

General Covenants and Conditions

BROOKSTONE MEADOWS

GENERAL COVENANTS & CONDITIONS

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STATE OF SOUTH CAROLINA

COUNTY OF ANDERSON

**GENERAL DECLARATIONS, COVENANTS, CONDITIONS, RESTRICTIONS AND
EASEMENTS FOR BROOKSTONE MEADOWS**

This General Declaration of Covenants, Conditions, Restrictions and Easements for Brookstone Meadows (hereinafter Brookstone) is made this ____ day of _____, 1997, by Brookstone Developers, L.L.C. (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in Anderson County, South Carolina, originally containing approximately 335.57 acres of land, more or less, a portion of which has been previously conveyed to Brookstone Golf Club, Inc.; and

WHEREAS, Declarant intends to develop the property in phases and to initially develop and submit to the provisions of this Declaration the first phase thereof (hereinafter the "Property"), which is more fully described in EXHIBIT "A" attached hereto and incorporated herein by this reference; and

WHEREAS, the remaining phases of Brookstone may be submitted to the provisions of this Declaration and incorporated within the Property upon future amendments of this Declaration in accordance with the provisions of Article XVIII hereinbelow; and

WHEREAS, Declarant intends by this Declaration to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all Owners of Property in Brookstone, and to provide a flexible and reasonable procedure for the development of the Property and the administration, maintenance, preservation, use and enjoyment of the Common Areas within Brookstone.

NOW, THEREFORE, Declarant hereby declares that the Property which is described in EXHIBIT "A" shall be held, transferred, sold, conveyed, leased, occupied and used subject to the following easements, restrictions, covenants, charges, liens and conditions which are for the purpose of protecting the value and desirability of the property, and which shall touch and concern and run with title to the Property. This Declaration and all provisions hereof shall be binding on all parties having any right, title or interest in the Property or any portion thereof, and their respective heirs, successors, successors in title and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I IMPOSITION OF COVENANTS AND STATEMENTS OF PURPOSE

"Section 1.01" Imposition of Covenants. Declarant hereby makes, declares and establishes the following covenants, conditions, restrictions and easements (collectively referred to as the "Covenants") which shall affect the Property. From this day forward, the Property shall be held, sold and conveyed subject to the Covenants. The Covenants shall run with the land and shall be binding upon all persons or entities having any right, title or interest in all or any part of the Property, including Declarant, and their heirs, successors and assigns, and their tenants, employees, guests and invitees, and the Covenants shall inure to the benefit of each Owner of the Property.

"Section 1.02" Statement of Purposes. These Covenants are imposed for the benefit of all Owners of the parcels of land located within the Property. These Covenants create specific rights and privileges which may be shared and enjoyed by all Owners and occupants of any part of the Property.

"Section 1.03" Declarant's Intent. Declarant desires to ensure the attractiveness of the individual lots and parcels and Common Areas; to prevent any future impairment of the Property; and to preserve, protect and enhance the values and amenities of the Property.

"Section 1.04" Expansion Space. Certain parcels of land have been planned for development in Brookstone in the future (the "Expansion Property"). However, the Expansion Property is not included in the description of the Property on EXHIBIT "A" to this Declaration. Declarant specifically reserves the right, but shall be under no obligation, to bring the Expansion Property within the scheme of these Covenants by recording a Declaration of Annexation (as defined in Article XV below).

ARTICLE II DEFINITIONS

The following terms as used in this Declaration, are defined as follows:

"Section 2.01" **Adjoining Land** shall mean and refer to land contiguous with the Property, whether or not owned by Declarant, which is or may be made subject to this Declaration as provided in Article XV below.

"Section 2.02" **Annexation** shall mean and refer to the process by which portions of the Expansion Property or Adjoining Land are made subject to this Declaration as provided in Article XV below.

"Section 2.03" **Architectural Guidelines** shall mean and refer to the guidelines and rules established and supplemented from time to time by the Architectural Review Board.

"Section 2.04" Architectural Review Board or ARB shall mean and refer to the Committee formed pursuant to Article VI below to maintain the quality and architectural harmony of improvements in Brookstone.

"Section 2.05" Articles or Articles of Incorporation shall mean and refer to the Articles of Incorporation of the Association which will have been filed with the Secretary of State to create the Association.

"Section 2.06" Assessments shall mean and refer to annual, special and default assessments levied pursuant to Article IV below to meet the estimated cash requirements of the Association.

"Section 2.07" Association shall mean and refer to the Brookstone Home Owners Association, Inc., a nonprofit membership corporation, or any successor of the Association by whatever name, charged with the duties and obligations set forth in this Declaration.

"Section 2.08" Board of Directors shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

"Section 2.09" Building shall mean and refer to a building or buildings constructed on a lot or tract.

"Section 2.10" Building Site shall mean the building envelope or area within a lot where a building or other improvement shall be located, always subject to prior written approval of the ARB.

"Section 2.11" By-laws shall mean and refer to the By-laws of the Association which establish the methods and procedures of its operation.

"Section 2.12" Common Area shall mean and refer to the real property, if any, in which the Association owns an interest for the common use and enjoyment of all of the Members. Such interest may include without limitation, estates in fee or easements.

"Section 2.13" Declarant shall mean and refer to Brookstone Developers, L.L.C.

"Section 2.14" Definition of Annexation shall mean and refer to a declaration prepared and recorded in accordance with Article XV below to incorporate the Expansion Property or Adjoining Land within the Property governed by this Declaration.

"Section 2.15" Expansion Property shall mean and refer to such additional real property owned by Declarant or in the future shall be owned by Declarant and which Declarant shall make subject to the provisions of this Declaration, by duly recorded Declaration of Annexation.

"Section 2.16" Golf Course shall mean and refer to the golf course, including, but not limited to, any club house and related facilities such as parking lots, driving range, putting green, chipping green, and other recreational facilities, which is owned by Brookstone Golf Club, Inc. a South Carolina Corporation, and which is NOT a part of the property.

"Section 2.17" Improvements shall mean and refer to all buildings and structures, parking areas, fences, walls, hedges, plantings, poles, driveways, ponds, lakes, recreational facilities, signs, changes in any exterior color or shape, excavation and all other site work including without limitation, grading, road construction, utility improvements, removal of trees or plantings, and any new exterior construction or exterior improvement which may not be included in the foregoing. "Improvements" does not include turf, shrub or tree repair or replacement of a magnitude which does not change exterior colors or exterior appearance. "Improvements" does include both original improvements and all later changes and improvements.

"Section 2.18" Lot shall mean and refer to a parcel of land designated as a Lot on any plat of Brookstone and reserved for any purpose other than recreational facilities.

"Section 2.19" Maintenance Fund shall mean and refer to the fund created by assessments and fees levied pursuant to Article IV below to provide the Association with the funds required to carry out its duties under this Declaration.

"Section 2.20" Member shall mean and refer to any person or entity holding membership in the Association.

"Section 2.21" Mortgage shall mean and refer to any Mortgage, Deed of Trust, or other document pledging any portion of the Property or interest therein as security for the payment of a debt or obligation. "First Mortgage" shall mean and refer to any Mortgage which is not subject to any prior lien or encumbrance except liens for taxes or other liens which are given priority by Statute.

"Section 2.22" Owner shall mean and refer to the Record Owner, whether one or more persons or entities, of fee simple title to any Lot, but shall not mean or refer to any person or entity who holds such interest merely as security for the performance of a debt or other obligation, including a Mortgagee, unless and until such person or entity has acquired fee simple title pursuant to foreclosure or other proceeding.

"Section 2.23" Plat shall mean and refer to any plat (or as-built survey) depicting the Property filed in the R.M.C. office for the County of Anderson, State of South Carolina, as such Plat may be amended from time to time.

"Section 2.24" Project shall mean and refer to a separately designated and developed area constructed upon a portion of the property and comprised of discrete types of development or use, including without limitation the following types of uses:

- (i) A residential development of duplex or single family detached houses;
- (ii) A residential development of town houses, condominiums or zero lot line homes for single family use;
- (iii) Any other separately developed area within Brookstone, devoted to a separate purpose.

"Section 2.25" **Project Common Areas** shall mean and refer to the area within a Project restricted in whole or in part to common use primarily by or for the benefit of the owners within the Project and their families, tenants, employees, guests and invitees.

"Section 2.26" **Project Declaration** shall mean and refer to a declaration of covenants, conditions and restrictions establishing a plan of condominium or town home ownership or otherwise imposing a unified development scheme on a particular Project.

"Section 2.27" **Project Documents** shall mean and refer to the basic documents creating and governing a particular Project, including the Project Declaration, the Articles of Incorporation and By-Laws of the Project Association, and any procedures, rules, regulations or policies adopted under the Project Documents by the Project Association.

"Section 2.28" **Property** shall mean and refer to the Property initially subject to this Declaration and any additional Real Property from time to time subject to these Covenants pursuant to the provisions of this Declaration.

"Section 2.29" **Recreational Facilities** shall mean and refer to the recreational facilities or amenities owned by Declarant and located within the Property from time to time.

"Section 2.30" **Supplemental Covenants** shall mean and refer to additional or further Restrictive Covenants imposed upon a portion or portions of the Property from time to time.

"Section 2.31" **Brookstone** shall mean and refer to the planned community created by this Declaration, consisting of the property and of all improvements located on the property.

"Section 2.32" **Brookstone Documents** shall mean and refer to the basic documents creating and governing Brookstone including but not limited to this Declaration, the Articles of Incorporation and Bylaws of the Association, the Architectural Guidelines and any Procedures, Rules, Regulations or Policies adopted under such documents by the Association or the Architectural Review Board.

"Section 2.33" **Brookstone Rules** shall mean and refer to the rules adopted by the Association as provided in Section 3.06 below.

"Section 2.34" Project Parcel shall mean and refer to the portion of the Property upon which a Project is located, as indicated, if appropriate, on the Plat or Site Plan relating to the Project and as designated by Declarant in the Project Declaration.

"Section 2.35" Tract shall mean and refer to a parcel of land designated as a tract and on a Plat of Brookstone Meadows.

"Section 2.36" Voting Unit shall mean and refer to any one of the interests in the Property designated in Section 3.04 below to which a right to vote in Association matters is allocated.

ARTICLE III THE ASSOCIATION

"Section 3.01" Dedication of Common Area. Declarant may hereafter convey to the Association certain parts of the property as Common Area intended for common use by the owners in Brookstone. Such designated areas shall, upon conveyance, be dedicated to the common use and enjoyment of owners, and their families, guests, tenants, employees and invitees.

"Section 3.02" Association's Responsibility for Common Area. Subject to the rights of the Owners set forth in this Declaration, the Association shall be responsible for the management and control of the Common Area dedicated under Section 3.01 above and all improvements in the Common Area (including equipment related thereto), and shall keep it in good, clean and attractive condition and repair consistent with the requirements of a first class residential and recreational community, pursuant to the terms and conditions of this Declaration.

"Section 3.03" Membership. Every Owner, by virtue of being an Owner and for as long as he is an Owner, shall be a Member of the Association. Membership shall be appurtenant-to and may not be separated from ownership of any Lot. No Owner, whether one or more persons, shall have more than one membership per Lot owned, but all of the persons owning each Lot shall be entitled to rights of membership and of use and enjoyment appurtenant to such ownership. The Articles of Incorporation and Bylaws of the Association may set forth additional classifications of membership, which Members may or may not be Owners.

"Section 3.04" Classes of Membership and Voting Rights.

"Section 3.04.1" Class A Membership. Each Lot owner, other than the Declarant, shall be a Class A member. Each member shall be entitled to one vote for each Lot, according to the plat. When more than one person holds an interest in any lot, all such persons shall be Members. The vote for such Lot shall be exercised as the Owners among themselves determine, and the Secretary of the Association shall be notified of such designation prior to any meeting. In the absence of such notification, the vote allocated to the Lot shall be suspended in the event more than one person or entity seeks

to exercise the right to vote. Any Owner of a Lot which is leased may assign his voting right to the tenant, provided that a copy of the Instrument of Association is furnished to the Secretary of the Association prior to any meeting at which the tenant exercises the voting right.

"Section 3.04.2." Class B Membership. The Declarant shall be the Class B member until it either elects to terminate its membership or whenever it no longer owns property within the development, whichever sooner occurs.

"Section 3.05" Compliance with the Document. Each Owner shall abide by and benefit from the Provisions, Covenants, Conditions, and Restrictions contained in the Brookstone Covenants and Restrictions and Bylaws. *- Don't Benefit -*

"Section 3.06" Rules and Regulations. The Association from time to time and subject to the provisions of the Brookstone Documents, may adopt, amend and repeal rules and regulations, to be known as "Association Rules," governing, among other things and without limitation:

"Section 3.06.1" Collection and Disposal of Garbage and Trash;

"Section 3.06.2" The Burning of Open Fires;

"Section 3.06.3" The Control of Animals;

"Section 3.06.4" Parking Restrictions and Limitations;

"Section 3.06.5" A Schedule of Fines for Infractions of the Association Rules or the Project Documents.

A copy of the Association Rules in effect shall be distributed to each Member of the Association, and any change in the Association rules shall be distributed to each Member within a reasonable time following the effective date of the change.

"Section 3.07" Assistance to Architectural Review Board. The Association shall in all respects cooperate with and assist the ARB in the complete attainment of the ARB's functions, and the enforcement of its architectural guidelines, rules, regulations and decisions.

"Section 3.08" Manager. The Association may employ or contract for the services of a Manager, provided that no such employment shall be by a contract having a term of more than one year and such contract shall be subject to cancellation by the Association upon 30 days or less prior notice without cause and without payment of a termination fee. The Manager shall not have the authority to make expenditures for additions or improvements chargeable against the maintenance fund except upon specific prior approval and direction by the Board. The Board

shall not be liable for any omission or improper exercise by a manager of any such duty, power or function so delegated by written instrument executed by or on behalf of the Board.

"Section 3.09" Ownership of Personal and Real Property for Common Use". The Association, through action of its Board of Directors, may acquire, hold and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold or other property interest within Brookstone conveyed to the Association by Declarant.

"Section 3.10" Books and Records. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and Mortgagees current copies of the Association documents and the books, records and financial statements of the Association prepared pursuant to the bylaws. The Association may charge a reasonable fee for copying such materials.

"Section 3.11" Successor of Declarant. The Association shall succeed to all of the rights, duties and responsibilities of Declarant under this Declaration upon termination of the Class B membership in accordance with Section 3.04 above. The Association shall not succeed to any rights of Declarant regarding any portion of the Expansion Property which has not then been annexed to the Property. The Association may delegate any of such rights, duties or responsibilities to the ARB or to any other committee or entity which it may choose to form.

"Section 3.12" Implied Rights and Obligations. The Association may exercise any other right or privilege given to it expressly by the Brookstone Documents, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association under this Declaration or reasonably necessary to effectuate any such right or privilege. The Association shall perform all of the duties and obligations imposed upon it expressly by the Brookstone Documents, together with every other duty or obligation reasonably to be implied from the express provisions of the Brookstone documents where reasonably necessary to satisfy any such duty or obligation.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

"Section 4.01" Creation of the Lien and Personal Obligations for Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed, is deemed to covenant and agree to pay to the Association:

1. Annual assessments or charges as provided in this Declaration for the purpose of funding the maintenance fund;
2. Special assessment for capital improvements and other purposes as stated in this Declaration; such annual and special assessments to be fixed, established and collected from time to time as provided below; and

3. Default assessments which may be assessed against an Owner's Lot pursuant to the Brookstone Documents for failure to perform an obligation under the Brookstone Documents or because the Association has incurred an expense on behalf of the Owner under the Brookstone Documents. The annual, special and default 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 Lot against which each such assessment is made until paid. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due. Assessments on condominium units in a Project shall be levied against each unit.

4. The Class B Member shall be exempt from assessments for five (5) years from the date hereof and thereafter shall pay one-third (1/3) of the annual and special assessments for each lot owned by the Declarant.

"Section 4.02" Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and occupants of Brookstone and for the improvement and maintenance of the Common Area, including but not limited to the payment of taxes and insurance on the common area and repair, replacement and additions to any improvements on the Common Area, reserve accounts, the cost of labor, equipment, materials, management and supervision, and for the salary or fee of the manager.

"Section 4.03" Calculation and Apportionment of Annual Assessments. The Board of Directors shall prepare a budget by April 15 of each year estimating its net cash flow requirements for the next year and an estimate of the assessments to be charged each Owner, and the Board shall distribute the proposed budget to the Owners. On or before April 30 of each year, the Board shall approve the budget in final form and with the consent of the Class B member shall determine, levy and assess the Association's annual assessments for the approaching year. Each budget shall include funds for establishing and maintaining reserves for periodic repairs, replacement and maintenance of any improvements on the open space and Common Area which must be replaced on a periodic basis, and for taxes, capital improvements, deficiencies from the prior years maintenance fund and other purposes, and shall include any expected income and surpluses from the prior year's maintenance fund.

"Section 4.04" Special Assessments. In addition to the annual assessments authorized in Section 4.01 above, the Board of Directors, with the consent of the Class B Member, may levy in any fiscal year one or more special assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a described capital improvement on the open space or Common Area, including the necessary fixtures and personal property related thereto, or to make up any shortfall in the current year's budget. Notice of the amount and due dates for each special assessment must be sent to each Owner at least thirty (30) days prior to the due date.

"Section 4.05" Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for each type of Lot classified by use or by project, but the basis and rate of assessments for each project or each type of use may be varied as provided below.

"Section 4.05.1" Residential Property. Residential lots shall be assessed on the basis appropriate for each type of such residential project, which types may be based upon classification, including but not limited to Lots designated for single family and duplex dwellings and townhouses, condominiums or zero lot line houses, as determined by the Board of Directors from time to time. The rate of assessment levied against Lots within the various residential projects may be varied based upon the Board's sole and exclusive determination that any specific item in the Association's budget may more directly benefit a certain area or classification of the property in excess of its proportionate share, or that the Association has provided services to such project in excess of those to other projects within Brookstone; provided, however, that such rate of assessment shall be uniform within each project.

The rates of assessment for each project and type of use shall be established from time to time by resolution of the Board. The classification of a Lot as to use and assessment type shall be made by the Board in its sole discretion, and its discretion shall be final. The recreational facilities developed by Declarant are conceived to enhance the Brookstone community in general and, accordingly, will not be assessed under this Declaration unless Declarant in its sole discretion subjects such facilities to an obligation for assessments.

"Section 4.06" Date of Commencement Of Annual Assessment; Due Dates. Upon the sale of a Lot by Declarant to a new Owner, the annual assessments shall commence as to that Lot on the first day of the month following the conveyance of the Lot to the new Owner. In that case, the first annual assessments shall be prorated according to the number of months remaining in the calendar year.

"Section 4.07" Default Assessments. All monetary fines assessed against an Owner pursuant to the Association documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association documents, shall be a default assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such default assessment shall be sent to the Owner subject to such assessment at least thirty (30) days prior to the due date.

"Section 4.08" Effect of Non-Payment of Assessments; Lien; Remedies of Association. Any Association installment, whether pertaining to an annual, special or default assessment, which is not paid within thirty (30) days of its due date shall be delinquent. In the event that an assessment installment becomes delinquent, the Association, in its sole discretion may take any or all of the following action:

"Section 4.08.1" Assess a late charge of at least 15% per delinquency;

"Section 4.08.2" Assess an interest charge from the date of delinquency at the rate per annum of 2 points above the prime rate charged by the Association's bank or such other rate as shall have been established by the Board of Directors;

"Section 4.08.3" Suspend the voting rights of the Owner during any period of delinquency;

"Section 4.08.4" Accelerate all remaining assessment installments for the fiscal year in question so that unpaid assessments for the remainder of the year shall be due and payable at once;

"Section 4.08.5" Bring an action at law against any owner personally obligated to pay the delinquent installments; or

"Section 4.08.6" File a statement of lien with respect to the lot, and foreclose as set forth in more detail below.

The Association may file a statement of lien by recording with the Clerk of Court's office of Anderson County, South Carolina, a written statement with respect to the Lot, setting forth the name of the Owner, the legal description of the lot, the name of the Association, and amount of the delinquent assessments then owing, which statement shall be duly signed and acknowledged by the President or Vice President of the Association or by the Manager, and which shall be served upon the Owner of the Lot by mail to the address of the lot or at such other address as the Association may have in its records for the Owner.

Thirty (30) days following the mailing of such Notice, the Association may proceed to foreclose the statement of lien in the same manner as provided for foreclosure of mortgages under the statutes of the State of South Carolina. Such lien shall be in favor of the Association and shall be for the benefit of all other Owners. In either a personal or foreclosure action, the Association shall be entitled to recover as a part of the action the interest, costs and reasonable attorney's fees with respect to the action. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. The remedies herein provided shall not be exclusive and the Association may enforce any other remedies to collect delinquent assessments as may be provided by law.

"Section 4.09" Successor's Liability for Assessments. In addition to the personal obligation of each Owner to pay all assessments thereon and the Association's perpetual lien for such assessments, all successors to the fee simple title of a Lot, except as provided in Section 4.10 below, shall be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid assessments, interest, late charges, costs, expenses and attorney's fees against such Lot without prejudice to any successor's right to recover from any prior Owner any amounts paid by such successor. The liability of a successor shall not be personal and shall terminate upon termination of such successor's fee simple interest in the Lot. In addition, such

successor shall be entitled to rely on the statement of the status of the assessments issued by or on behalf of the Association under Section 4.11 below.

"Section 4.10" Subordination of the Lien. The lien of the assessments provided for in this Declaration shall be subordinate to the lien of any first mortgage. The lien of the assessments shall be superior to and prior to any homestead exemption provided now or in the future by laws of the State of South Carolina. No sale or transfer of any Lot pursuant to a decree of foreclosure or by a Public Trustee's foreclosure or any other proceeding or deed in lieu of foreclosure for the purpose of enforcing a first mortgage shall extinguish the lien of such assessments as to installments which become due prior to such sale or transfer, and the amount of such extinguished lien may be reallocated and assessed to all Lots as a common expense at the direction of the Board of Directors. No sale or transfer shall relieve the purchaser or transferee of a Lot from liability for, nor the Lot from the lien of any assessments made after the sale or transfer.

"Section 4.11" Notice of Action. Any First Mortgagee which makes a prior written request to the Secretary of the Association and furnishes its name and address in the legal description of the Lot or Condominium Unit in which it has an interest to the Secretary shall be entitled to timely written notice of any delinquency in payment of an annual, special or default assessment levied against the Lot encumbered by its first mortgage. In addition, any such First Mortgagee shall be entitled to cure such delinquency and obtain a release from the lien imposed or perfected by reason of such delinquency.

"Section 4.12" Exempt Property. The following portions of the property shall be exempt from the assessments, charges and liens created under this Declaration:

"Section 4.12.1" All properties and other interests therein dedicated and accepted by Anderson County and devoted to public use.

"Section 4.12.2" All utility easements;

"Section 4.12.3" The Common Area; and

"Section 4.12.4" The recreational facilities, subject to the provisions of Section 4.05.1.

"Section 4.13" Statement of Status of Assessments. Upon ten (10) days written notice to the Treasurer of the Association or to the Manager and payment of a reasonable fee set by the Association from time to time, any Owner, prospective purchaser or mortgagee of a Lot shall be furnished a statement of the account for such Lot setting forth;

"Section 4.13.1" The amount of any unpaid assessments (whether annual, special or default assessments), interest, late charges, costs, expenses and attorney's fees then existing against a particular Lot;

"Section 4.13.2" The amount of the current periodic installments of the annual assessments and the date through which they are paid; and

"Section 4.13.3" Any other information deemed proper by the Association. The information contained in such statement when signed by the Treasurer or Manager, shall be conclusive upon the Association as to the person or persons to whom such statement is issued and who rely upon it in good faith.

"Section 4.14" Failure to Assess. The omission or failure of the Board to fix the assessment amounts or rates or to deliver or mail to each owner an assessment notice shall not be deemed a waiver, modification or release of any Owner from the obligation to pay assessments. In such event, the Owner shall continue to pay annual assessments on the same basis as for the last year for which an assessment was made until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

ARTICLE V PROPERTY RIGHTS OF OWNERS

"Section 5.01" Owners; Easements of Enjoyment. Every Owner shall have a non-exclusive easement for the use and enjoyment of the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the easements set forth in this Article V.

"Section 5.02" Delegation of Use. In accordance with the Brookstone documents, any Owner may delegate his right of enjoyment in the Common Area and facilities to his tenants and guests or invitees when accompanied by said Brookstone Owner or tenant.

"Section 5.03" Recorded Easements. The Property and all portions thereof shall be subject to easements shown on any recorded plat of the Property or any portion thereof and to any other easements of record as of the date of the recordation of this Declaration.

"Section 5.04" Utility Easements. There is hereby created a general easement upon, across, over, in and under the Property for ingress and egress and for installation, replacement, repair and maintenance of all utilities, including but not limited to water, sewer, gas, telephone, electricity and cable television. By virtue of this easement, it shall be expressly permissible and proper for the companies providing electricity, telephone, cable television and other communication services to install and maintain necessary equipment on the Property and to affix and maintain electricity, communications, cable television and telephone wires, conduits and circuits under the Property. No water, sewer, telephone, electricity, cable television or communications lines, systems or facilities may be installed or relocated on the surface of the Property unless approved by Declarant and by the Architectural Review Board. Such utilities temporarily may be installed above ground during construction, if approved by Declarant or the ARB as stated above. Any utility company using this general easement shall use its best efforts to install and maintain the utilities provided for without disturbing the uses of the Owners, the

Association and Declarant; shall perform its installation and maintenance activities as promptly and expeditiously as reasonably possible; and shall restore the surface to its original condition as soon as possible after completion of its work. Should any utility company furnishing a service covered by the general easement request a specific easement by separate recordable document either Declarant or the Association shall have and are hereby given, the right and authority to grant such easement upon, across, over or under any part or all of the Property without conflicting with the terms of this Declaration. This general easement shall in no way affect, avoid, extinguish or modify any other recorded easement on the Property.

"Section 5.05" Reservation for Expansion. Declarant hereby reserves to itself and its successors and assigns, a perpetual easement and rights of way for over, upon and across the Property for construction, utilities, drainage, ingress and egress and for the use of the Common Areas. The location of these easements and rights of way must be approved and may be documented by Declarant or the Association by recorded instruments.

"Section 5.06" Reservation of Easement, Exceptions and Exclusions. Declarant reserves to itself and hereby grants to the Association the concurrent right to establish from time to time, by Declaration or otherwise, utility and other easements, permits or licenses over the Common Area for purposes including but not limited to streets, paths, walkways, drainage, irrigation, recreation areas, parking areas, ducts, shafts, flues and conduit installation areas, and to create other reservations, exceptions and exclusions for the best interest of all the Owners and the Association in order to serve all the Owners within Brookstone. Declarant reserves the right to establish from time to time, by Declaration or otherwise, utility and other easements and to create other reservations, exceptions and exclusions convenient or necessary for the use and operation of any other property of Declarant, as long as such action does not hamper the enjoyment of Brookstone by the Owners.

"Section 5.07" Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance and other similar emergency agencies or persons to enter upon all streets and upon the property in the proper performance of their duties.

"Section 5.08" Maintenance Easement. An easement is hereby reserved to Declarant and granted to the Association and any member of the Board of Directors or the Manager and their respective officers, agents, employees and assigns, upon, across, over, in and under the Lots and tracts and a right to make sure use of the Lots and tracts as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Brookstone Documents, including the right to enter upon any Lot or building site for the purpose of maintenance or the exterior of improvements on such Lot as required by the Brookstone Documents.

"Section 5.09" Drainage Easement. An easement is hereby reserved to Declarant and granted to the Association, its officers, agents, employees, successors and assigns to enter upon, across, over, in and under any portion of the property for the purpose of changing, correcting or otherwise modifying the grade or drainage channels on the property so as to improve the

drainage of water. Best efforts shall be made to use this easement so as not to disturb the uses of the Owners, the Association and the Declarant, as applicable to the extent possible to prosecute such drainage work promptly and expeditiously, and to restore any areas affected by such work to a sightly and unable condition an soon as reasonably possible following such work. Declarant, its officers, agents, employees, successors and assigns must inform and obtain the approval of the Board of Directors prior to undertaking such drainage work, which approval shall not be unreasonably withheld.

"Section 5.10" Irrigation. Irrigation ditches, systems and pipelines may be constructed by the Association throughout the property for the maintenance of such spaces and areas as Declarant and the Association may from time to time decide. The Association is hereby granted the right to maintain these ditches, systems and pipelines and to enter upon Lots as necessary to perform such maintenance.

"Section 5.11" Golf Course Easement. Declarant hereby reserves for itself and for the benefit of any other person or entity operating or owning the Golf Course the following described easements:

5.11.1 Golf Cart Path Easement. The golf cart path easements designated as such on a Plat of the Property which shall be used for golf cart paths, pedestrian walkways, maintenance and vehicle access and unhindered access between said paths and the Golf Course. Nothing shall be placed or maintained in any golf cart path easement which shall interfere with utilization thereof as a playable part of the Golf Course, and all landscaping and other improvements within a golf cart path easement shall require the approval of the Architectural Review Board.

5.11.2 Golf Course Easement. The golf course easements designated as such on a Plat of the Property, which shall be developed as part of the Golf Course for purposes of landscaping or the placement of Improvements. No Improvements shall be placed within a golf course easement without the prior written consent of the holder of the golf course easement and the approval of the Architectural Review Board.

"Section 5.12" Golf Club. PURCHASE OF A LOT DOES NOT INCLUDE A MEMBERSHIP IN THE CLUB FORMED BY THE OWNER OF THE GOLF COURSE, EXCEPT AS EXPRESSLY PROVIDED IN THE CONTRACT OF PURCHASE, BY-LAWS OR ORGANIZATIONAL DOCUMENTS OF THE GOLF CLUB AS THE SAME MAY BE AMENDED FROM TIME TO TIME.

"Section 5.13" Declarant's Rights Incident to Construction. Declarant, for itself and its successors and assigns hereby retains a right and easement of ingress and egress over, in upon, under and across the Common Areas and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of Improvements on the Property or other real property owned by Declarant; provided however,

that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment and access to an Owner's Lot by that Owner or his family, tenants, employees, guests or invitees.

"Section 5.14" Easements Deemed Created. All conveyances of Lots made after the date of recordation of this Declaration whether by Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article V, even though no specific reference to such easements or to this Article V appears in the instrument for such conveyance.

"Section 5.15" Partition or Combination of Lots. No part of a Lot may be partitioned or separated from any other part thereof, and no Lots may be combined, except as provided in this section. A Lot may not be subdivided, however, two or more Lots may be combined into one with the written consent of Declarant or the Association and full compliance with all applicable state and county zoning and subdivision regulations. Declarant's consent shall be conditioned upon payment by the Owner or Owners concerned of all expenses incident to giving the consent, including legal and accounting fees. Every agreement and recorded instrument for combination of Lots shall make adequate provisions for the adjustment of voting rights and liability for payment of assessments appurtenant to or imposed upon such Lots. In the event that Lots are combined, then the combined lots shall be treated as one for purposes of voting and assessment and they shall not be re-subdivided thereafter.

"Section 5.16" No Partition of Common Area. The Common Area shall be owned by the Association and no Owner shall bring any action for partition or division of the Common Area by acceptance of a deed or other instrument of conveyance or assignment, each Owner shall be deemed to have specifically waived such Owner's right to institute or maintain a partition action or any other action designed to cause a division of the Common Area, and this section may be pleaded as a bar to any such action. Any Owner who shall institute or maintain any such action shall be liable to the Association, and hereby agrees to reimburse the Association for its costs, expenses and reasonable attorney's fees in defending any such action.

ARTICLE VI ARCHITECTURAL REVIEW BOARD

"Section 6.01" Membership. There is hereby established an ARB which shall be responsible for the establishment and administration of the Architectural Guidelines to carry out the purposes and intent of this Declaration. The ARB shall be composed of three (3) persons who need not be Members of the Association. All of the Members of the ARB shall be appointed, removed and replaced by Declarant in its sole discretion until such time as Declarant shall assign the right and responsibility for same to the Association, and at that time, the Board of Directors shall succeed to Declarant's right to appoint, remove or replace the members of the ARB.

"Section 6.02" Purpose. The ARB shall review, study and either approve or reject proposed improvements on the property, all in compliance with this Declaration and as further

set forth in the rules and regulations of the ARB and the Architectural Guidelines adopted and established from time to time by the ARB.

"Section 6.02.1" The ARB shall exercise its best judgment to see that all improvements conform and harmonize with any existing structures as to external design, quality and type of construction, materials, color, tree removal, location on the building site, height, grade and finished ground elevation, and all aesthetic considerations set forth in this Declaration or in the Architectural Guidelines.

"Section 6.02.2" No improvements on the Property shall be erected, placed or altered on any Lot or building site, nor shall any construction be commenced until plans for such improvements shall have been approved by the ARB; provided, however, that improvements and alterations which are completely within a building may be undertaken without such approval.

"Section 6.02.3" The actions of the ARB in the exercise of its discretion by its approval or disapproval of plans or other information submitted to it, or with respect to any other matter before it, shall be conclusive and binding on all interested parties subject to appeal as provided in the By-laws.

"Section 6.03" Organization and Operation of the ARB.

"Section 6.03.1" Term. The term of office for each member of the ARB, subject to Section 6.01, shall be one (1) year commencing on January 1 of each year and continuing until his successor shall have been appointed. Should an ARB member die, retire or become incapacitated, or in the event of a temporary absence of a member, a successor may be appointed as provided in Section 6.01.

"Section 6.03.2" Chairman. So long as Declarant appoints the ARB, Declarant shall appoint the Chairman. At such time as the ARB is appointed by the Board of Directors, the Chairman shall be elected annually from among the members of the ARB by a majority vote of said members.

"Section 6.03.3" Operations. The Chairman shall preside over and conduct all meetings and shall provide for reasonable notice to each member of the ARB prior to any meeting. The notice shall set forth the time and place of the meeting and notice may be waived by any member. In the absence of a Chairman, the party responsible for appointing or electing the Chairman may appoint or elect a successor, or if the absence is temporary, a temporary successor.

"Section 6.03.4" Voting. The affirmative vote of a majority of the members of the ARB shall govern its actions and be the act of the ARB. A quorum shall consist of a majority of the members.

"Section 6.03.5" Expert Consultation. The ARB may avail itself of technical and professional advice as it deems appropriate.

"Section 6.04" Expenses. Except as provided below, all expenses of the ARB shall be paid by the Association. The ARB shall have the right to charge a fee for each application submitted to it for review in an amount which may be established by the ARB from time to time, and such fees shall be collected by the ARB and remitted to the Association to help defray the expenses of the ARB's operation. The filing fee shall not exceed \$200.00 per dwelling unit but may be subject to reasonable increase as determined by the Association Board on recommendation from the ARB.

"Section 6.05" Architectural Guidelines and Rules. The ARB shall adopt, establish and publish from time to time Architectural Guidelines, which shall be a Brookstone Document. The Architectural Guidelines shall not be inconsistent with the Declaration, but shall more specifically define and describe the design standards for Brookstone and various uses within Brookstone. The Architectural Guidelines may be modified or amended from time to time by the ARB. Further, the ARB, in its sole discretion, may excuse compliance in specific situations and may permit compliance with different or alternative requirements. Compliance with the Brookstone design review process is not a substitute for compliance with the Anderson County building, zoning and subdivision regulations, and each Owner is responsible for obtaining all approvals, licenses and permits as may be required prior to commencing construction.

"Section 6.06" Procedures. As part of the Architectural Guidelines and Rules, the ARB shall make and publish such rules and regulations as it may deem appropriate to govern its proceedings. Appeals shall be conducted as provided in the By-laws.

"Section 6.07" Limitation of Liability. The ARB shall use responsible judgment in accepting or disapproving all plans and specifications submitted to it. Neither the ARB nor any individual ARB member shall be liable to any person for any act of the ARB in connection with submitted plans and specifications except to the extent the ARB or any individual ARB member acted with malice or wrongful intent. Approval by the ARB does not necessarily assure approval by the appropriate governmental board or commission for Anderson County, South Carolina. Notwithstanding that the ARB has approved plans and specifications, neither the ARB nor any of its members shall be responsible or liable to any Owner, developer or contractor with respect to any loss, liability, claim or expense which may arise by reason of such approval of the construction of the improvements. Neither the Board, the ARB nor any agent thereof, nor Declarant or any of its partners, employees, agents or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Brookstone Documents, nor for any structural or other defects in any work done according to such plans and specifications. In all events, the ARB shall be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the ARB's decision. The Association, however, shall not be obligated to indemnify each member of the ARB to the extent that any such member of the ARB shall be judged to be liable for negligence or misconduct in the performance of his duty as a member of the ARB, unless

and then only to the extent that the Court in such action or suit may be brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as such Court shall deem proper.

"Section 6.08" Penalties for Violations or Non-compliance. The ARB may seek any and all legal or equitable remedies available to it in the event of a violation of ARB guidelines or non-compliance with such guidelines by an Owner. The ARB may assess \$50.00 per day against an Owner for each event of noncompliance or violation, and collection of such shall be subject to enforcement under all provisions contained herein, including those that provide for such sums owed to become a lien on the Lot.

ARTICLE VII CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

"Section 7.01" General. The Architectural Guidelines and the general instructions set forth in these Covenants shall govern the right of an Owner, developer or other entity to construct, reconstruct, refinish, alter or maintain any improvement upon, under or above any of the property (except as provided in Section 6.02.2 above), and to make or create any excavation or fill on the property, or make any change in the natural or existing surface contour or drainage, or install any utility line or conduit on or over the property.

"Section 7.02" Approval Required. Except to the extent permitted in Section 6.02.2 above, any construction, reconstruction, refinishing or alteration of any part of the exterior of any buildings or other improvement on the property is absolutely prohibited until and unless the Owner or developer first obtains approval from the ARB and otherwise complies with the provisions of these Covenants. All improvements shall be constructed only in accordance with approved plans.

"Section 7.03" Deemed Nuisances. Every violation of these Covenants is hereby declared to be and to constitute a nuisance, and every public or private remedy allowed for such violation by law or equity against a member shall be applicable. These Covenants may be enforced as provided below.

"Section 7.04" Removal of Nonconforming Improvements. The Association, upon request of the ARB and after reasonable notice to the offender and to the Owner, may remove any improvement constructed, reconstructed, refinished, altered or maintained in violation of these Covenants, and the Owner of the improvement shall immediately reimburse the Association for all expenses incurred in connection with such removal.

"Section 7.05" Construction Methods. Specific rules regarding construction methods, including but not limited to excavation, drainage, utility lines, loading areas, waste storage, trash removal, materials storage and transformers and meters shall be set forth in the Architectural Guidelines, and all Owners shall comply with those rules.

ARTICLE VIII GENERAL COVENANTS AND RESTRICTIONS

The Property shall be used only for residential, recreational and related purposes as may more particularly be set forth in this Declaration, Supplemental Covenants hereto, or subsequently recorded Declarations creating Project Associations subject to this Declaration. The Association, acting through the Board of Directors, shall have standing and the power to enforce use restrictions contained in any such Supplemental Covenants as if such provisions were a rule or regulation of the Association.

The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of Lots, Common Areas, including common property of any Project or Project Association, in addition to those contained herein, and to impose reasonable user fees for facilities, including, but not limited to, pathways systems, swimming pools, tennis courts, and parking facilities, if any. Such regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, canceled or modified in a regular or special meeting of the Association by a majority of the Voting Members. However, no such standards and restrictions may be adopted by the Association, nor shall the restrictions set forth herein be amended in any manner which substantially affects the then existing land use of the property affected without the prior written consent of seventy-five (75%) percent of the Owners thereof.

Land use standards constituting the initial restrictions and standards are established by Declarant. Unless otherwise indicated, all such restrictions and standards apply to all types of Lots.

The Declaration or other creating document for any Project Association may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

"Section 8.01" Square Footage. The main building constructed on each Lot numbered 1 to 97 inclusive, shall have an area of not less than 2000 square feet of heated space for single story dwellings and 2400 square feet for 2-story dwellings, exclusive of one story open porches, garages, basements or walk-out lower levels shall be built on site.

"Section 8.02" Building Setbacks. The building setback lines shall be as follows, unless specifically approved by the ARB:

Thirty-Five (35') feet from the front lot line;
Ten (10') feet from the side lot lines;
Thirty-Five (35') feet from the rear lot line.

"Section 8.03" Parking and Garages. The following restrictions apply only to residential Lots. Owners shall park only in their garages or in the driveways serving their Lots or appropriate spaces or designated areas in which parking may or may not be assigned and then subject to such reasonable rules and regulations as the Board of Directors may adopt. All commercial vehicles (i.e., those having lettering or logos), tractors, mobile homes, trailers (either with or without wheels), campers, camper trailers, boats or other watercraft, and boat trailers must be parked entirely within a garage unless otherwise permitted by the Board. No garage may be altered in such a manner that the number of automobiles that could have reasonably been parked in the garage after the alteration is less than the number of automobiles that could have reasonably been parked in the garage as originally constructed. Any such vehicle or recreational equipment parked in violation of these or other regulations contained herein or in the rules and regulations now or hereafter adopted by the Association may be towed by the Association at the sole expense of the Owner of such vehicle or recreational equipment if it remains in violation for a period of twenty-four (24) hours. The Association shall not be liable to the Owner of such vehicle or recreational equipment for trespass, conversion or otherwise, nor guilty of any criminal act by reason of such towing and neither its removal or failure of the Owner to receive any notice of said violation shall be grounds for relief of any kind.

"Section 8.04" Driveways. All driveways shall be paved with concrete unless otherwise approved by the ARB. The road right of way between the residential drive and public road shall be constructed of stamped concrete unless otherwise stipulated by the ARB.

"Section 8.05" Vehicle Maintenance and Repair. The following restrictions apply only to Residential Units. No maintenance or repairs shall be performed on any vehicles upon any portion of the Property, unless performed in a garage, except in an emergency situation. Notwithstanding the foregoing, all repairs to disabled vehicles within the Property must be completed within four (4) hours from its immobilization or the vehicle must be removed.

"Section 8.06" Garages. All houses built in Brookstone Meadows shall include an enclosed two (2) car garage which shall not face the street unless specifically approved by the ARB because of the size, shape or topography of the lot. In the event that a garage facing the street is constructed after obtaining approval from the ARB then the garage doors shall be kept closed at all times except for the entry and exit of vehicles from the garage.

"Section 8.07" Signs. No sign or other advertising device of any nature shall be placed upon any part of the Property except as provided herein. The ARB may, in its discretion, adopt and promulgate rules and regulations relating to signs which may be employed. Signs and other advertising devices may be erected and maintained upon any portion of the Property if approved by the ARB as to color, location, nature, size and other characteristics of such signs or devices. Notwithstanding the foregoing, Declarant specifically reserves the right to itself, its successors, nominees, assigns and the Association to place and maintain signs in connection with construction, marketing, sales and rentals of Lots and identifying or informational signs anywhere on the Property.

"Section 8.08" Mining. No boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, or gases shall be conducted on the Property.

"Section 8.09" Maintenance of Hedges and Plants. Each Owner shall be responsible for and shall maintain all landscaping, grass, driveways, parking areas, structures and grounds located on each Lot in good condition and repair and in a neat and attractive manner. No vegetation may be removed or planted without the prior approval of the ARB; specifically, no trees larger than four (4) inches in diameter shall be cut without the prior approval of the ARB. The Association shall have the right to enter upon any part of a Lot in order to cut, trim, prune or replace, at the expense of the Owner, any grassed area, hedge or other planting which, in the opinion of the Association or the ARB, by reason of its location upon the Lot or the height at which it is permitted to grow, is unreasonably detrimental to the adjoining property or obscures the view of the street traffic or is unattractive in appearance; provided, however, that the Owner shall be given fifteen (15) days prior written notice of such action.

"Section 8.10" Landscaping. All landscape plans must be submitted to the ARB prior to construction as part of the total design of the dwelling. Time limits for implementation may be set by the ARB. The front portion of all lots shall be sodded and irrigated with an underground sprinkler system.

"Section 8.11" Fences. No fence or wall shall be constructed without the prior approval of the ARB. Chain link fences are not permitted.

"Section 8.12" Approved Builders List. All improvements constructed on any Lot located within the Property of Brookstone Meadows shall be made by a builder, contractor or specialty contractor approved by the Architectural Review Board.

"Section 8.13" Occupants Bound. All provisions of this Declaration and of any rules and regulations or use restrictions promulgated pursuant hereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of any Lot.

"Section 8.14" Animals and Pets. No animals, livestock or poultry of any kind may be raised, bred, kept or permitted on any Lot, with the exception of dogs, cats or other usual and common household pets, but not more than a total of two (2); provided, however, those pets which are permitted to roam free, or, in the sole discretion of the Association, endanger the health, make objectionable noise or constitute a nuisance or inconvenience to the Owners of other Lots or the owner of any property adjacent to the Property may be removed by the Board. No pets shall be kept, bred or maintained for any commercial purpose in residential lots. Dogs which are household pets shall, at all times whenever they are outside a Lot, be confined on a leash held by a responsible person. Dogs shall be walked only in those areas designated by the Association.

"Section 8.15" Nuisance. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly or unkept condition on his or her Lot. No Lot

shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any Lot that will emit fowl or noxious odors or might disturb the peace, quiet, safety, comfort or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any property adjacent to the Lot. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Property.

"Section 8.16" Unsightly or Unkept Conditions. The pursuit of hobbies or other activities, including specifically without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any part of the Property.

"Section 8.17" Antennas. No exterior television or radio antennas or satellite dishes greater than eighteen (18") inches of any kind shall be placed, allowed or maintained upon any portion of the Property, including any Lot, without the prior written consent of the Board or its designee. Declarant and/or the Association may erect aerial or other apparatus for a master antenna or cable system, should any such master system or systems be utilized by the Association and require any such exterior apparatus. The ARB shall approve the location of the dish.

"Section 8.18" Clothes Lines, Garbage Cans, Tanks, Etc. All garbage cans, above-ground tanks and other similar items shall be located or screened so as to be concealed from view of neighboring Lots, streets and property located adjacent to the Lot. All rubbish, trash and garbage shall be regularly removed from the Lot and shall not be allowed to accumulate thereon. Clothes lines shall not be used within the Development.

"Section 8.19" Private Recreational Equipment. The location of any private recreational and/or playground equipment must be approved by the ARB.

"Section 8.20" Subdivision of Lots. No Lot shall be subdivided or its boundary lines changed except with prior written approval of the Board of Directors. Declarant, however, hereby expressly reserves the right to replat any Lot or Lots. Any such division, boundary line change or replotting shall not be in violation of the applicable subdivision and zoning regulations.

"Section 8.21" Guns. The use of firearms within the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types, regardless of size.

"Section 8.22" Pools and Tennis Courts. No above-ground pools shall be erected, constructed or installed on any Lot. The site location and design of in-ground pools must be approved by the ARB. No private tennis courts are allowed.

"Section 8.23" Irrigation. No sprinkler or irrigation systems of any type which draw upon water from creeks, streams, rivers, lakes, ponds, canals or other waterways within the Property shall be installed, constructed or operated within the Property, unless approved by the ARB.

Section 8.24" Tents, Trailers and Temporary Structures. Owners or occupants shall not place upon a Lot or any part of the Property any tent or trailer or any structure of a temporary nature, such as a tent, shack or utility shed.

"Section 8.25" Drainage. No Owner shall do or permit any work, construct any Improvements, place any landscaping or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern of the Property, except to the extent such alteration and drainage pattern is approved in writing by the ARB or Board of Directors, and except for rights reserved to Declarant to alter or change the drainage patterns.

"Section 8.26" House Numbers and Mailboxes. Each dwelling shall have a house number, mail box, paper box with a design and location established by the ARB. Builders will install mailboxes at the conclusion of construction. All exterior lighting must be approved by the ARB.

"Section 8.27" Continuity of Construction. All Improvements commenced on the Property shall be prosecuted diligently to completion and shall be completed within twelve (12) months of commencement, unless an exception is granted in writing by the ARB. If an Improvement is commenced and construction is then abandoned for more than ninety (90) days, or if construction is not completed within the required 12 month period, then after notice and hearing as provided in the By-Laws, the Association may impose a fine of not less than One Hundred (\$100.00) Dollars per day on the Owner of the Lot until construction is resumed, or the Improvement is completed, as applicable, unless the Owner can prove to the satisfaction of the Board of Directors that such abandonment is for circumstances beyond the Owner's control. Such charges will be a default Assessment and lien as provided in Section 4.07 above. Landscaping shall be completed within ninety (90) days after the completion of an improvement on Lot or a fine of One Hundred (\$100.00) Dollars per day shall be levied against the Lot Owner.

"Section 8.28" Use. It shall be expressly permissible and proper for Declarant and any other Owner and their employees, agents, independent contractors, successors and assigns involved in the construction of Improvements on, or the providing of utility service to, the Property or other real property owned by Declarant, to perform such activities and to maintain upon portions of the Property as they deem necessary, and facilities as may be reasonably required, convenient, necessary or incidental to such construction and development of the

Property. This permission specifically includes without limiting the generality of the foregoing maintaining business offices, storage areas, construction yards and equipment, signs and sales offices.

"Section 8.29" Recreation Facilities: Covenants Not to. The provisions of Sections 8.01 through 8.23 shall not apply to the Recreational Facilities. Declarant and any other Owner of a Recreational Facility may adopt rules and regulations governing the use and conduct of those facilities. The Recreational Facilities shall nevertheless have the benefit of the provisions of the Article VIII.

"Section 8.30" Leasing. The Owner of a Lot shall have the right to lease such Lot, subject to the following conditions:

"Section 8.30.1" All leases shall be in writing and for a minimum term of ninety (90) days.

"Section 8.30.2" The lease shall be specifically subject to the Brookstone Documents, and any failure of tenant to comply with the Brookstone Documents shall be a default under the lease.

Section 8.30.3" The Owners shall be liable for any violation of the Brookstone Documents committed by the Owner's tenant, without prejudice to the Owner's right to collect any sums paid by the Owner on behalf of the tenant.

"Section 8.31" Timeshare Prohibition. There shall be no timesharing or interval ownership of a Lot. Timeshare or interval ownership shall mean and refer to the definitions of such ownership under the South Carolina Vacation Time Sharing Plan Act and any amendments thereto.

"Section 8.32" Well Limitations: Water Supply. The central water supply system operated by the utility company having a franchise for providing water to the Property, its successors or assigns shall be used as the sole source of water for all purposes on each Lot and each Owner, at his expense, shall connect his water lines to the water distribution main provided to serve the Owner's Lot and shall pay the connection (if any) and water meter charges established by the utility company. After such connection, each Owner shall pay when due the periodic charges or rates for the furnishing of water made by the supplier thereof.

"Section 8.33" Sewage Disposal. Sewage disposal shall be a public sanitary sewer system and each Owner of a Lot, at his expense, shall be responsible for connecting to such public sewage system.

"Section 8.34" No Overhead Wires. All telephone, electric and other utility lines and connections between the main utility lines and the residence or other building located on each Lot shall be concealed and located underground. Each Lot Owner requiring an original or

additional electric service shall be responsible to complete at his expense the secondary electric service, conduits, wires, conductors and other electric facilities from the point of the applicable transformer to the Owner's Lot improvements, and all of the same shall be underground and remain the property of the Owner of each such Lot.

ARTICLE IX WATERFRONT AREAS AND WATERWAYS

"Section 9.01" Restrictions on Lakes and Lakefront Areas". Any Lot which shall abut any lake, stream and pond shall be subject to the following additional restrictions:

(a) No pier, dock or other structure or obstruction or any wall, revetment, rip-rap or any other material shall be built, placed or maintained upon any waterfront Lot on the Property or adjacent thereto except with the specific written approval of the ARB.

(b) Except with the prior written approval of the Association or the AP.B, no device or material may be constructed, placed or installed upon any Lot which shall in any way alter the course or natural boundaries of any stream or which shall involve or result in the removal of water from any lake, stream or pond.

ARTICLE X
MORTGAGEES' RIGHTS

The following provisions are for the benefit of holders, insurers or guarantors of First Mortgages (which term shall be inclusive of similar security instruments such as mortgages, etc. on Lots in the Property. To the extent applicable, necessary or proper, the provisions of this Article X shall apply only to eligible holders, as hereinafter defined; provided, however, voting percentages set forth herein are subject to and controlled by higher percentage requirements, if any, set forth elsewhere in this Declaration for specific actions.

Section 10.01 "Notices of Action". An institutional holder, insurer or guarantor of a First Mortgage, which provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the Lot number) therefore becoming an "eligible holder" will be entitled to timely written notice of action resulting from:

- (a) Any proposed termination of the Association;
- (b) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a First Mortgage held, insured or guaranteed by such eligible holder;
- (c) Any delinquency in the payment of Assessments or other charges owed by an Owner of a Lot, subject to the First Mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of the First Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of any obligation under this Declaration or By-Laws which is not cured within sixty (60) days;
- (d) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (e) Any proposed action which would require the consent of sixty\six percent (66%) of eligible holders.

"Section 10.02" Special FHLMC Provisions". So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing Section of this Article. Unless two-thirds (2/3) of the holders of First Mortgages or Owners give their consent, the Association shall not:

- (a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Property shall not be deemed a transfer);

(b) Change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner;

(c) By act or omission change, waive or abandon any scheme of regulations or enforcements thereof pertaining to the architectural design or the exterior appearance and maintenance of the Lots and of the Common Area. The issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision;

(d) Fail to maintain fire and extended coverage insurance as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such Property.

Holders of First Mortgages may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy for the Common Area, and holders of First Mortgages making such payments shall be entitled to immediate reimbursement from the Association.

ARTICLE XI MAINTENANCE

"Section 11.01" Association's Responsibility. The Association shall maintain and keep the Common area and Open Space in good repair, such maintenance to be funded as provided below. This maintenance shall include, but not be limited to, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures and Improvements situated in the Common Area or the Open Space.

"Section 11.02" Owner's Responsibility. Except as provided otherwise in the applicable Project Documents or by written agreement with the Association, all maintenance of the Lots and all structures, landscaping, parking areas and other Improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain said Lot in accordance with the community-wide standards of Brookstone. The Association shall, in the discretion of the Board, assume the maintenance responsibilities of such Owner if, in the opinion of the Board, the level and quality of maintenance being provided by such Owner does not satisfy such standard, and the Project Association for the Project in which the Lot is located has failed to adequately provide such maintenance. Before assuming the maintenance responsibilities, the Board shall notify the Owner and the applicable Project Association in writing of its intention to do so, and if such Owner or the Project Association has not commenced and diligently pursued remedial action within thirty (30) days after mailing of such written notice, then the Association may proceed. The expenses of such maintenance by the Association shall be reimbursed to the

Association by the Owner, together with interest at five (5%) percent per annum above the prime rate charged by the Association's bank, or such other rate set by the Board, from the date of expenditure. Such charges shall be a default Assessment and a lien on the Lot or the Owner as provided in Section 4.07 above.

ARTICLE XII INSURANCE AND FIDELITY BONDS

"Section 12.01" Hazard Insurance. The Association shall obtain hazard insurance for all insurable Improvements, if any, on the Common Area in an amount equal to the full replacement value (i.e., 100% of the current "replacement cost" exclusive of land, foundation, excavation, depreciation of personal property and other items normally excluded from coverage), which shall include all Building service equipment and the like, common personal property and supplies, and any fixtures or equipment within the Common Area.

"Section 12.02" Liability Insurance. The Association shall obtain a comprehensive policy of public liability insurance insuring the Association and its Members for all liability for property damage, bodily injury or death in connection with the operation, maintenance, use of the Common Area, Open Space or streets and roads within Brookstone, and legal liability arising out of lawsuits related to employment contracts of the Association.

"Section 12.03" Other Insurance. The Association may obtain insurance against other risks of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties, to include, but not be limited to, fidelity bonds, officers' and directors' personal liability insurance or workers' compensation insurance.

"Section 12.04" Insurance Obtained by Owners. It shall be the responsibility of the individual Owners and at their expense to make arrangements in regard to title insurance on their Lots upon any resale, for hazard insurance on the Improvements, personal property and furnishings located on their Lots, and for public liability insurance covering their Lots. In addition, each Owner may obtain such other and additional insurance coverage on and in relation to his Lot as such Owner concludes to be desirable; provided, however, that none of such insurance coverages obtained by an Owner shall affect any insurance coverages obtained by the Association or cause the diminution or termination of the coverage obtained by the Association. Any such insurance obtained by an Owner shall include a waiver of the particular insurance company's right of subrogation against the Association and other Owners.

ARTICLE XIII DAMAGE OR DESTRUCTION

"Section 13.01" Association as Attorney-in-Fact. Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place and stead for the purpose of dealing with the Improvements on the Common Area upon damage or destruction as provided in this Article or a complete or partial taking as provided in Article XIV below. Acceptance by any grantee of a deed or other instrument of conveyance from Declarant or from any Owner shall constitute appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, assignment, deed, waiver or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact.

"Section 13.02" Estimate of Damages or Destruction. As soon as practical after an event causing damage to or destruction of any part of the Common Area in Brookstone the Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Common Area so damaged or destroyed. "Repair and reconstruction" shall mean and refer to restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

"Section 13.03" Repair and Reconstruction. As soon as practical after obtaining estimates, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Improvements. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

"Section 13.04" Funds for Repair and Reconstruction. The proceeds received by the Association for any hazard insurance shall be used for the purpose of repair, replacement and reconstruction. If the proceeds of the insurance are sufficient to pay the estimated or actual cost of such repair and reconstruction, the Association may, pursuant to Section 4.04 above, levy, assess and collect in advance from all Owners, without the necessity of a special vote of the Owners except as provided in Section 4.04, a special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete repair and reconstruction.

"Section 13.05" Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the special Assessments provided for in Section 4.04 above constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance

from the special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as a special Assessment to the Association under Section 13.04 above, or, if no special Assessments were made, then in equal shares per Lot, first to the Mortgagees and then to the Owners as their interests appear.

"Section 13.06" Decision Not to Rebuild. If Owners representing at least sixty-six (66%) percent of the total allocated votes in the Association (other than Declarant) and sixty-six (66%) percent of the First Mortgagees (based upon one vote for each Mortgage owned) of the Lots agree in writing not to repair and reconstruct and no alternative Improvements are authorized, then and in that event the Property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition, and any remaining insurance proceeds shall be distributed in equal shares per Lot, first to the Mortgagees and then to the Owners as their interests may appear.

"Section 13.07" Damage or Destruction Affecting Lots. In the event of damage or destruction to the Improvements located on any Lot, the Owner thereof shall promptly repair and restore the damaged Improvements to their condition prior to such damage or destruction. If such repair or restoration is not commenced within one hundred eighty (180) days from the date of such damage or destruction, or if repair and reconstruction is commenced but then abandoned for a period of more than ninety (90) days, then the Association may, after notice and hearing as provided in the By-Laws, impose a fine of not less than Fifty (\$50.00) Dollars per day on the Owner of the Lot until repair and reconstruction is commenced, unless the Owner can prove to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's control. Such fine shall be a default Assessment and a lien against the Lot as provided in Section 4.07 above.

ARTICLE XIV CONDEMNATION

"Section 14.01" Rights of Owners. Whenever all or any part of the Common Area shall be taken or conveyed in lieu of and under threat of condemnation by the Board of Directors acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking, but the Association shall act as attorney-in-fact for all Owners in the proceeds incident to the condemnation proceeding, unless otherwise prohibited by law.

"Section 14.02" Partial Condemnation: Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows: If taking involves a portion of the Common Area on which Improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and Owners representing at least sixty-six (66%) percent of the Class "A" votes in the Association shall otherwise agree, the Association shall restore or replace such Improvements so taken on the remaining land included in the Common Area to the extent lands are available therefore, in

accordance with the plans approved by the Board of Directors and the ARB. If such Improvements are to be repaired or restored, the provisions in this Article XIII above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any Improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after such restoration or replacement is completed, then such award or net fund shall be distributed in equal shares per Lot, first to the Mortgagees and then to the Owners as their interests appear.

"Section 14.03" Complete Condemnation. If all of Brookstone is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance of condemnation, then the Association created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed as provided in Section 14.02 above.

ARTICLE XV EXPANSION

"Section 15.01" Reservation of Right to Expand. Declarant may expand the effect of this Declaration to include all of the Expansion Property which comes into the possession and control of Declarant. Declarant shall have the unilateral right to transfer to any other person this right to expand by an instrument duly recorded. Declarant shall pay all taxes and other governmental assessments relating to the Expansion Property until expansion.

"Section 15.02" Declaration of Annexation. Such expansion may be accomplished by recording a Declaration of Annexation in the R.M.C. Office for Anderson County, South Carolina, before January 1, 2007, describing the real property to be annexed to the Property, submitting it to the covenants conditions and restrictions contained in this Declaration, designating it as a Project, if the Expansion Property parcel in that instance does in fact constitute a Project, and providing for voting rights and Assessment allocations as provided in this Declaration. Such Declaration of Annexation shall not require the consent of the Owners. Any such expansion shall be effective upon the filing for record of such Declaration of Annexation, unless otherwise provided therein. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion. Upon the recordation of any such Declaration of Annexation, the definitions used in this Declaration shall be expanded automatically to encompass and refer to Brookstone as expanded. Such Declaration of Annexation may add, delete or modify provisions of this Declaration applies to the Expansion Property already subject to this Declaration, except as provided below for amendment.

ARTICLE XVI ENFORCEMENT OF COVENANTS

"Section 16.01" Violations Deemed a Nuisance" Every violation of this Declaration or any of the other Brookstone Documents is deemed to be a nuisance and is subject to all the remedies provided for the abatement of the violation. In addition, all public and private

remedies allowed at law or in equity against anyone in violation of these Covenants shall be available.

"Section 16.02" Compliance. Each Owner or other occupant of any part of the Property shall comply with the provisions of the Brookstone Documents as the same may be amended from time to time

"Section 16.03" Failure to Comply. Failure to comply with the Brookstone Documents shall be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and an opportunity for a hearing as provided in the By-Laws shall be given to the delinquent party. prior to commencing any legal proceedings.

"Section 16.04" Who May Enforce. Any action to enforce the Brookstone Documents may be brought by Declarant or the Board or the Manager in the name of the Association on behalf of the Owners. If, after a written request from an aggrieved Owner, none of the foregoing persons or entities commences an action to enforce the Brookstone Documents, then the aggrieved Owner may bring such action.

"Section 16.05" Remedies. In addition to the remedies set forth in this Article XVI, any violation of the Brookstone Documents shall give the Board, the Manager or Declarant, on behalf of the Owners, the right to enter upon the offending premises or take appropriate peaceful action to abate, remove, modify or replace, at the expense of the offending Owner, any structure, thing or condition that may exist thereon contrary to the interest and meaning of the Brookstone Documents. If the offense occurs on any easement, walkway, Common Area or the like, the cure shall be at the expense of the Owner of other person responsible for the offending condition.

"Section 16.06" Non-Exclusive Remedies. All the remedies set forth herein are cumulative and not exclusive.

"Section 16.07" No Waiver. The failure of the Board of Directors, Declarant, the Manager, the ARB or any aggrieved Owner to enforce the Brookstone Documents shall not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any other part of the Brookstone Documents at any future time.

"Section 16.08" No Liability. No member of the Board of Directors, Declarant, the Manager, the ARB or any Owner shall be liable to any other Owner for the failure to enforce any of the Brookstone Documents.

"Section 16.09" Recovery of Costs. If legal assistance is obtained to enforce any of the provisions of the Brookstone Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Brookstone Documents or the restraint of violations of the Brookstone Documents, the prevailing party shall be entitled to recover all costs

incurred by it in such action, including reasonable attorney's fees as may be incurred, or if suit is brought, as may be determined by the Court.

ARTICLE XVII RESOLUTION OF DISPUTES

If any dispute or question arises between Members and the Association or the ARB relating to the interpretation, performance or non-performance, violation or enforcement of the Brookstone Documents, such dispute or violation may be subject to a hearing and determination by the Board in accordance with the procedures set forth in the By-Laws.

ARTICLE XVIII DURATION OF THESE COVENANTS AND AMENDMENTS

"Section 18.01" Term. The covenants and restrictions of this Declaration shall run with and bind the Property, and shall insure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a term of twenty (20) years from the date of this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change covenants and restrictions. in whole or in part, or to terminate the same.

"Section 18.02" Amendment. (a) Subject to the requirements of (b) below, Declarant may amend this Declaration so long as it has the right to appoint a majority of the Board of Directors; thereafter and otherwise, subject to the requirements of (b) below, this Declaration may be amended only by the affirmative vote or written consent of Voting Members representing seventy-five (75%) percent of the total votes of the Association. However, the percentage of votes necessary to amend a specific clause will not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment may remove, revoke or modify any right or privilege of Declarant as specifically provided for in this Declaration of Amendments hereto without the written consent of Declarant or the assignee of such right or privilege. Any amendment must be recorded in the R.M.C. Office for Anderson County, South Carolina.

(b) The consent of at least two-thirds (2/3) of the Class "A" votes and of Declarant, so long as it owns any lands described in EXHIBIT "A", as exercised through their Voting Members, shall be required to terminate the Association and to make a material amendment to any provisions of this Declaration or the Articles of Incorporation or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

- (i) Voting right;
- (ii) Assessments, assessment liens or subordination of such liens;

- (iii) Reserves for maintenance, repair and replacement of the Common Area;
- (iv) Insurance;
- (v) Rights to use of the Common Area;
- (vi) Responsibility for maintenance and repair of the Property;
- (vii) Expansion or contraction of the Property or the addition, annexation or withdrawal of Property to or from the Association;
- (viii) Boundaries of any Lot
- (ix) Leasing of Lots;
- (x) Imposition of any right of first refusal or similar restrictions of the right of any Owner to sell, transfer or otherwise convey his or her Lot;
- (xi) Establishment of self-management by the Association where professional management has been required by an eligible holder;
- (xii) Convertibility of Lots into Common Areas or vice-versa; or
- (xiii) Any provisions included in this Declaration, By-Laws or Articles of Incorporation which are for the express benefit of holders, guarantors or issuers of mortgages on Lots.

Declarant shall have the right at any time within five (5) years from the date hereof to amend this Declaration to correct scrivener's errors and to clarify any ambiguities determined to exist herein, or to change or add provisions of this Declaration for the purpose of meeting the requirements of governmental agencies, including but not limited to the Federal Housing Administration and the Veterans Administration. Such amendment needs to be executed and acknowledged by Declarant only, and need not be approved by the Association, the Owners, lienors and mortgagees of Lots, whether or not elsewhere required for amendments. No amendment shall alter the subordination provisions of this Declaration without the prior approval of any mortgagee enjoying such protection.

"Section 18.03" Effect on Recording. Any modification or amendment shall be immediately effective upon recording in the R.M.C. Office for Anderson County, South Carolina, a copy of such amendment or modification, executed and acknowledged by the necessary number of Owners (and by Declarant, as required), together with a duly authenticated Certificate of the Secretary of the Board stating that the required number of consents of Owners were obtained and are on file in the office of the Association.

"Section 18.04" Revocation. This Declaration shall not be revoked except as provided in Article XIV regarding total condemnation without the consent of all of the Owners in a written instrument duly recorded.

ARTICLE XIX PRINCIPLES OF INTERPRETATION

"Section 19.01" Severability. This Declaration, to the extent possible, shall be construed or reformed so as to give validity to all of its provisions. Any provision of this Declaration

found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating any other part hereof.

"Section 19.02" Construction. In interpreting words in this Declaration, unless the context shall otherwise provide or require, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

"Section 19.03" Headings. The headings are included for purposes of convenient reference, and they shall not affect the meaning or interpretation of this Declaration.

"Section 19.04" Registration of Mailing Address. Each Member shall register his mailing address with the Secretary of the Association from time to time, and notices or demands intended to be served upon or given to a Member shall be personally delivered or sent by mail, postage prepaid, addressed in the name of the member at such registered mailing address.

"Section 19.05" Notice. All notices or requests required shall be in writing. Notice to any Member shall be considered delivered and effective upon personal delivery or three (3) days after posting, when sent by certified mail, return receipt requested, to the address of such Member on file in the records of the Association at the time of such mailing. Notice to the Board, the Association, the ARB or Manager shall be considered delivered and effective upon personal delivery or three (3) days after posting, when sent by certified mail, return receipt requested, to the Association, the Board, the ARB or the Manager at such address as shall be established by the Association from time to time by notice to the Members. General notices to all Members or any classification thereof need not be certified, but may be sent regular first class mail.

"Section 19.06" Waiver. No failure on the part of the Association, the Board or the ARB to give notice of default or to exercise delay in exercising any right or remedy shall operate as a waiver, except as specifically provided above in the event the board or the ARB fails to respond to certain requests. No waiver shall be effective unless it is in writing, signed by the President or Vice-president of the Board on behalf of the Association, or by the Chairman of the ARB on behalf of the ARB.

"Section 19.07" Limitation of Liability or Indemnification. The Association shall indemnify every officer, director and committee member against any and all expenses, including trial and appellate attorney's fees and costs reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each

officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a Common Expense, maintain adequate general liability insurance and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

"Section 19.08" Conflicts Between Documents. In case of conflict between this Declaration and the Articles of Incorporation or the By-Laws or the "Protective Covenants", this Declaration shall control. In case of conflict between the Articles of Incorporation or the "Protective Covenants" and the Architectural Guidelines, the Architectural Guidelines shall control.

"Section 19.09" Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a seventy-five (75%) percent of the total Members of the Association. This Section 19.09 shall not apply, however, to: (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of Assessments as provided in Article IV hereof, (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims or crossclaims brought by the Association in proceedings instituted against it. This Section 19.09 shall not be amended unless such amendment is made by Declarant or is approved by the percentage votes and, pursuant to the same procedures, necessary to institute proceedings as provided above.

"Section 19.10" Indemnity for Damages. Each and every Owner and future Owner, in accepting a deed or contract for any Lot subject to these restrictions, agrees to indemnify Declarant for any damage caused by such Owner, or the contractor, agent or employees of such Owner, to roads, streets, gutters, walkways or other aspects of public ways, including all surfacing thereon, or to water, drainage or storm sewer lines, or sanitary sewer lines, or other utilities such as telephone, cable television, electricity or gas lines.

"Section 19.11" Assignment. Declarant may assign all or any part of its rights and reservations hereunder to any successor who takes title to all or part of the Property in a bulk purchase for the purpose of development and sale. Such successor shall be identified, the particular rights being assigned shall be specified, and, to the extent required, concomitant obligations shall be expressly assumed by such successor, all in written instrument duly recorded in the R.M.C. Office for Anderson County, South Carolina.

ARTICLE XX CONSENT AND AFFIRMATION OF PREVIOUS GRANTEES

"Section 20.01" Declaration to apply to each Lot. By their signatures contained herein, the parties named below declare that the real property represented by the Lot Number shown beside the name of the individual shall be held, transferred, sold and conveyed and occupied

subject to this Declaration, and all covenants, restrictions, reservations, easements, charges and liens contained herein, as fully as if imposed by Declarant prior to conveyance: None.

IN WITNESS WHEREOF, Declarant has caused this General Declaration of Covenants, Conditions, Restrictions and Easements of Brookstone to be executed the _____ day of _____, 1997.

Brookstone Developers, L.L.C.

By: Thomas P. Winkopp
Its: Manager

STATE OF SOUTH CAROLINA)
)
COUNTY OF PICKENS)

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Brookstone Developers, L.L.C., by and through it's Manager Thomas P. Winkopp, sign, seal and as his act and deed deliver the within written instrument and that (s)he with the other witness subscribed above witnessed the execution thereof.

SWORN to before me this _____
day of _____, 1997.

Notary Public for South Carolina
My Commission Expires: ____