kept on a Homesite subject to the rules and regulations of the Association. Notwithstanding the foregoing, the Company shall have the right, in its sole discretion, to permit horses on the Property or portions thereof. The Company may condition such permission on such rules and regulations as it deems appropriate. In order to preserve the aesthetic qualities of the Common Properties, to maintain sanitary conditions on the Property, to prevent the spread of worms and infectious diseases on the Common Properties, and to maintain a proper respect for other Property Owners and users of the Common Properties, each person that keeps a pet within the Property shall abide by the following restrictions, conditions, and affirmative obligations and any other supplemental or additional rules and regulations promulgated by the Association:

- (a) No pets may be kept, bred, or maintained for any commercial purpose.
- (b) The owner of a pet will not allow the pet to roam unattended on the Property, it being the responsibility of each pet owner to either leash or otherwise physically restrain their pets or retain other suitable control while the pets are out of doors.
- (c) The pet owner shall muzzle any pet which consistently barks or makes noises which might be reasonably expected to disturb other Property Owners. Any pet that makes an unreasonable amount of noise or becomes a nuisance may be ordered removed by the Company or the Association.

(d) The owner of a pet shall not leave the pet unattended for any period longer than normal care and maintenance would permit and the area in which the pet is kept must be maintained at all times in a sanitary condition free of excessive odor.

(e) Pets shall be allowed on the Common Properties or on property not owned by the Property Owner, only in accordance with the rules and regulations of the Association. No cages, kennels, runs shall be permitted. Electronic invisible fencing is permitted.

Upon written request of any Property Owner, the Association may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Section 2-1.14, a particular pet is a generally recognized house pet or whether a pet is a nuisance, and the Association shall have the right to require owner of the particular pet to remove such pet from the Property if such pet is found to be a nuisance or to be in violation of these restrictions. The Association shall have the further right to fine any Property Owner for the violation of these pet restrictions by such Property Owner, his family, tenants, guests or invitees, and any Property Owner shall be liable to the Association for the cost or repair of any damage to the Common Properties caused by the pet of such Property Owner, his family, tenants, guests or invitees or of any occupant of such Property Owner's Homesite or Dwelling Unit. Any such fine or cost of repairs shall be considered an individual assessment pursuant to the provisions of PART THREE, Article V of this Declaration to which such Property Owner is subject.

Section 2-1.15. Hunting and Fishing. No hunting will be allowed on the Property. Fishing will be allowed within the Property only in the areas designated by the Association in accordance with the rules and regulations of the Association.

Section 2-1.16. Public Water. The Homesite Owner shall be required to tap into the public water line and utilize the water so provided for domestic purposes. The drilling of private deep water wells shall be prohibited so long as such water distribution line is maintained, except that the Company and its assigns shall have the authority in its sole discretion to grant permission to an Owner to drill a well on a Homesite for irrigation purposes. Notwithstanding the foregoing, Property Owners may submit to the Architectural Review Board for consideration plans and specifications for use of water-source heating and cooling systems and such plans will be viewed favorably provided they meet all requirements of the South Carolina Department of Health and Environmental Control, the South Carolina Water Resources Commission and other agencies or other governmental bodies having jurisdiction in such matters and provided such installation otherwise meets the usual aesthetic considerations of the architectural review process as herein provided.

Section 2-1.17. Sewage. Any initially developed Homesites in Arcadia Farms shall have their sewage needs met by septic tanks which are of a type approved by South Carolina Department of Health and Environmental Control ("DHEC") and the Review Board. The septic tanks must be installed in such a manner so that the use of them can be discontinued and sewage needs converted to utilize a central sewage collection system when such a system is constructed. While the septic tanks are in use prior to conversion to a central sewer system the Homesite Owner must properly maintain the system in accordance with DHEC regulations. If the Homesite Owner fails to comply with DHEC regulations, the Association shall give notice to the Homesite Owner that the system must be brought into compliance within a stipulated time limit and failure to do so which that time limit will result in action by the Association to bring the system into compliance. The Association shall have the authority to engage a state certified septage hauler to repair the system and to assess the Property Owner for the cost thereof.

At such time as any public entity or authority or the Company, or its licensees, agents/successors or assigns, operate a sewage distribution line within 100 feet of the boundary line of any Homesite, or is willing to extend such sewage line to within 100 feet of the boundary line of such Homesite, all Homesites must thereafter discontinue utilizing individual septic tanks and convert (at the Property Owner's expense) to use of the central sewer system as its sole source of sewage disposal. As to those Homesites on which a septic system had previously been installed, the use of the septic tank must then be discontinued and the

septage must be removed by a state certified septage hauler at the expense of the Homesite Owner. The Homesite Owner must, at the Owner's expense, tie into the central sewage collection line by installing and effluent grinder pump to replace the septic tank and by running sewage lines out to connect with the central sewage collection lines. At such time the Company and the Association shall have the authority to require compliance with this conversion requirement and the Association shall be responsible for requiring that the effluent pump be properly maintained. Failure to properly maintain said effluent pump in proper functioning condition shall also be considered offensive activity under Section 2-1.19 hereinafter. No sewage shall be emptied or discharged into any pond or other body of water at any time.

Section 2-1.18. Creation of Hazards Prohibited. No part or parts of any land within Arcadia Farms shall be used by any Property Owner in such manner which would increase the hazard of fire on any other part or parts of Arcadia Farms or any adjoining property.

Section 2-1.19. Offensive Activity. No noxious or offensive activity shall be carried on upon any Homesite, Dwelling Unit, Developmental Parcel, Common Properties, Open Space, or any other place within Arcadia Farms, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the community.

Section 2-1.20. Certain Easements. The Company reserves unto itself, its successors, assigns and licensees, a perpetual, alienable and releasable easement and right on, over and under the ground of the Property other than the Homesites therein to erect, maintain, and use electric, cable television, and telephone poles, wires, cables, conduits, drainage ways, sewers, wells, pumping stations, tanks, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage or other public conveniences or utilities on, in or over those portions of the Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of the Property as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to the Covenants by the Company, or (b) such portion of the Property as may be designated as the site for a building on a plot plan or for erection of a building which has been filed with the Review Board and which has been approved in writing by said Review Board.

The Company further reserves unto itself, its successors, assigns and licensees, a perpetual, alienable and releasable easement and right on, over, and under the ground to erect, maintain and use poles, wires, cables, conduits, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, CATV, security cable, telephone, gas, sewer, water or other private or public conveniences or utilities, on, in or over the street side ten (10) feet of each Homesite, and ten (10) feet along one side of each Homesite (the side to be determined by the Company in its sole discretion), and such other areas as are shown on the applicable plats. Moreover, the Company, its successors, assigns or licensees, may cut, at its own expense, drain-ways for surface water wherever and whenever such action may appear to the Company to be necessary in order to maintain reasonable standards of health, safety and appearance and an easement for such purpose is reserved unto the Company ten (10) feet in width along each side lot line and fifteen (15) feet in width along each rear lot line and such other areas as are shown on the applicable plats.

These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. Any material disturbance to the grounds of any Property Owner caused by such utility installation shall be repaired and said grounds returned to their prior condition by the Company or prompt and reasonable remuneration for such repair shall be made to such Property Owner by the Company.

In addition, the Company reserves unto itself, its successors, assigns and licensees, a perpetual, alienable and releasable easement and right on and over and under the Property to dispense pesticides and herbicides and take other action which in the opinion of the Company is necessary or desirable to control

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insects and vermin, to cut fire breaks and other activities which in the opinion of the Company are necessary or desirable to control fires on the Property.

The Company further reserves to itself, its successors, assigns and licensees, the right to locate wells, pumping stations, siltation basins and tanks, or spray treated effluent within Arcadia Farms on any Unsubdivided Land, in any Common Properties or Open Space, or on any property designated for such use on the applicable plat of the Property, or to locate same upon any property with the permission of the respective Property Owner. These reservations shall not be considered an obligation of the Company to provide or maintain any such utility or service.

Section 2-1.21. Antennas. No television antenna, satellite dish, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of property within Arcadia Farms, nor radio, television signals, nor any other form of electromagnetic radiation shall be permitted to originate from any Dwelling Unit, Homesite, or Development Parcel which may unreasonably interfere with the reception of television or radio signals upon any other of such properties, except as follows:

(a) The provisions of this Section shall not prohibit the Company from installing equipment necessary for a master antenna system, security system, cable television and mobile radio systems or other similar systems within Arcadia Farms; and

(b) Should cable television services be unavailable and good television reception not be otherwise available, a Property Owner may make written application to the Review Board for permission to install a television antenna, or minimally-sized dish which is discreetly screened, and such permission shall not be unreasonably withheld but any such permission shall continue only so long as cable television service remains unavailable and such use must be discontinued when cable service is available to the boundary of the Homesite.

(c) A minimally-sized and discreetly screened satellite dish or similar receiving device may be approved by the Review Board on a case-by-case basis for use in receiving special program signals but not for signals available on cable except as provided in the preceding paragraph (b).

Section 2-1.22. Sound Devices. No exterior speaker, horn, whistle, bell or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be located, used or placed upon lands within Arcadia Farms. The playing of loud music within any Dwelling Unit or from the balcony, porch or deck thereof shall be considered noxious and offensive behavior constituting a nuisance.

Section 2-1.23. Laundry. In order to preserve the aesthetic features of the architecture and landscaping, each Property Owner, his or her family, his or her guests, or his or her tenants shall not hang laundry from any area within or outside a Dwelling Unit if such laundry is within public view, nor hang laundry in full public view to dry, such as on balcony and terrace railings. This provision may, however, be temporarily waived by the Company during periods of severe energy shortages or other conditions where enforcement of this Section would create a hardship.

Section 2-1.24. Duty to Rebuild or Clear and Landscape Upon Casualty or Destruction. In order to preserve the aesthetic value and economic value of all individual properties within the Property, each Property Owner and the Company (with respect to improved property owned by the Company) shall have the affirmative duty to rebuild, replace, repair, or clear and landscape, within a reasonable period of time, any building structure, improvement or significant vegetation which shall be damaged or destroyed by Act of God, fire, or other casualty other than war. Absent legal impediments, force majeure or similar circumstances, such corrective activity should be commenced within not more than sixty (60) days and shall be diligently manned and prosecuted to a completion in a timely manner thereafter. Variations and

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waivers of this provision may be made only upon the Review Board establishing that the overall purpose of these Covenants will be best effected by allowing such a variation. Variations to this Section are to be strictly construed and the allowance of a variance by the Company shall not be deemed to be a waiver of the binding effect of this Section on all other Property Owners.

Section 2-1.25. No Trespass. Whenever the Association or the Company is permitted by these Covenants to correct, repair, clean, preserve, clear out or do any action on any property or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

Section 2-1.26. Modification of Boundaries. Under no circumstances shall any Homesite which is owned by a Property Owner other than the Company be subdivided to create two or more resulting Homesites. Moreover, the boundary lines of any Homesite shall not be changed nor shall application for same be made to Orangeburg County, except with the written consent of the Company. However, the Company hereby expressly reserves to itself, its successors or assigns, the right by mutual consent to replat any such Homesite or Homesites and to take such other steps as are reasonably necessary to make such replatted Homesite suitable and fit as a building site including, but not limited to, the relocation of easements, walkways, rights-of-way, private roads, bridges, parks, recreational facilities and Homesites.

The provisions of this Section shall not prohibit the combining of two (2) contiguous Homesites into one (1) larger Homesite if the Architectural Review Board, in its sole discretion, determines that such would be in the best interests of Arcadia Farms for architectural or siting design. Following the combining of two (2) Homesites into one (1) larger Homesite, only the exterior boundary lines of the resulting larger Homesite shall be considered in the interpretation of these Covenants. Consolidation of Homesites, as described above, must also be approved by the Company, said approval to be granted in the Company's sole discretion upon such terms and conditions as may be established by the Company from time to time, including specific provisions for the payment of assessments, and including requiring that the Dwelling Unit be placed in the center of the consolidated Homesite

Section 2-1.27. Bridges. The Company expressly reserves to itself, its successors and assigns, any other provisions in this Declaration notwithstanding, the right to build bridges, walkways, or fixed spans across any or all natural or man-made canals, ditches, creeks, bike paths, lakes or lagoons in Arcadia Farms. Nothing in this Section shall be construed as placing an affirmative obligation on the Company to provide or construct any such improvement.

Section 2-1.28. Building Height. No structure shall be constructed on any Homesite or Development Parcel which has a height exceeding three (3) stories above the minimum height established by applicable flood zone regulations of the United States. For purposes of this Section, a parking level or deck underneath a building built at or above the minimum height established by applicable flood zone regulations may not, in the discretion of the Review Board, be considered a story. The height of any structure may be limited depending on the area where the Homesite is located in Arcadia Farms.

Section 2-1.29. Minimum Square Footage. No plans will be approved unless the proposed improvements will have the minimum required square footage of enclosed dwelling area. The minimum required square footage shall be 2,500 square feet of enclosed dwelling area for dwellings constructed on Homesites in Phase I unless other minimum required square footage is specified in the Contract of Sale and expressly stipulated in the Deed from the Company or its successors or assign. The term "enclosed dwelling area" as used in these minimum size requirements shall mean that total enclosed heated and cooled area within a dwelling. It shall not include garages, terraces, decks, open porches, screen porches, shed-type porches or the like; provided, however, that enclosed porches such as sun porches which are heated and cooled and which have a roof line that forms an integral part of the roof line of the main dwelling shall be included with the term "enclosed dwelling area."

Section 2-1.30. Repurchases. When any Homesite, Dwelling Unit, or Development Parcel within Arcadia Farms is offered for sale by a Property Owner or successors in title to the Property Owner,

the Company shall have the option to purchase such property at the price and on the terms of any bona fide offer for such property made in writing to the Property Owner at such time and submitted to the Company for verification. The Company shall have thirty (30) days after presentation of such offer to the Company to exercise this purchase option. If the Company declines to exercise this option, it shall execute a Waiver of Repurchase Option ("Waiver"), said Waiver to be an instrument prepared by the Company, its successors or assigns, which shall also be executed by the Property Owner and prospective purchaser and be in recordable form.

Should, however, such sale to a third party not be consummated within six (6) months of the date of the offer transmitted to the Company, the terms and limitations of this Section shall again be imposed upon any sale by the Property Owner.

If the Company shall elect to purchase such property, the transaction shall be consummated within sixty (60) days following delivery of notice by Company of its decision to purchase.

Section 2-1.31. Ingress and Egress; Roadways. The Property Owner, in accepting title to property conveyed subject to the covenants and restriction of this Declaration, waives all rights of uncontrolled and unlimited egress and ingress to such property (and waives such rights for any person claiming entry rights by virtue of any relationship or permission of such Property Owner and successors in title) and agrees that such ingress and egress to its property may be limited to roads built by the Company. Until such time as said roads are conveyed to the Association, the Company shall retain full rights and title to all such roads and expressly reserves the right to add additional roads or to modify, relocate or eliminate portions of existing roads from time to time in such manner as it deems appropriate in accordance with its ongoing development activities.

The Declarant reserves the right for itself, its successors, assigns and licensees, but not the obligation, to (a) maintain guarded gates controlling access to such roads; (b) require payment of toll charges for use of such roads by members of the general public including business invitees, except that (1) no such toll shall be applicable to any Property Owners, lessees, or tenants of Property Owners, nor shall the toll be applicable to any person who gives reasonable evidence satisfactory to entry guards that their entry into the premises of the Property Owner is with the specific permission of the Property Owner, or his duly authorized agent; provided, however, that this exception shall not apply to commercial or construction vehicles of any kind; and (2) no such toll charge shall be applicable to guests or business invitees of the Company; (c) determine in its sole discretion the types of vehicles that will be permitted access to the Property and use of such roads. Only permitted and registered commercial, construction and delivery vehicles will be allowed into Arcadia Farms. When the roadways and streets are conveyed to the Association, the aforesaid rights may be assigned to the Association by the Declarant. In order to provide for safe and effective regulation of traffic, the Company reserves the right to file with the Office of the Register of Deeds or the Clerk of Court, as appropriate, the appropriate Consent documents making the Uniform Act Regulating Traffic on Highways of South Carolina (Chapter V, Title 56 of the Code of Laws of South Carolina, 1976, as amended) applicable to all of the private streets and roadways in Arcadia Farms together with the Access Easement. Moreover, the Company may promulgate from time to time additional parking and traffic regulations which shall supplement the above-mentioned State regulations as it relates to conduct on, over and about the streets and roadways in Arcadia Farms and the entrance road leading thereto. These supplemental regulations shall initially include but shall not be limited to those set out hereinafter and the Company reserves the right to adopt additional regulations or to modify previously promulgated regulations from time to time and to make such adoption or modification effective thirty (30) days after mailing notice of same to the record Property Owners of all Homesites, Dwelling Units, Development Parcels or other parcels in Arcadia Farms as of January 1<sup>st</sup> of the year in which such regulations are promulgated:

(a) No motorcycles or motorbikes may be operated on the roads and streets in Arcadia Farms. Mopeds (or other motor-powered bicycles) with no more than one brake horse



power may be operated so long as they abide by all other traffic regulations and so long as they are not required to be registered by the State of South Carolina. Conventional-style golf carts may also be operated on the roads and streets in Arcadia Farms.

(b) The Company, or the Association after title to the streets and roadways has passed to it from the Company, may post "no parking" signs along the streets and roadways in Arcadia Farms where it, in its sole discretion, determines appropriate to do so. Violators of said "no parking" signs are subject to having their vehicles towed away and shall be required to pay the cost of such towing and storage before their vehicles may be recovered. The act of towing said vehicle shall not be deemed a trespass or a violation of the Property Owners' property rights, because the Property Owner shall be deemed to have consented to such action by accepting the right to use the roads and streets in Arcadia Farms.

Section 2-1.33 Multiple Ownership of Properties; Time Share or Similar Ownership Prohibited. No Homesite or Dwelling Unit may be sold under or utilized for or pursuant to any time-sharing, time interval or similar right-to-use, lease or license programs as those terms are currently generally utilized in the real estate industry or as those or similar terms are expressed, used or defined in the Vacation Time Share Plan Act, Section 27-32-10 et seq., Code of Laws of South Carolina, 1976, as amended, or any similar successor or supplementary laws or regulations. Moreover, no Homesite or Dwelling Unit may be owned by more than one Owner at one time. For purposes of this subparagraph, a married couple, and children (under 18) residing with the couple, constitutes a single owner.

Section 2-1.34. Limitations as to Use of Bodies of Water. To provide for the full enjoyment of the lagoons, lakes, ponds and other bodies of water within the Property, and to preserve water quality and to minimize erosion due to water turbulence, no boats, canoes or other watercraft may be operated upon any lagoon, lake, pond or other body of water within Arcadia Farms with combustion-type engines. Only small sail boats and manually propelled canoes, rowboats or paddle-type boats of conventional size and appearance as approved by the Company or the Association will be permitted subject to the rules and regulations promulgated from time to time by the Association. The Association in its sole discretion may designate certain portions of lagoons, lakes or ponds as off-limits to all types of watercraft. Anything to the contrary notwithstanding, the Company and/or Association shall be entitled to maintain any form of motorized watercraft it deems appropriate for emergency or maintenance purposes.

It is expressly recognized that lagoons, lakes, ponds and other bodies of water perform valuable drainage functions requiring water levels to be raised and lowered from time to time in connection with the operation of the Property. The Company reserves all rights to adjust water levels as requirements dictate.

Section 2-1.36. Rental of Properties. No Dwelling Unit shall be rented or leased by any Property Owner to any entity or person who is not himself a Property Owner without the written consent of the Association, which consent shall be granted or withheld in the sole discretion of the Association and may in any case be denied. All leases and rentals shall be required to be in writing, and, prior to the commencement of any such lease or rental, the Owner shall provide the Secretary of the Association with copies of the lease. Any lessee or tenant shall in all respects be subject to the terms and conditions of the Declaration and the rules and regulations adopted hereunder.

## ARTICLE II ENVIRONMENTAL CONTROLS

Section 2-2.01. Topography and Vegetation. Topographic and vegetation characteristics of a Homesite or Development Parcel shall not be altered by removal, reduction, cutting, excavation or any other means without the prior written approval of the Review Board. Written approval will be granted for the minimum amount of earth movement and vegetation reduction required in plans and specifications approved pursuant to the provision of this Declaration.



Section 2-2.02. Tree Removal. No trees, bushes, or underbrush of any kind having a diameter of four (4) inches or more at a point four (4) feet above ground level may be removed without the written approval of the Review Board. Approval for the removal of trees located within ten (10) feet of the main dwelling or accessory building or within ten (10) feet of the approved site for such building or buildings will be granted unless such removal will substantially decrease the beauty of the Property. The Company or Review Board reserves the right to have specimen trees preserved and to require that site planning provide for their retention.

Section 2-2.03. Tree Protection. Specific plans for tree protection during construction shall be submitted for approval along with the landscape and construction plan and schedule.

Section 2-2.04. Wetland Regulations. The U.S. Army Corp of Engineers currently has primary jurisdiction over freshwater wetland areas. Every Property Owner is required to comply with the laws and regulations dealing with any freshwater wetlands which exist on their Homesite, Development Parcel or other properties.

Section 2-2.05. Certain Controls. To implement effective and adequate erosion control and protect the beauty of the Property, the Company, its successors, assigns (including but not limited to the Association), and agents shall have the right to enter upon any property before or after a building or structure has been constructed thereon for the purpose of performing any grading or landscaping work or constructing and maintaining erosion prevention devices. Provided, however, that prior to exercising its right to enter upon the properties for the purpose of performing any grading or landscaping work or constructing and maintaining erosion prevention devices, the Company or Association, as the case may be, shall give the Property Owner the opportunity to take any corrective action required by giving the Property Owner notice indicating what type of corrective action is required and specifying in that notice that immediate corrective action must be taken by such Property Owner. If the Property Owner fails to take the corrective action specified immediately, the Company or Association, as the case may be, may then exercise its right to enter upon the property in order to take the necessary corrective action. The cost of such erosion prevention measures when performed by the Company or the Association, their successors or assigns, on an improved property, shall be paid by the Property Owner thereof.

To implement effective insect, reptile and woods fire control, the Company, its successors, assigns, and agents have the right to enter upon any property on which a building or structure has not been constructed and upon which no landscaping plan has been implemented. In any case which in the opinion of the Company detracts from the overall beauty, setting and safety of Arcadia Farms, the Company, its successors, assigns, and agents shall have the aforementioned rights of entry for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds or other unsightly growth, removing trash, draining standing water or dispensing pesticides. The cost of this vegetation, trash and drainage control shall be kept as low as reasonably possible and shall be paid by the respective Property Owners. Such entry shall not be made until thirty (30) days after such Property Owner has been notified in writing of the need of such work and unless such Property Owner fails to perform the work within said thirty (30) day period. Entrance upon property pursuant to the provisions of this Section shall not be deemed a trespass.

The provision of this Section shall not be construed as an obligation on the part of the Company to mow, clear, cut or prune any property, to provide garbage or trash removal services, to perform any grading or landscaping work, to construct or maintain erosion prevention devices, or storm drainage improvements, or to provide water pollution control on any privately owned property.

The rights reserved unto the Company in this Section shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

Section 2-2.06. Environmental Hazards. To ensure and preserve the natural beauty of Arcadia Farms, the Company, its successors or assigns may promulgate and amend from time to time rules and regulations which shall govern (or prohibit) activities which may, in its judgment, be environmentally

hazardous or disadvantageous, such as the application of fertilizers, herbicides, and pesticides and other chemicals. Failure of any Property Owner or tenant of property on Arcadia Farms to comply with the requirements of such rules and regulations shall constitute a breach of these Covenants.

The Company hereby reserves unto itself, its successors, assigns, and agents a perpetual, alienable and releasable easement and right on, over and under all property on Arcadia Farms for the purpose of taking any action necessary to effect compliance with such environmental rules and regulations and covenants. The cost of such action by the Company shall be paid by the respective Property Owner (s) of the property upon which the work is performed.

Section 2-2.07. Further Siting Authority. To prevent excessive "run-off" or drainage resulting from any improvements to Homesites, the Company hereby reserves to itself, its heirs and assigns the right to establish a maximum percentage of property which may be covered by a building, patio, driveway or other structures. In the establishment of such maximum percentage the Company shall consider topography, percolation rate of the soil, soil types and conditions, vegetation cover and other relevant environmental factors. Neither this nor any other right reserved herein by the Company shall be construed, however, to be an obligation of the Company to take any action.

Section 2-2.08. Erosion in Open Spaces and Common Properties. The Company, its successors and assign shall have the right, but shall not be obligated, to protect all Open Space and Common Properties from erosion, by planting trees, plants, and shrubs where and to the extent necessary or by such mechanical means as construction and maintenance of siltation basins, or other means deemed expedient or necessary by the Company. The right is likewise reserved to the Company to take steps necessary to provide and insure adequate drainage ways in Open Space, to cut fire breaks, and to removed diseased, dead or dangerous trees and carry out other similar activities, the cost of which services is to be paid by assessments of the Property Owners in accordance with the provision of PART THREE of this Declaration.

Section 2-2.09. Standard of Reasonableness. The rights reserved unto the Company in this Section shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

### ARTICLE III SPECIAL RESTRICTIONS AFFECTING OPEN SPACE

Section 2-3.01. Company's Intention for Open Space and Dedication Thereof. Where land planning results in the designation of areas of open space, it is the intent of the Company to maintain and enhance (or to convey, subject to open space restrictions, to the Association) those areas, if any, which the Company designates as "Open Space" on plats hereafter filed for record in the Office of the Register of Deeds by the Company. Such Open Space may, but need not necessarily be, also designated as Common Properties at the time of its conveyance to the Association. It is the further intent and purpose of these restrictions and covenants to protect and preserve the natural, scenic, recreational resources, soils, wetlands, game and birds in evidence in Arcadia Farms, subject to established policies, and in furtherance thereof the Company may designate lands and/or ponds, lagoons or other bodies of water to which it holds title as Open Space. Additionally the Company may assign, transfer and otherwise dedicate to the Association such Open Space property and upon such assignment, transfer or dedication the Association will assume the obligation to maintain and protect such Open Space in a manner consistent with the restrictions and obligations set forth in the instrument of conveyance, and to maintain and enhance the conservation of natural and scenic resources, to promote the conservation of soils, wetlands, wildlife, game and migratory birds, enhance the value of abutting and neighboring residential areas adjacent to such Open Space, and to afford and enhance recreational opportunities and to generally implement the Arcadia Farms and Master Plan for development.

No property shall be Open Space unless it is dedicated in the following manner:

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- (i) It is described as such in a Declaration signed and formally executed by the owner of record; and
- (ii) Accompanied by a surveyor's plat reciting the number of square feet or acres of Open Space in the closed survey, both of which shall be recorded in the Office of the Register of Deeds for Orangeburg County; and
- (iii) The holder of any mortgage on the property to be dedicated has consented in writing to such dedication.

No designation of property as Open Space on a Map, Master Plan, aerial photo, unrecorded plat or drawing shall be effective as a "dedication" of such property.

Section 2-3.02. Property Owners Open Space Easement. To insure that land designated as Open Space will remain as undeveloped and natural woodland, lakes, streams, creeks or wetlands, an Open Space Easement is hereby granted to the Property Owners in Arcadia Farms, their guests and tenants. The Open Space Easement granted hereby shall entitle such Owners, their guests and tenants, to enjoy the Open Space areas subject to the rules and regulations of the Company or the Association, as applicable. Additionally, the Property Owner of each Homesite shall have a non-exclusive easement, for the uses and purposes hereinafter stated, over and on the area contiguous to such Homesite, such easement to be appurtenant to and to pass and run with title to such Homesite; provided, however, that such easement shall be subject to those rights and easements set forth elsewhere herein and to other rights and easements reserved unto the Company and the Association by this Declaration, and to the reasonable rules, regulations and restrictions on such easement areas from time to time established by the Association. The uses and purposes for which such easement is granted are:

- (a) to allow the owner of the Homesite reasonable access to and from any pasture, field, marsh, lake, pond, lagoon, creek or other waterway separated from his Homesite by such easement area;
- (b) to allow the Property Owner of the Homesite to clear undergrowth and other vegetation and to provide landscaping so as to enhance the appearance of the easement area and to allow for better view from the Homesite to the area beyond the easement area. Any such clearing and/or landscaping shall be subject to the prior approval of the Review Board, which approval shall not be unreasonably withheld. The exact location of such easement area shall be determined by the Review Board at such time as a survey is submitted to and approved by the Review Board pursuant to the Architectural Review Board pursuant to the Architectural Review Board provisions hereof.

Section 2-3.03. Activities Prohibited in Open Space. It is expressly understood and agreed that no building, tent, trailer, camper, recreational vehicle or other structure, either temporary or permanent, except as noted elsewhere herein, shall be erected or caused to be placed on any lands shown and set aside and properly dedicated as herein provided as Open Space.

Section 2-3.04. Easements in Open Spaces and Common Properties. The Company reserves unto itself, its successors, assigns, licensees and agents a perpetual, alienable and releasable easement of right to go on, over and under the ground to erect, maintain and use electrical cable television and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains, security equipment and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water drainage, security or other infrastructure, public conveniences or utilities in said Open Space areas and Common Properties. These reservations and rights expressly include the right to cut any trees, bushes, or shrubbery, rights to make any gradings of the soil, or take any other similar actions reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and

appearance. The Company further reserves to itself, its successors, assigns, licensees and agents the right to locate wells, pumping stations, siltation basins and tanks within such Open Space areas and Common Properties. The Company reserves to itself, its successors and assigns the right to all subsurface minerals, elements, and objects found under Open Space or Common Properties and the right to remove minerals and fill dirt from all Open Space.

Section 2-3.05. Company's Use of Open Space. The Company expressly reserves to itself, its successors and assigns for so long as it retains ownership of any properties with Arcadia Farms, every reasonable use and enjoyment of Open Space in a manner not inconsistent with the provision of this Declaration including the use as sewage effluent spray areas and soil burrow pits. The Company further reserves the right to change and realign the boundaries of the Open Space and Common Properties in such manner as it shall determine necessary or desirable.

Section 2-3.06. Offensive Materials in Open Space and Common Properties. No trash, garbage, sewage, sawdust or any unsightly or offensive material shall be placed upon Open Space or Common Properties, except this provision shall not apply to any waste treatment facility established on the Property by the Company or the Association.

Section 2-3.07. Rights Reserved for Wildlife Feeding and Preservation. Pursuant to its overall program of wildlife conservation, game management and nature study, the right is expressly reserved to the Company and to the Association to erect wildlife feeding stations, to plant small patches of cover and food crops for quail, turkeys, deer and other wildlife, to make trails and paths through said Open Space areas for the purpose of permitting observation and study of wildlife and hiking, and to erect small signs throughout the Open Space areas designating points of particular interest and attraction, and to take such other steps as are reasonable, necessary and proper to further the aims and purposes of the Open Space areas and community use and enjoyment thereof.

Section 2-3.08. Erosion Prevention Activities Permitted. The Company and the Association shall have the right to protect from erosion the land described as Open Space by planting trees, plants, and shrubs where and to the extent necessary or by such mechanical means deemed expedient or necessary by the Company or the Association. The right is likewise reserved to the Company and to the Association to take necessary steps to provide and insure adequate drainage ways in Open Space, to cut fire breaks, remove diseased, dead, or dangerous trees and carry out other similar activities.

Section 2-3.09. Consistent Rights to Use Reserved. The Company expressly reserves to itself, its successors and assigns, every reasonable use and enjoyment of said Open Space, in a manner not inconsistent with the provision of this Declaration.

Section 2-3.10. Corrective Action No Trespass. Where the Company is permitted by these Covenants to correct, repair, clean, preserve, clear out or to do any action on the Open Space areas, entering such property and taking such action shall not be deemed a breach of these Covenants.

Section 2-3.11. No General Easement Intended. The granting of this easement does in no way grant to the public or to the owners of any surrounding or adjacent land, the right to enter such Open Space without the express permission of the Company.

Section 2-3.12. No Affirmative Action Required of the Company. It is expressly understood and agreed that the granting or creating herein of easements pertaining to Open Space and Common Properties and the reservation by the Company of rights thereto in no way places a burden of affirmative action on the Company and the Company is not bound to make any of the improvements noted herein, or to extend to any Property Owner any service of any kind, except as such may be consented to by the Company on its own behalf and as may be undertaken at the expense of the Association or the Property Owner as the case may be.

PART THREE  
ARCADIA FARMS PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I  
MEMBERSHIP AND VOTING RIGHTS IN THE  
ARCADIA FARMS PROPERTY OWNERS ASSOCIATION

Section 3-1.01. Membership. Every Property Owner, including the Company, shall be a Member of the Association, provided, however, that in the case of multiple ownership of any Homesite, Dwelling Unit or other properties in Arcadia Farms, there shall be a maximum of one (1) Member. In the event of such multiple ownership of any kind, including by a partnership, limited liability company or corporation, the name of the Property Owner designated as Member shall be submitted to the Company and/or the Association each year, not later than the 1st day of January of each year and only the designated Member shall be entitled to access to the facilities of the Association as Member of the Association. Remaining Property Owners shall be entitled to access only in accordance with rules and regulations established by the Company, its successors and assigns, including the Association, for guests. If no designation of a Member is made by the multiple owners, all such Property Owners shall be required to pay such user fees as may be established by the Company or Association.

Section 3-1.02. Voting Rights. The Association shall have two (2) types of regular voting memberships:

Class "A" - Class "A" Members shall be all those owners (including the Company and Property Owners) of Homesites and any type of Dwelling Units. A Class "A" Member shall be entitled to one vote for each Dwelling Unit and/or Homesite which he owns; provided, however, that a Member casting a vote representing a Dwelling Unit owned by such Member shall not be entitled to cast an additional vote for the Homesite upon which said Dwelling Unit is situated. If a Dwelling Unit is constructed on more than one Homesite, the Member shall have one vote for the Dwelling Unit but shall have no additional vote for each other Homesite comprising a part of the total consolidated building site so long as such Homesite remains a part of the consolidated site.

Class "B" - Class "B" Members shall be all those owners of lands within the Property designated as Open Space, Common Properties, Development Parcels, Unsubdivided Land or land reserved for future development. A Class "B" Member shall be entitled to one vote for every two acres of such lands which such Member owns; provided, however, that in computing the number of votes such Member shall have, the areas contained in such property shall be rounded off to the nearest 0.25 of an acre.

When any property entitling the Property Owner to membership as a Class "A" or "B" Member of the Association is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the Secretary of the Association, or unless the name of the designated Member has been submitted as approved in Section 1, above, their acts with respect to voting shall have the following effect:

- (a) If only one votes, in person or by proxy, his act binds all;
- (b) If more than one votes, in person or by proxy, the act of the (b) majority so voting binds all;
- (c) If more than one votes, in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled its proportionate share of the vote or votes;

(d) If the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or even split for purposes of this paragraph shall be a majority or even split in interest.

(e) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Member may be assigned by said Member to his lessee who has entered into a lease with a term of two (2) years or more; provided, however, that the Property Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee. The Class "A" and "B" Members are sometimes hereinafter collectively referred to as the "Members".

Section 3-1.03. Special Voting Membership. In addition to the Classes "A" and "B" regular voting Memberships described hereinabove, there shall be allowed with respect to each class, a Special Voting Membership for the Company under the following circumstances:

So long as the total operating deficits funded by the Company and total amount of outstanding loans by the Company to the Association exceed, cumulatively, the total amount of assessments paid by Type "A" Members or until ninety percent (90%) of the Homesites in the Property have been sold by the Company, whichever shall occur last, the Company shall be allowed a Special Voting Membership with respect to each class by which it shall be entitled to the same number of votes in each of Class "A" and Class "B" as cumulatively held by all Members of each Class respectively (including itself), plus one. This provision, without further reference herein, shall be self-operative and its applicability determined, for any purposes, by reference to the Annual Statement of the Association for the preceding year, or years, required by this Declaration in Section 3-3.13.

Section 3-1.04. Composition of Board of Directors. The Association shall be governed by a Board of Directors consisting of three (3), five (5), seven (7), or nine (9) members. Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board of Directors as provided for in the By-Laws of the Association. Except for officers or designees of the Company serving on the Board as representatives of the Company, all members of the Board shall be Property Owners.

Section 3-1.05. Cumulative Voting. Each member of each Membership class shall be entitled to as many votes as equals the number of votes he is ordinarily entitled to, based on his ownership of one or more of the various classifications of property as computed by the formula set out hereinabove in Sections 3-1.02 and 3-1.03, multiplied by the number of directors to be elected, and may cast all of such votes for any one director or may distribute them among the number to be voted for, or any two or more of them, as he may see fit, provided, however, that all votes must be cast in whole numbers and not fractions thereof. This right, when exercised, is termed "cumulative voting". Members are divided into classes for the sole purpose of computing voting rights and shall, in no event, vote as a class.

Section 3-1.06. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association, except as expressly provided herein to the contrary, shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast fifty-one (51%) percent of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) percent of the total vote of the Membership of the Association. In the event the required quorum is not forthcoming at the second

meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Section 3-1.06, and any other requirements for such "duly called meeting" which may be established by the By-Laws of the Association. For the purpose of this Section, "proper notice" shall be deemed to be given when given each Member not less than fourteen (14) but not more than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

Section 3-1.07. Proxies. All Members may vote and transact business at any meeting of the Association by proxy authorized in writing, provided, however, that proxies shall not be permitted for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specially provided ballots which shall be marked, signed and mailed to the Association.

## ARTICLE II PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 3-2.01. Member's Easements of Enjoyment in the Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Company and/or the Association, and any permitted fees or charges established by the Company and/or the Association, every Property Owner, and every tenant of six (6) months duration or longer, at the request of such Property Owner shall have a right of easement of enjoyment in and to the Common Properties, and such easement shall be appurtenant to and shall pass with the title of every Homesite, Dwelling Unit, or Development Parcel. The privilege granted to guests and tenants, of six (6) months duration or longer of Property Owners, to use and enjoy the Common Properties (but not the right and easement to use the roads belonging to the Company subject to the rules, regulations and fees, if any, established by the Company for such use) may be denied to or withdrawn from such guests or tenants by the Company or by an affirmative vote of ninety (90%) percent of the votes cast at a meeting of the Association called for the purpose of voting on such denial or withdrawal.

X Section 3-2.02. Title to Common Properties. The Company, its successors and assigns, covenants for itself, its successors and assigns, that it shall convey to the Association, at no cost to the Association, by deed or 99 year lease, or other instruments appropriate to convey irrevocably to the Association the entire beneficial use for at least 99 years, those parcels of land and facilities designated in Section 3-2.05 within two (2) years after the Company has completed improvements thereon in those instances where the improvements are required and at any time it so elects as it relates to all other Common Properties, but in any event not later than the earlier of the date a minimum of ninety (90%) percent of the Homesites in the Property have been sold, or December 31, 2028. Upon such conveyance, or upon completion of any improvements thereon by the Company, if such be required, such that the facility is functionally complete, the Association shall immediately become responsible for all maintenance, operations and such additional construction of improvements as may be authorized by the Association's Board of Directors. It is the purpose of this provision to provide that the Association shall be responsible for all maintenance of Common Properties upon which all improvements required to be made by the Company have been completed, notwithstanding the fact that the Company is not obligated to convey or lease such properties to the Association until two (2) years after such improvements have been completed thereon.

Natural areas, ponds, lakes, trail areas, roads, and bike paths may be conveyed by the Company to the Association in large or small parcels from time to time. The Company covenants for itself, its successors and assigns, that it shall convey by deed to the Association all such properties within two (2) years of the notification to all Members of the Association, in writing, of its intent to convey such properties; provided, however, that in the case of Common Properties upon which improvements are required be made by the Company, such notification of "intent to convey" shall not be deemed to be made until such time as the improvements have been completed such that the facility is functionally complete. Such notification will not normally show metes and bounds and, in any event, the metes and bounds as shown on the recorded plat and deed to the Association shall govern. All said parcels of land may be

conveyed to the Association subject to (1) all restrictive covenants of record at the time of the conveyance; (2) all existing mortgages; (3) a reservation by the Company, its successors and assigns of such transmissible easements and rights and may be necessary or desirable in connection with the development of adjacent or nearby properties; and (4) a reservation by the Company of the right to substitute or add new mortgages thereon, provided, however, that in no event shall the Association be obligated to assume the payment of principal or interest on any such mortgages. Notwithstanding anything in the foregoing to the contrary, the Company shall not be required to convey the above-referred-to-parcels where such conveyance would be prohibited under agreements existing on the date hereof but, in such case, shall be allowed to postpone such conveyance, without penalty, until such time as said prohibition may be nullified.

Section 3-2.03. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) the right of the Association, in accordance with its By-Laws, to borrow money from any lender for the purpose of improving and/or maintaining the Open Space or Common Properties owned by the Association, and for providing services authorized herein and in aid thereof to mortgage said properties; and

(b) the right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure;

(c) the right of the Association, as provided in its By-Laws to suspend the rights and easements of enjoyment of any Member, or any tenant or guest of any Member, for any period during which the payment of any assessment against property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment, and provided that the Association shall not suspend the right to use the roads belonging to the Association subject to the rules, regulations and fees, if any, established by the Association for such use;

(d) the right of the Association to charge reasonable admission and other fees for the use of the Common Properties and any facilities including therein;

(e) the right of the Company, its successors and assigns, or the Association by its Board of Directors, to dedicate or transfer to any public or private utility, utility easements on any part of the Open Space and Common Properties;

(f) the rights of the Association to give or sell all or any part of the Common Properties owned by the Association and including leasehold interests, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such dedication, transfers and determinations as to purposes and conditions shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly called meeting of the Association, subject to the most stringent quorum requirements established herein, and unless written notice of the meeting and of the proposed agreement and action thereunder is sent to every member of the Association at least thirty (30) days prior to such meeting. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association, and such certificate shall be annexed to any instrument of dedication or transfer affecting the Open Space prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership;

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(g) the rights of reversion of the lessor of any Open Space leased by the Association upon expiration of the lease;

(h) the right of the Board of Directors of the Association to place reasonable restrictions upon the use of the Association's roadways, subject to the members' right of ingress and egress, including but not limited to the types and sizes of vehicles permitted to use said roads, the maximum and minimum speeds of vehicles using said roads, all other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. The fact that such restrictions on the use of the roads shall be more restrictive than the laws of the State or local government having jurisdiction over the Property shall not make such restrictions unreasonable. The Members easement shall likewise be subject to the provisions of Section 2-1.31 hereof; and

(i) the right and easement of enjoyment to the Common Properties shall be limited to the Member and his or her spouse and children (under 21) permanently residing with the Member.

Section 3-2.04. Transfers to the Association. The Company covenants for itself, its successors and assigns, that, upon the sale of 90% of the Homesites on Arcadia Farms, but not later than December 31, 2028, it shall convey to the Association, by deed, 99 year lease, or other instrument sufficient to convey to the Association the full beneficial use for at least 99 years, those properties designated on recorded plats or in the deeds conveying such properties as "Common Properties" or "Open Space", including but not necessarily limited to the properties listed at Section 3-2.05.

Section 3-2.05. Conveyances Subject to Restrictions and Limitations. The conveyances listed below shall be subject to all the restrictions and limitations of the various Articles of this Declaration, and any other restrictions and limitations of record:

(a) As Common Properties. There shall be conveyed to the Association without charge by the Company:

(1) All existing community roads and rights of way thereof within the properties which connect all Homesites, Dwelling Units, and Development Parcels, to the highways of the State of South Carolina;

(2) Any dedicated and designated common use bike trails, riding trails, walking and jogging trails, water courses, lakes, ponds and lagoons not contained, or designated on the Master Plan to be contained, within a Development Parcel.

(b) As Open Space. There shall be conveyed to the Association without charge all properties designated by the Company for the exclusive common use and enjoyment of owners of Homesites and Dwelling Units, their immediate families, guests accompanying such owners, tenants of such owners holding leases of 6 months duration or longer.

### ARTICLE III COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 3-3.01. Payment of Assessments to the Company. Notwithstanding any provision hereinafter contained, until the Company begins the process of systematic conveyancing of Open Space, Common Properties, roadways, etc. to the Association, the assessments described in this Declaration shall be due and payable to the Company, its successors or assigns, and all rights hereby established on behalf of the Association, including the lien remedies, shall accrue to the benefit of the Company.

While Ownership of such Open Space and Common Properties is retained initially by the Company, all funds necessary for the management, operation and maintenance of the properties which, upon

conveyance to the Association, shall become Common Properties or Open Space, shall be derived from the assessments levied hereunder.

Section 3-3.02. Creation of the Lien and Personal Obligations of Assessments. The Company covenants, and each owner of any Homesite, Dwelling Unit, Development Parcel, or Unsubdivided Land, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all terms and provisions of this Declaration and to pay to the Company and, subsequently to the Association:

- (1) Annual assessments or charges; and
- (2) Special assessments or charges for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided.

The Annual and Special Assessments together with such interest thereon and costs of collection therefor as hereinafter provided shall be a charge and continuing lien on the real property and improvements thereon against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the personal obligation of the person who was the owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a Homesite, Dwelling Unit, Development Parcel, or any unsubdivided Land, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 3-3.03. Purpose of Assessments. The annual assessments levied hereunder shall be used exclusively for the improvement, maintenance, management, enhancement, enlargement and operation of the roadways, any bike paths, security system, insect control, vegetation control, drainage systems, Open Space, and for Common Properties, and to provide services which the Company or Association is authorized to provide. In carrying out these duties, the Company or Association may make payment of taxes and insurance thereon, make improvements on Common Properties, pay the cost of labor, equipment, materials, management, supervision, accounting, and Member information services, maintain offices and equipment, repay any loans made to the Association, and take such other action as is necessary to carry out its required or authorized functions.

In the case of annual operation of Common Properties, upon conveyance to the Association all funds necessary for such operation need not be derived from the assessments levied by the Association, but rather may be derived from user charges and annual user dues for the particular facility as determined by the Association. Such user charges and user dues shall be in addition to and not in lieu of any other assessments herein provided for.

Section 3-3.04. Assessments. The annual assessment shall be levied by the Company or the Association. The Company or the Board, as the case may be, shall set a uniform rate of assessment for all Homesites and Dwelling Units; a uniform rate of assessment for all Development Parcels, which may be set as a percentage of the sales price or on a per acre basis; and a uniform rate of assessment for all Unsubdivided Land, which may be set on a per acre basis.

Property shall not be classified for purposes of these covenants and these Annual Assessments as a Homesite or Dwelling Unit until conveyed to the purchaser by the Company.

No Assessment shall be due on any property the ownership of which is retained by the Company unless said property has been repurchased by the Company in accordance with Section 2-1.30 herein.

The annual assessment may be increased each year by the Board of Directors of the Association by an amount not in excess of ten (10%) percent per year, or the percentage increase between the first month and the last month of an annual assessment period in the Consumer Price Index, U.S. City Average, All

Items (1967=100) (hereafter "C.P.I.") issued by the U.S. City Average, Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas" whichever of these two percentage figures is larger.

In the event that the C.P.I. referred to above shall be discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living. In the event the Board does not increase the annual assessment in any given year, or increases it in an amount less than that which is authorized by this Section the Board shall be deemed to have reserved the right and shall be authorized in subsequent years to implement that reserved portion of the authorized and unexercised authority to increase that assessment but any application of same may only be made prospectively. As an illustration, if the Board was authorized to increase the minimum and maximum by ten (10%) percent in years 1998 and 1999 but chose not to impose such increase, it could increase the minimum and maximum in 2000 by an amount applicable for 2000 plus up to twenty (20%) percent for levy in 2000.

No assessment shall be due on any of the categories of Property listed in Section 1-1.01(w) except for Dwelling Units, Homesites, Development Parcels and Unsubdivided Land.

Any increase or decrease in the fixed amount of the annual regular assessment shall be made in such a manner that the proportionate increase or decrease in such assessment is the same for owners of Homesites, Dwelling Units, Development Parcels, and Unsubdivided Land.

Section 3-3.05. Special Assessments for Improvements and Additions. In addition to the annual regular assessments authorized by Section 3-3.04 hereof, the Association may levy special assessments, for the purpose of construction or reconstruction, repair or replacement of capital improvements upon the Open Space or the Common Properties owned by the Association, including the necessary fixtures and personal property related thereto, or for additions to Common Properties or to provide for the necessary facilities and equipment to offer the services authorized herein, and to repay any loan made to the Association to enable it to perform the duties and functions authorized herein. This provision shall be interpreted to mean that the Association may make, in any one year, an annual assessment up to the maximum set forth in Section 3-3.04 plus an additional special assessment.

The proportion of each special assessment to be paid by the owners of the various classifications of assessable property shall be equal to the sum of the total applicable regular assessments of all property in that class, for the assessment year during which such special assessments are approved, expressed as a percentage of the sum of the total applicable regular assessments on all property within the Property for the year during which such assessment is approved. Such special assessment in any one year may not exceed a sum equal to the amount of the annual assessment for such year except for emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss.

Section 3-3.06. Change in Amounts of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3-3.04 hereto shall apply to any merger or consolidation in which the Association is authorized to participate under Section 1-2.02, hereof, and under the By-Laws of the Association.

Section 3-3.07. Quorum for any Action Authorized Under this Article. The quorum required for any action authorized to be taken by the Association Members under this Article shall be as follows:

The first time any meeting of the members of the Association is called to take action under this Article, the presence at the meeting of Members or proxies entitled to cast fifty-one percent (51%) of the total vote of the Membership, shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast twenty-five percent (25%) of the total vote of the membership of the Association.

Section 3-3.08. Date of Commencement and Pro Ration of Annual Assessments and Due Date. Notwithstanding anything in the foregoing to the contrary, the annual assessments provided for herein shall commence on January 1, 1998. Unless otherwise provided herein, property shall be assessed according to its character as of January 1 of the assessment year.

The first annual assessment shall be made for the calendar year and shall become due and payable thirty (30) days after the day fixed for the commencement. The Board of Directors of the Association shall have the power to change the date upon which annual assessments become due and payable and also to determine the method of payment of annual assessments, i.e., lump sum, monthly or quarterly installments, etc.

Section 3-3.09. Duties of the Board of Directors. The Company, initially, and where appropriate thereafter the Board of Directors of the Association, shall fix the amount of the assessment against each Homesite, Dwelling Unit, Development Parcel, or Unsubdivided Land, and shall, at that time, direct the preparation of an index of the properties and assessments applicable thereto which shall be kept in the office of the Association and which shall be open to inspection by any Property Owner. Written notice of assessment shall thereupon be sent to every Property Owner subject thereto.

The Association shall, upon demand at any time, furnish to any Property Owner liable for said assessment a certificate in writing signed by an officer of the Association setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence against all but the Property Owner of payment of any assessment therein stated to have been paid.

Section 3-3.10. Effect of Non-Payment of Assessment: the Personal Obligation of the Property Owner; the Lien; Remedies of Association. If the assessment is not paid on or before the past-due date specified in Section 3-3.08 hereof, then such assessment shall become delinquent and shall, together with interest thereon at the rate of fourteen (14%) percent per annum from the due date and cost of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements thereon, against which each such assessment is made, in the hands of the Property Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Property Owner at the time when the assessment first became due and payable to pay such assessment, however, shall remain his personal obligation and shall not pass as a personal obligation to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the past due date, the Company and/or the Association may bring an action at law against the Property Owner personally and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment at the rate of fourteen percent (14%) per annum or the maximum lawful rate on such judgment and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

In addition to the rights of actions set forth above, the Board of Directors of the Association may suspend the membership rights of any Member during the period when the assessment remains unpaid. Upon payment of such assessment and late charges, the Member's rights and privileges shall be automatically restored. This provision shall not empower the Board of Directors to suspend the rights to use the roads within the Property.

Section 3-3.11. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding or deed in lieu of foreclosure. Such sale or transfer shall not

relieve such property from liability for any assessments accruing after conveyance by the mortgagee to a subsequent owner.

Section 3-3.12. Exempt Property. The following property, individuals, partnerships or corporations subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

- (a) The grantee in conveyance made for the purpose of granting utility easements;
- (b) Owners of all Open Space or Common Properties;
- (c) Owners of community and cultural clubs; woodland and other conservancies including any lands subject to conservation or scenic easements duly recorded and held by appropriate public-interest agencies;
- (d) Owners of utilities;
- (e) Sewage spray or discharge areas, maintenance and service facilities;
- (f) All lands below any lake, creek, pond or stream;
- (g) All lands used as working farms, community stables, and for maintenance purposes;
- (h) Any golf courses, club facilities, tennis courts, swimming pools, skeet range and any other recreational facilities;
- (i) Wildlife and hunting areas owned or leased by the Company or the Association; or
- (j) Institutional land for not-for-profit religious, charitable, education, cultural or environmental purposes.

Section 3-3.13. Annual Statements. Upon conveyance of the Open Space and Common Properties to the Association and assumption by the Association of the right to make and collect the within described assessments, the President, Treasurer, or such other officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association; provided, however, that this requirement shall be construed to apply only to creditors of more than \$1,000. Such officer shall furnish to each Member of the Association and any holder of a first mortgage on any Homesite or Dwelling Unit who may make request therefor in writing, a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to the Member or mortgage holder either in person or by mail. Prior to such time as the Association assumes the aforesaid obligation, the Company shall not be required to provide the aforesaid statement to the Property Owners.

#### ARTICLE IV FUNCTIONS OF ASSOCIATION

Section 3-4.01. Ownership and Maintenance of Common Properties and Open Space. The Company may convey to the Association and the Association shall be authorized to own and maintain Open Space and Common Properties and equipment, furnishings, and improvements devoted to the following uses:

- (a) for roads or roadways, and parkways along said roads or roadways throughout the Property;

- (b) for walking paths or trails and bicycle paths throughout the Property;
- (c) for a private security force and fire protection including a security station, maintenance building and/or guardhouse, security equipment, and fire station and fire fighting equipment; and buildings used in maintenance functions;
- (d) for emergency health care including an ambulance and the equipment necessary to provide such emergency care;
- (e) for providing any of the services which the Association is authorized to offer under Section 3-4.02 of this Article;
- (f) for purposes set out in deeds or long-term leases by which Open Space or Common Properties are conveyed or leased to the Association;
- (g) for lakes, playing fields, parks, wildlife areas, fishing facilities, community dock facilities, working farms or farm plots, open spaces and other recreational facilities of any nature;
- (h) for community meeting facilities serving the Property;
- (i) for insect and pest control within the Property; and
- (j) for drainage facilities serving the Property.

Section 3-4.02. Authorized Services. The Association shall be authorized but not required to provide the following services:

- (a) clean-up and maintenance of all roads, parkways, lagoons, lakes, Open Spaces and other Common Properties within the Property, and all public properties which are located in a reasonable proximity to the Property such that their deterioration would affect the appearance of the Property as a whole;
- (b) landscaping of roads and parkways, walking paths and other Common Properties;
- (c) security functions, including but not limited to the employment of security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Property, and assistance in the apprehension and prosecution of persons who violate the laws of South Carolina within the Property;
- (d) fire protection and prevention;
- (e) garbage and trash collection and disposal;
- (f) insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the State and local governments;
- (g) the stocking of ponds, lakes and lagoons located within the Property;
- (h) to take any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property;

- (i) to set up and operate the Review Board as provided for herein;
- (j) to conduct recreation, sport, craft, and cultural programs of interest to Members, their children and guests;
- (k) to provide safety equipment for storm emergencies;
- (l) to construct improvements on Open Spaces for any of the purposes or as may be required to provide the services as authorized in this Article;
- (m) to provide administrative services including but not limited to: legal, accounting and financial; and communication services informing Members of activities, Notice of Meetings, etc., incident to the above listed services;
- (n) to provide liability and hazard insurance covering improvements and activities on the Open Spaces, and Common Properties, independently or in collaboration with the Company; and
- (o) to maintain, operate and govern any tennis facilities, swim facilities, community boat facility, community farm plots, and other community recreational amenities in the Property once they are made available to the Association, including the promulgation of Rules and Regulations for the administration thereof. Prior to conveyance the Company shall have the sole responsibility to promulgate the said Rules and Regulations, including the policy on guest use for all such facilities.
- (p) the services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this Declaration and to enhance the ambiance and desirability of the community.

In the event the Company is unable or unwilling to perform any of the services listed above in a manner satisfactory to the Board of Directors of the Association, the Association shall and is hereby authorized to perform such services.

Section 3-4.03. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified or implied in Section 3-4.01 and Section 3-4.02 except to the extent funds are available to defray the cost thereof. Except as herein expressly mandated, the functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members.

Section 3-4.04. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to borrow money for use by the Association and to mortgage the property of the Association and to pledge the revenues of the Association as security for such loans made to the Association which loans shall be used by the Association only in performing its authorized functions. The Company may, but shall not be obligated to, make loans to the Association, subject to the approval by the Company of the use to which such loan proceeds will be put and the method by which such loans will be repaid and subject to a maximum of loan amount approved by the Company, at interest rates acceptable to the Company. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed without the consent of the Company to reduce the regular annual assessments at any time there is outstanding any amount due to the Company as repayment of any loans made by the Company to the Association.

Section 3-4.05. Contracts. The Association, prior to the passage of control thereof from the Company to the Members as herein provided, shall not enter into any contracts or leases, including management contracts, which would bind the Association either directly or indirectly 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 of the Association from the Company to the Members, upon not more than ninety (90) days' notice to the other party to the contract or lease.

Section 3-4.06. Working Capital. An additional function of the Association shall be to establish at the time of activation of the Association a capital reserve fee in such amount as shall be determined by the Board of Directors. Each Homesite or Dwelling Unit's share of the capital reserved fee must be collected from the Purchaser of the Homesite or Dwelling Unit and transferred to the Association at the time of closing of the initial sale of each Homesite or Dwelling Unit from the Company or other initial grantor, and at each subsequent sale of each Homesite or Dwelling Unit. The working capital funds shall be maintained in an account for the use and benefit of the Association. The purpose of this fund is to insure that the Association 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 3-4.07. Information. It shall be the responsibility of the Association to make available to Property Owners and mortgage lenders making loans to Property Owners, and to holders, insurers or guarantors of any first mortgage on a Homesite or Dwelling Unit within the Property which requests same, current copies of the Declaration, By-Laws, other rules and regulations relating to the Property, and access to the books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal working hours or under other reasonable circumstances.

Section 3-4.09. Insurance Requirements. The Association shall maintain insurance with such companies of such types and in such amounts as shall be determined by the Board of Directors.

## ARTICLE V RULES AND REGULATIONS

Section 3-5.01. Establishment of Rules and Regulations. Subject to the provisions hereof, the Association may establish reasonable rules and regulations concerning the use of Homesites, Dwelling Units, easement areas, Open Space and the Common Properties and facilities located thereon. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Property Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Property Owners, their families, tenants, guests, invitees, servants and agents, until and unless any such rules or regulations are specifically overruled, canceled or modified by the Board of Directors of the Association or in a regular or special meeting of the Association by the vote of the Property Owners, in person or by proxy, holding a majority of the total votes in the Association; provided that in the event of such vote prior to elimination of the Special Voting Membership such action must also be approved by the Company.

Section 3-5.02. Authority and Enforcement. Subject to the provisions of Section 3-5.03 hereof, upon the violation of this Declaration, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments, the Board of Directors of the Association shall have the power to:

- (a) impose reasonable monetary fines on the Property Owner guilty of such violation which shall also constitute an equitable charge and a continuing lien upon the properties of such Property Owner;
- (b) suspend a Property Owner's right to vote in the Association; and



(c) suspend a Property Owner's right to use any Common Properties other than the right of ingress and egress and the Board of Directors of the Association shall have the power to impose all or any combination of these sanctions.

A Property Owner shall be subject to the foregoing sanctions in the event of such a violation by such Property Owner, his family, guests, tenants or invitees or by his co-owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed sixty (60) days as to a Member who is also a Property Owner.

Section 3-5.03. Procedure. Except with respect to the failure to pay assessments, the Board of Directors of the Association shall not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of a Property Owner for violations of the Declaration, the By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

(a) Written demand to cease and desist from an alleged violation shall be served upon the person responsible for such violation specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period of not less than five (5) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(b) If the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs within twelve (12) months of such demand, the Board of Directors of the Association may serve such person with written notice of a hearing to be held by the Board of Directors in executive session. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his behalf; and
- (iv) the proposed sanction to be imposed.

(c) The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director or other individual who deliver such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

PART SIX  
GENERAL PROVISIONS

ARTICLE I  
DURATION

Section 6-1.01. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Company, or any Property Owner, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period, this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration if, during the last year of the initial thirty (30) year period, three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given each Member at least thirty (30) days in advance of said meeting. In the event that the Association votes to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be recorded in the official real estate records for Orangeburg County, South Carolina, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 6-1.02. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of President William J. Clinton.

ARTICLE II  
AMENDMENTS

Section 6-2.01. Procedure For Corrective Amendments. The Declarant specifically reserves to itself, its successors and assigns, the right to amend this Declaration, or any portion thereof, on its own motion for a period of five (5) years from the date hereof to correct typographical errors and to eliminate scrivener's errors and to resolve ambiguities or internal inconsistencies, so long as the voting power of existing Members is not diluted thereby, nor the amounts of assessments of such existing Members raised or changed in any manner which would adversely affect such Members.

Section 6-2.02. Procedure For Other Amendments. The procedure for further amendment of this Declaration shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association which satisfies the quorum requirements set forth in Section 6-2.03 hereinafter, and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast at such meeting at which such proposed amendment is to be considered are in favor of the amendment. If any proposed amendment to this Declaration is approved by the members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted), the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the

total number of votes necessary to adopt the amendment, and the total number of votes cast against the amendment. Such Addendum shall be recorded in the official real estate records of Orangeburg County, South Carolina.

Section 6-2.03. Quorum Required for Amendment by Members. The quorum required for any action authorized to be taken by the Association under this PART SIX, Article II shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this Article, the presence at the meeting of the Members or proxies entitled to cast sixty percent (60%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast fifty (50%) percent of the total vote of the Association.

Section 6-2.04. Limited Right of Amendment by Company. The Company reserves in each instance the right to add additional restrictive covenants to PART TWO hereof in respect to lands conveyed in the future on Arcadia Farms, or to limit therein the application of PART TWO of this Declaration, provided that no limitations shall be made applicable to a portion of the Homesites in a platted subdivision, with any limitations to this Declaration to be applicable only as to subdivisions in which no parcels or Homesites have been previously conveyed subject to this prior Declaration.

### ARTICLE III NOTICES

Section 6-3.01. How Notice is Given. Any notice required to be sent to any Member or Property Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the last known address of the person or entity who appears as owner in the public records of Orangeburg County, South Carolina, on the first day of the calendar month in which said notice is mailed.

Section 6-3.02. Notice to Co-Owners. Notice to one of two or more co-owners of a Homesite, Dwelling Unit, Development Parcel, or Unsubdivided Land shall constitute notice to all co-owners.

Section 6-3.03. Notice Where Address or Ownership Changed. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

### ARTICLE IV ENFORCEMENT, SEVERABILITY AND INTERPRETATION

Section 6-4.01. Who May Enforce Generally. In the event of a violation or breach of any of the affirmative obligations or restrictions contained in this Declaration by any Property Owner or agent of such Property Owner, the Company or any other Property Owners or any of them jointly or severally shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

Section 6-4.02. Enforcement by the Association. In addition to the foregoing, the Association shall have the right to proceed at law or in equity to compel compliance to the terms hereof or to prevent the violation or breach in any event.

The Association may engage a person or persons to respond to complaints received as to violations of the covenants and shall inform the violators of such complaint. If the violation is not expeditiously terminated, the Company or Association may engage legal counsel to bring an appropriate injunctive action,

including any appeals, to enforce these covenants. Violators shall be obligated to reimburse the Association in full for all its direct and indirect costs, including but not limited to legal fees incurred by the Association in maintaining compliance with these covenants in the event the Association prevails in such proceedings.

Section 6-4.03. Enforcement by the Company. In addition to the foregoing, the Company shall have the right, but shall not be obligated, to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. Violators shall be obligated to reimburse the Company in full for all its direct and indirect costs, including but not limited to legal fees incurred by the Company in maintaining compliance with these covenants in the event the Company prevails in such proceedings.

Section 6-4.04. Against Whom May the Covenants Be Enforced. The obligations and benefits prescribed by the covenants shall run with the Property and shall be enforceable against the Company, its successors or assigns, the Association, and against any Property Owner or other person whose activities bear a relation to the Property when the aforesaid parties engage in activities (including omissions and failures to act) which constitute violations or attempts to violate or circumvent the covenants and restrictions set forth in this Declaration.

Section 6-4.05. Means of Enforcement. Enforcement of these Covenants shall be by any proceeding at law or in equity, whether it be to restrain violation or to recover damages or to create any lien created by these covenants.

Section 6-4.06. Severability. Should any covenant or restriction herein contained, or any Part, Article, Section, paragraph, sentence, clause, phrase or term in this Declaration be declared to be void, invalid, illegal, or unenforceable for any reason by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no wise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6-4.07. Interpretation. In all cases, the provisions of this Declaration shall be construed together and given that interpretation of construction which, in the opinion of the Company or the Association, will best effect the intent of the general plan of development of the Property. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication to make them fully effective. The provisions of these covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance which allows a less restricted use of the Property. The effective date of this Declaration shall be the date of its filing for recorded in the Office of the Register of Deeds for Orangeburg County, South Carolina. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular Article or Section to which they refer. This Declaration shall be construed under and in accordance with the laws of the State of South Carolina.

Section 6-4.08. Authorized Action. All action which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provided otherwise.

Section 6-4.09. Trespass. Whenever the Association, and/or the Company are permitted by these Covenants to correct, repair, clean, preserve, clear out or do any action on any property or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

Section 6-4.10. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions

hereof apply either to corporations or other entities or to individuals, men or women shall in all cases be assumed as though in each case fully expressed.

Section 6-4.11. Rights of Third Parties. This Declaration shall be record for the benefit of the Company, the Association, and the Property Owners, their mortgagees as herein provided, and by such recording, no adjoining property owner or third party shall have any right, title or interest whatsoever in the Property or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of the Company and mortgagees as herein provided, the Property Owners shall have the right to extend, modify, amend, or otherwise change the provisions of this Declaration without the consent, permission, or approval of any adjoining owner or third party.

Section 6-4.12. Notice of Sale, Lease or Mortgage. In the event a Property Owner sells, leases, mortgages or otherwise disposes of any Homesite or Dwelling Unit, the Property Owner must promptly furnish to the Association in writing the name and address of such purchaser, lessee, mortgagee or transferee.

## ARTICLE V TERMINATION OF ASSOCIATION

Section 6-5.01. Declaration of Invalidity Within Thirty Years. In the event that this Declaration be declared to be void, invalid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within thirty (30) years of the date of recording this Declaration, all Open Space and Common Properties belonging to the Association at the time of such adjudication shall automatically revert to the Company.

Section 6-5.02. Company as Trustee for Owners. The Company shall own and operate said Open Space and Common Properties as Trustee for use and benefit of owners of Homesites, Dwelling Units, and Development Parcels within the Property, subject to the conditions and easements as set forth herein.

Section 6-5.03. Declaration of Invalidity After Thirty Years or Non-Renewal. If said adjudication shall occur on a date more than thirty (30) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for herein, all Open Space and Common Properties owned by the Association at such time shall be transferred to a Trustee appointed by the appropriate court of Orangeburg County, South Carolina, which Trustee shall own and operate said land for the use and benefit of owners within the Property as set forth herein.

(a) Each Homesite, Dwelling Unit, Development Parcel or other parcel of land located within the Property shall be subject to an annual assessment which shall be paid by the owner of each such Homesite, Dwelling Unit, Development Parcel or other parcel to the Company or Trustee, whichever becomes the successor in title to the Association. The amount of such annual assessment and its due date shall be determined solely by the Company or the Trustee, as the case may be, but the amount or such annual assessment, on any particular Homesite, Dwelling Unit, Development Parcel or other parcel, shall not exceed the amount actually assessed against that Homesite, Dwelling Unit or other parcel in the last year that assessments were levied by the Association, subject to the adjustments set forth in paragraph (b) below.

(b) The amount of the annual assessment which may be charged by the Company or Trustee hereunder on any particular Homesite, Dwelling Unit, Development Parcel or other parcel shall be automatically increased each year by either five (5%) percent or the percentage increase between the first month and the last month of the annual assessment period in the Consumer Price Index, U.S. City Average, All Items (1967=100) (hereafter "C.P.I.") issued by the U.S. Bureau

of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas", whichever of these two percentage figures is larger. The actual amount of such increase in the regular annual assessment on a Homesite, Dwelling Unit, Development Parcel or other parcel shall equal the regular annual assessments on such Homesite, Dwelling Unit, Development Parcel or other parcel for the previous year, each multiplied by the larger of the two percentage factors set forth above. If the C.P.I. is discontinued, then there shall be used the most similar index published by the United States Government that may be procured.

(c) Any past due annual assessment together with interest thereon at a rate of fourteen percent (14%) per annum from the due date and all costs of collection including reasonable attorney's fees shall be a personal obligation of the Property Owner at the time the annual assessment became past due, and it shall also constitute and become a charge and continuing lien on the lot or parcel of land and all improvements thereon, against which the assessment has been made, in the hands of the then owner, his heirs, devisees, personal representatives and assigns.

(d) The Company or the Trustee, as the case may be, shall be required to use the funds collected as annual assessments for the operation, maintenance, repair and upkeep of the Open Space and Common Properties. The Company or Trustee may charge, as part of the cost of such functions, the reasonable value of its services in carrying out the duties herein provided for. Neither the Company nor the Trustee shall have the obligation to provide for operation, maintenance, repair and upkeep of the Open Space or Common Properties, once the funds provided by the annual assessment have been exhausted.

(e) The Company shall have the right to convey title to the Open Space and Common Properties and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby.

(f) The Trustee shall have the power to dispose of the Open Space and Common Properties free and clear of the limitations imposed hereby; provided, however, that such disposition shall first be approved in writing by fifty-one (51%) percent of the Property Owners or, in the alternative, shall be found to be in the best interest of the Property Owners by the appropriate court of Orangeburg County, South Carolina. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Open Space or Common Properties, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and upkeep of such properties, then for the payment of any obligations distributed among the owners of property within the Property, exclusive of the Trustees, in a proportion equal to the portion that the maximum annual assessment of property owned by a particular owner bears to the total maximum annual assessments for all property located within the Property.

#### ARTICLE VI ASSIGNMENT

The Company reserves the right to assign, in whole or in part, to the Association its rights reserved in these Covenants to approve (or disapprove) improvements proposed on Arcadia Farms and nearby areas, including, but not limited to, the right to approve (or disapprove) architectural or other plans or drawings, specifications, color, finish, plat or site plan and construction schedules, and any other rights or prerogatives reserved unto the Company.

IN WITNESS WHEREOF, ARCADIA DEVELOPMENT COMPANY, INC. and ARCADIA FARMS PROPERTY OWNERS ASSOCIATION, INC. have each caused this instrument to be executed



STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF ORANGEBURG )

ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 15 day of APRIL, 1998, by BRAXTON B. WANNAMAKER, of ARCADIA FARMS PROPERTY OWNERS ASSOCIATION, INC., on behalf of the corporation.

Salley C Johnson  
NOTARY PUBLIC FOR South Carolina  
MY COMMISSION EXPIRES: 2007  
AFFIX SEAL

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EXHIBIT "A"  
PROPERTY DESCRIPTION

ALL those certain pieces, parcels or tracts of land, situate, lying and being in Orangeburg County, South Carolina, shown and designated as Lots 8-15, Block B and Lots 1-8, Block C on that certain plat by Lown Surveying Services, Inc. dated September 25, 1997 entitled "FINAL AS-BUILT PLAT ARCADIA FARMS - PHASE I - A PORTION OF BLOCKS A AND B PLAT PREPARED FOR ARCADIA DEVELOPMENT CO., INC." which plat is recorded in the Office of the Register of Deeds for Orangeburg County in Book C69 at Page 10, to which reference is hereby craved for a more complete description.

Recorded this 21 day of April  
April 19 98 in Deed  
Book 695 at Page 37  
Paul Stanley

REGISTER OF DEEDS  
ORANGEBURG CO., S. C.

BK 695 PG 032