STATE OF SOUTH CAROLINA)
) DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
COUNTY OF RICHLAND)

THIS DECLARATION, made on the date hereinafter set forth by Summit Townes, LLC, a South Carolina limited liability company of Greenville, Greenville County, South Carolina, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the Owner of certain property in the County of Richland, State of South Carolina, which is more particularly described on Exhibit A, attached hereto and incorporated herein by reference,

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

ARTICLE I.

DEFINITIONS

Section 1. "Association" shall mean and refer to SUMMIT TOWNES ASSOCIATION, INC., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

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Section 3. "Property" or "Properties" shall mean and refer to that certain real Property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real Property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association shall be the Property described on Exhibit A, less Lots 1 through 106, inclusive, all rights of way for roads to be know as Summit Townes Way, Gallivan Drive, Lipscombe Lane, and Clairborne Place, to be dedicated to Richland County, and all easements for drainage, water, sewer, and other utilities to be conveyed to appropriate regulatory authorities, to be shown on a final plat or plats thereof to be recorded. The Declarant reserves the right to establish the lot lines for Lots 1 through 106, inclusive, by the recording of said final plat or plats.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Summit Townes, LLC, a South Carolina limited liability company, its successors and assigns.

ARTICLE II.

PROPERTY RIGHTS

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

(a) The right of the Association to suspend the voting rights of any Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded;

(c) The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, including, but not limited to the right to grant Owners the right to fence small areas of the Common Area immediately contiguous to the rear of their Lot for exclusive use by that Owner, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of all liens and encumbrances, at the time or prior to the conveyance of the final Lot in the Properties, except roads and utility and drainage easements and easements to governmental authorities, upon condition that such areas as shall be designated "Common Area" shall be for the sole and exclusive use and benefit of members, as long as such area is maintained in conformity with the requirements of this Declaration, the By-Laws, and the Articles of Incorporation of the Association, at the sole expense of the Owners. Notwithstanding anything herein to the contrary, after conveyance of the Common Area to the Association,

Declarant shall continue to have the right to enter the Common Area to complete landscaping and improvements for the Project.

Section 4. Parking Rights. Ownership of each Lot shall entitle the Owner thereof to park not more than two (2) passenger vehicles on a Lot. No boats, trailers, campers or recreational vehicles shall be parked on any lot or on the Common Area, or within the rights of way of any public or private street in or adjacent to the Property.

ARTICLE III.

ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

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

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

(a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; or

(b) December 31, 2001.

Section 3. The Association shall be a non profit corporation organized under the laws of the State of South Carolina. The Association shall be managed by a Board of two (2) Directors who need not be members of the Association. Until the first annual meeting is held, the initial Board of Directors shall consist of Ashley Maroney. The Association may increase the size of the Board up to five (5) members by a majority vote. The initial mailing address of the Board shall be: Care of Ashley Maroney, P. O. Box 27122, Greenville, SC 29616. Said Board shall be responsible for preparing the initial by-laws of the Association and distributing the same to the members thereof.

ARTICLE IV.

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. (a) Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association; (1) annual assessments or charges, and (2) special assessments for capital improvements, and costs in excess of insurance proceeds, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, security, safety and welfare of the residents in the Properties and in particular the procurement and maintenance of the blanket hazard and casualty insurance policy on the Properties as provided in Article X, the acquisition, improvement and maintenance of Properties, services and facilities devoted to this purpose and related to the exterior maintenance of the townhomes situated upon the Properties, the use and enjoyment of the Common Area, including, but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, payment of the termite bond, the procurement and maintenance of insurance related to the Common Area, its facilities and use in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, costs of construction, reconstruction, repair or replacement in excess of insurance proceeds covering the townhomes situated on the Properties, assessments payable to the Summit Community Association, Inc. for the use of Common Areas of Summit Community, when agreements for such use are in effect, and such other needs as may arise.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall not exceed $1,020.00 per Lot.

From January 1 of the calendar year immediately following the first conveyance of a Lot to an Owner:

(a) The maximum annual assessment shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by a percentage which may not exceed the percentage increase shown on the U.S. Bureau of Labor

Statistics Consumer Price Index for Urban Wage Earners for the immediately preceding one (1) year period from November 1 to October 31, or, if such index shall cease to be published, by the index most nearly comparable thereto.

(b) The maximum annual assessment may be increased without limit by a vote of sixty (60%) percent of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

At any time the Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the approval of sixty (60%) percent of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

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

be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots subject to assessment and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall be collected on a monthly basis and shall commence as to a Lot at the time that a Lot is conveyed by the Declarant to a third party purchaser. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment against each Lot and send written notice of each assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest from the due date at the rate of four (4%) percent over the prime interest rate of Bank of America, N.A., or its successor, as it changes from time to time. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for any of the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien or lien provided for in the preceding section. However, the sale or transfer of any Lot pursuant to a foreclosure of a first mortgage or any conveyance or assignment in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage.

Section 10. Exempt Property. All property dedicated to and accepted by a local public authority and all properties owned by the Association shall be exempt from the assessments set forth herein; provided that no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Obligations of Declarant. Notwithstanding anything herein to the contrary, the obligation of the Declarant for payment of assessments as provided herein shall be as follows:

(1) Until conveyance by the Declarant of seventy-five (75%) percent of the Lots in the Properties, the Declarant shall only be required to pay the amount of deficits in the operating expenses of the Association in any fiscal year; and

(2) After conveyance by the Declarant of seventy-five (75%) percent of the Lots in the Properties, the Declarant shall pay such annual and special assessments applicable to all Lots on any Lot on which Declarant has built a townhome for which a Certificate of Occupancy has been issued by applicable authorities, from the date of issuance of the Certificate of Occupancy.

ARTICLE V.

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant so long as said development follows the general plan of development of the Properties.

ARTICLE VI.

Pparty WALLS

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

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

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

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

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

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VII.

EXTERIOR MAINTENANCE

Section 1. Association's Responsibilities. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to

assessment hereunder, as follows: Paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article. The Association shall maintain in full force and effect a termite bond on all of the units in the Properties.

In the event that the need for maintenance, repair, or replacement is caused through the willful or negligent act of the Owner, his family, guests, or invitees, or is caused by fire, lightning, windstorm, hail, explosion, riot, strike, civil commotion, aircrafts, vehicles, and smoke, as the foregoing are defined and explained in South Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement, or repairs, shall be added to and become a part of the assessment to which such Lot is subject.

Section 2. Fences. Subject to the approval of the Association or its Architectural Committee, an Owner may fence or enclose all or a portion of the rear of his Lot and, with the approval of the Association, a small portion of the Common Area adjoining the rear of his Lot. Any fence constructed by an Owner, whether on his Lot or the Common Area, shall be subject to all drainage and utility easements and facilities, and the rights of the owners of any such easements or facilities to enter upon said easement areas to repair, replace, maintain, or otherwise exercise its rights in connection with said easement. The Owner shall bear all costs of moving, replacing, or repairing any fence or landscaping displaced or damaged in connection with the use of said easements or facilities. No fence constructed by an Owner shall interfere with drainage or utilities servicing the Properties or any Lot. Any Owner who fences or encloses

any portion of the Common Area or his Lot (which fence or enclosure shall require the prior approval of the Association) may plant trees, shrubs, flowers, and grass in the fenced or enclosed portion as he elects and shall maintain the structural integrity and the appearance of the fence and fenced or enclosed portion at his own expense, provided that such maintenance does not hinder the Association in performing its maintenance duties as to the townhouse, the remaining yard spaces, or the Common Area. No such maintenance by an Owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association, any such Owner fails to maintain his yard and fence in a neat and orderly manner, the Association may revoke the Owner's maintenance rights for a period not to exceed one year and the Association shall perform maintenance during the revocation period. The Owner shall not plant any vegetation in front of his townhouse except with the prior written approval of the Association.

Section 3. Owners Responsibilities. All Owners shall, at their expense, water the grass, shrubbery and/or vegetation in front of behind, or, where applicable, to the side of his or her townhome, to the adjacent curbing. If an Owner fails to meet the requirements of this section, the Association may perform said work and the Owner shall bear the cost of the replacement of said grass, shrubbery and/or vegetation.

Section 4. Reimbursement of Association. In the event the Association incurs cost and expenses performing the obligations required of an Owner hereunder, the Owner shall reimburse the Association for said expenses within thirty (30) days after demand therefor. Said expenses shall be treated by the Association as an assessment against the Lot and collection thereof by the Association shall be enforced in the same manner as collection of an assessment.

ARTICLE VIII.

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes. No building shall be erected, altered, placed, or permitted to remain on any Lot other than one attached single-family dwelling not to exceed one story in height.

Section 2. Sales and Construction Facilities of Declarant. Notwithstanding any provision in Section 1, Declarant, its agents, employees and contractors shall be permitted to maintain during the period of construction and sale of the Lots on the Properties upon such portion of the Properties as Declarant may choose, such facilities as may be reasonably required in the construction and sale of Lots including, but not limited to a business office, storage area, construction yards, signs, model Lots, sales office, construction office, parking area and lighting and temporary parking facilities for all prospective tenants or purchasers of Declarant.

Section 3. No Other Business. No other business activity of any kind shall be conducted in any Lot or in the Properties.

Section 4. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which is or may become an annoyance or nuisance to the neighborhood.

Section 5. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided they are kept leashed or in enclosed areas, and are kept in compliance with applicable laws, and are not kept or maintained for commercial purposes.

Section 6. Outside Antennas. No outside radio or television antennas or satellite dishes shall be erected on any Lot or dwelling unit within the Properties unless and until permission for

the same has been granted by the Board of Directors of the Association or its Architectural Committee. In granting or denying such permission, the Board of Directors or Architectural Committee shall take into account factors such as the size, location, and appearance from the streets.

Section 7. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot within the Properties.

Section 8. Additional Covenants. The Properties are subject to those Covenants, Conditions and Restrictions recorded in Deed Book 1359 at Page 926 and Deed Book 130 at Page 24, all in the Office of the Register of Deeds for Richland County.

ARTICLE IX.

EASEMENTS

Section 1. Utilities Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting, or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

Section 2. Encroachments. If any improvement on the Common Area encroaches upon any Lot, or if an improvement on any Lot encroaches upon any other Lot or upon the Common Area, or if any such encroachment shall occur as a result of settling or shifting of any building or for any other reason, a valid easement not to exceed one (1) foot shall exist for the encroachment and for the maintenance of the same so long as the building stands. Any such encroachment shall not be construed as an encumbrance affecting the marketability of title to any Lot.

ARTICLE X.

COVENANTS OF OWNERS AND ASSOCIATION TO KEEP UNITS INSURED AGAINST LOSS, TO REBUILD AND TO KEEP IN GOOD REPAIR

Section 1. The Declarant covenants with the Association, on behalf of itself and on behalf of each subsequent Owner of a Lot within the Properties, and each Owner of any Lot within the Properties, by acceptance of a deed therefor, whether or not it shall be so expressed in said deed, or be exercised of any act of ownership, is deemed to covenant:

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

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

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

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

(5) Premiums for the group or blanket hazard insurance policy shall be a common expense and shall be collectible in the same manner and to the same extent as provided for annual and special assessment in Article IV.

The lien for assessments for insurance premiums shall be subordinate to the lien of any first mortage in the same manner provided for annual and special assessments.

(6) Such policies shall provide that insurance proceeds payable on account of loss of, or damage to, the real Property shall be adjusted with the carrier(s) by the Association and shall be payable solely to the homeowner's mortgagee, if any, and the Association as Insurance Trustee for the homeowner(s). Such insurance proceeds shall be applied to repair or restoration of the Property as hereinafter provided. All such insurance policies shall provide that coverage may not be cancelled by the carrier without first giving the Association and unit mortgagee, if any, ten (10) days written notice of cancellation. All such policies shall contain, if obtainable, a waiver of the right of subrogation against any unit Owner, members of the unit Owners family, the Association, its officers, agents and employees, as well as a waiver of the "pro rata" clause.

(7) The Association shall also obtain a broad form public liability policy covering all common area and all damage or injury caused by the negligence of the Association or any of its agents, officers or employees in an amount of not less than One Million ($1,000,000.00) Dollars for each occurrence and such policies shall contain a waiver of the right of subrogation against members of the Association, its officers, agents and employees.

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

(9) In the event of damage or destruction by fire or other casualty to any Property covered by insurance payable to the Association as trustee for the homeowners, the Board of Directors shall, with the concurrence of mortgagees, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the Property to as good condition as formerly existed. All such insurance proceeds shall be

deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a Federal governmental agency, with the provisions agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board of Directors, or by an agent duly authorized by the Board of Directors. The Board of Directors shall obtain bids from at least two reputable contractors, and then may negotiate with any such contractor, who may be required to provide a full performance bond for the repair, reconstruction or rebuilding of such building or buildings.

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

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

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

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

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

(1) Name the Association as an obligee.

(2) Be written in an amount equal to at least 150% of the estimated annual operation expenses of the planned unit development project, including reserves.

(3) Contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of 'employee' or similar expression.

ARTICLE XI.

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration.

Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by not less than seventy five (75%) percent of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Amendment of Declaration Without Approval of Owners. The Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made or insured by a governmental agency, or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government or the State of South Carolina, regarding purchase or sale of such Lots and improvements or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be

sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

No amendment made pursuant to this Section shall be effective until duly recorded in the Office of the Register of Deeds for Richland County.

Section 5. Lease of Dwelling. No dwelling shall be leased for transient or hotel purposes, nor may any Owner lease less than the entire unit. Any lease must be in writing and provide that the terms of the lease and the occupancy of the unit shall be subject in all respects to the provisions of the Declaration of Covenants, Conditions and Restrictions and By-Laws of the Association, and any failure by any lessee to comply with the terms of such documents shall be in default under the lease.

Section 6. Conflicts. In the event of any irreconcilable conflict between the Declaration and the By-Laws of the Association, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between this Declaration or the By-Laws of the Association and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 7. Notwithstanding any other provision contained in these Covenants, as long as there exists a Class B Membership as provided in Article III, Section 2, the following actions shall require prior written approval of HUD/VA:

A. Annexation of additional properties into the subdivision;

B. Mergers and consolidations of the Association;

C. Mortgaging of common areas;

D. Dedication of common areas;

E. Dissolution of the Association;

F. Amendment of the Restrictive Covenants.

ARTICLE XII.

RIGHTS OF FIRST MORTGAGEES

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

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

Section 2. Any "right of first refusal" contained in the PUD constituent documents shall not impair the rights of a first mortgagee to:

(a) foreclose or take title to a PUD unit pursuant to the remedies provided in the mortgage;

(b) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor; or

(c) sell or lease a unit acquired by the mortgagee.

Section 3. Any first mortgagee who obtains title to a PUD unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the mortgagee.

Section 4. Unless at least two-thirds (2/3) of the first mortgagees (based upon one vote or each first mortgage owned) or Owners (other than the sponsor, developer or builder) of the individual units in the PUD have given their prior written approval, the PUD homeowners association, corporation or trust shall not be entitled to:

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

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

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

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

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

Section 5. First mortgagees of PUD units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any PUD common property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the PUD homeowners association, corporation, or trust. Entitlement to such reimbursement is reflected in an agreement in favor of all first mortgagees of units in the PUD duly executed by the PUD

homeowners association, corporation or trust, and an original or certified copy of such agreement is possessed by Seller.

Section 6. No provision of the PUD constituent documents gives a PUD unit Owner, or any other party, priority over any rights of the first mortgagee of a unit in a PUD pursuant to its mortgage in the case of a distribution to such PUD unit Owner of insurance proceeds or condemnation awards for losses to or a taking of PUD common property.

Section 7. A first mortgagee, upon request, is entitled to written notification from the Association of any default in the performance by the individual PUD unit borrower of any obligation under the PUD constituent documents which is not cured within sixty (60) days.

Section 8. Any agreement for professional management of the PUD, or any other contract providing for services of the Developer, sponsor, or builder, may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed this 12TH day of October, 1999.

WITNESSES:

SUMMIT TOWNES, LLC

Wanda Scott

BY: _____
Brian J. Sullivan

ITS: Managing Member

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared the undersigned witness and made oath that (s)he saw the within named Summit Townes, LLC, by its managing member, sign, seal and as its act and deed deliver the within written Declaration of Covenants, Conditions and Restrictions and that (s)he, with the other witness subscribed above witnessed the execution thereof.

SWORN to before me this 12th
day of October, 1999.

Notary Public for South Carolina
My Commission Expires: 6-10-2009