

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR DEER RIDGE SUBDIVISION PHASE I

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THIS DECLARATION is made on this ___ day of August, 1998, by CENTEX HOMES, a Nevada partnership hereinafter referred to as the "Declarant".

REGISTERED DEEDS

WITNESSETH

WHEREAS, the Declarant is the owner of certain real property in Greenville County, South Carolina, described on Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, Declarant desires to create an exclusive planned community known as the Deer Ridge Subdivision Phase I on the land described in Exhibit "A" and such other land as may be added thereto pursuant to the terms and provisions of this Declaration;

NOW THEREFORE, the Declarant declares that the real property described on the attached Exhibit "A" shall be held, sold and conveyed subject to the restrictions, easements, covenants and conditions declared below, which shall be deemed to be covenants running with the land and imposed on and intended for the benefit and burden each Lot and other portions of the Property in order to maintain within the Property a quality planned community. Such matters shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall insure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1.1. "Additional Land" shall mean and refer to the area shown on Exhibit "B" including, but not limited to, residential property, Common Areas and Recreational Amenities, as described in Section 11.5(b) of this Declaration.

Section 1.2. "Association" shall mean and refer to the Deer Ridge Master Homeowner's Association, Inc., a South Carolina nonprofit corporation established, or to be established, for the purposes set forth herein.

Section 1.3. "Common Areas" shall mean and refer to all real property, including improvements thereto owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows: the entrance monuments, detention pond and any other beautification or landscaped area benefitting the Property or denoted as Common Areas on the Plats described in Exhibit "A".

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Section 1.4. Intentionally Left Blank.

Section 1.5 Intentionally Left Blank.

Section 1.6. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Deer Ridge Subdivision Phase I, and any amendments, annexations and supplements thereto made in accordance with its terms.

Section 1.7. "Declarant" shall mean and refer to Centex Homes A Nevada Partnership, its successors and assigns who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

Section 1.8. "Lot" shall mean and refer to any of the plots of land indicated upon the recorded subdivision map of the Property or any part thereof creating single-family homesites, with the exception of the Common Areas and areas deeded or dedicated to a governmental authority or utility, together with all improvements thereon.

Section 1.9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 1.10. "Plat" shall mean and refer to the initial plat of the Deer Ridge Subdivision Phase I prepared by Power Engineering Co., Inc., dated July 31, 1998, recorded in the Greenville County RMC Office in Plat Book 37W at Page 93, as well as any subsequent plat or portions of the Property recorded by Declarant.

Section 1.11. "Property" shall mean and refer to the real property described on the attached Exhibit "A".

Section 1.12. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

Section 1.13. "Wetland Areas" shall mean and refer to that portion of the Property designated as Wetlands by the U.S. Army Corps of Engineers as delineated on a recorded Plat or Plats of the Property.

ARTICLE II

PROPERTY RIGHTS

Section 2.1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement in and to the Common Areas and Recreational Amenities, if any, and a right and easement of ingress and egress to, from and through said Common Areas and Recreational

Amenities, if any, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) Intentionally Left Blank.
- (b) The right of the Association to establish and publish rules and regulations governing the use of the Common Areas and Recreational Amenities affecting the welfare of the Association Members.
- (c) The right of the Association to establish rules and regulations and prohibit the use of the Wetland Areas as may be required by any Federal or State governmental agencies.
- (d) The right of the Association to suspend the right of use of the Common Areas and Recreational Amenities and the voting rights of an Owner for any period not to exceed sixty (60) days for any infraction of its published rules and regulations.
- (e) The right of the Association, subject to the provisions hereof, to transfer or convey all or any part of the Common Areas, Wetland Areas or Recreational Amenities, if any, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless an instrument signed by Owners entitled to cast two-thirds (2/3) of the votes of each class of membership has been recorded agreeing to such dedication or transfer.
- (f) The right of the Association to grant, consent to or join in the grant or conveyance of easements, licenses or rights-of-way in, on or over the Common Area for purposes consistent with the intended use of the Property as a residential community.
- (g) The rights and reservations of Declarant set forth in this Declaration.

Section 2.2 Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

Section 2.3. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Areas and Recreational Amenities to the members of his family, his tenants, or contract purchasers who reside within the Unit.

Section 2.4. Drainage Alteration Prohibited. The surface water drainage contours of each Lot shall conform to the approved grading plan established by the Declarant. No Owner shall fill or alter any drainage swale established by the Declarant, nor shall any Owner install

landscaping or other improvements that divert surface water runoff from the drainage patterns, swales and easements established by Declarant.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS FOR DEER RIDGE MASTER HOMEOWNER'S ASSOCIATION, INC.

Section 3.1. Membership. The Declarant and every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from the Ownership of any Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

Section 3.2. Voting Rights. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B Members shall be the Declarant who shall be entitled to three (3) votes for each unoccupied Lot owned. The Class B membership on the happening of either of the following events, which ever occurs earlier, the conveyance of the Lot which causes the total votes outstanding in the Class B membership to equal the total votes outstanding in the Class A membership, or ten (10) years after conveyance of the first Lot to a Class A Member. Class B membership shall be reinstated at any time before the expiration of ten (10) years from the date of conveyance of the first Lot if additional Lots owned by a Class B Member are annexed into the Association in sufficient numbers to restore a ratio of at least one (1) Class B Lot to each three (3) Class A Lots in the overall area subject to the Association.

(c) Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to Article IV or for sixty (60) days for any other violation or default hereunder or under the By-Laws or Rules and Regulations of the Association.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENT

Section 4.1. Creation of the Lien and Personal Obligation of Assessments. Each Member is deemed to covenant and agree to pay the Association: (1) annual assessment charges,

and (2) special assessment charges. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due and shall not pass to his successors in title unless expressly assumed by them.

Section 4.2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Owners and residents in the Properties and for the improvement and maintenance of the Common Areas, Recreational Amenities, Right-of-Way Maintenance areas and Wetland Areas.

Section 4.3. Basis and Maximum of Annual Assessments for Class A Members.
Until January 1st of the year immediately following the conveyance of the First Lot to a Class A Member, the maximum annual assessment shall be \$100.00 per Lot.

(a) From and after January 1st of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum annual assessment may be increased each year ten (10%) percent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1st of the year immediately following the conveyance of the first Lot to a Class A Member the maximum annual assessment may be increased more than ten (10%) percent above the prior year's maximum by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy at a meeting called for this purpose.

Written notice of such meeting shall be sent to all members not less than ten (10) days nor more than fifty (50) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as and incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

Section 4.4. Assessments to be levied by Board. After consideration of current maintenance costs and future needs of the Association, the Board of Directors may levy the annual assessments in accordance with the provisions set forth in Section 4.3 above.

Section 4.5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments as follows:

a. In any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any new construction, reconstruction, repair or replacement of a capital improvement upon any Common Area, Recreational Amenity

or Right-of-Way Maintenance Area, including fixtures and personal property related thereto may be assessed. The Association shall not commingle the proceeds of such special assessments with the maintenance fund. Such proceeds shall be used solely and exclusively to fund the improvements in question.

b. The Board of Directors shall determine the necessity and the amount of any special assessment, provided that any such assessment shall have the consent of two-thirds (2/3) of each class of members who are voting in person or by proxy at a meeting called for the purpose of approving the special assessments and conducting other business, if any. Written notice of such meeting shall be sent to each member not less than ten (10) days nor more than fifty (50) days in advance of the meeting.

Section 4.6. Declarant Assessment, Subsidy. The annual assessment for Lots owned by Declarant shall be one-fourth (1/4) the annual assessment for Lots owned by Class A Members. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period. Declarant hereby covenants and agrees that in the event that the annual maintenance fund revenues are insufficient to pay the operating expenses of the Association, it shall provide the funds necessary to make up the deficit (the "Subsidy"), within thirty (30) days of receipt of request for payment thereof from the Association, provided that if the deficit is the result of the failure or refusal of an Owner or Owners to pay their annual maintenance assessments, the Association shall diligently pursue all available remedies against such defaulting Owner or Owners, including the immediate institution of litigation to recover the unpaid assessments, and shall reimburse the Declarant the amounts, if any, so collected. The Subsidy provided for herein, if one is determined by the Board of Directors to be necessary for a year of operation as set forth above, together with interest, costs and reasonable attorneys fees shall be a charge upon the Lots owner by Declarant and shall constitute a lien upon Lots owned by Declarant effective only at the time said lien is recorded. In the alternative, Declarant shall have the right to pay full Class A assessments on its Lots without thereby relinquishing its Class B status and shall then be excused from the payment of any budget deficits.

Section 4.7. Initial Maintenance Fund. Upon the first sale of a Lot to a Class A Member by Declarant, an initial maintenance fund fee equal to three (3) months' estimated regular assessment may be assessed which shall be due and payable upon conveyance of a Lot to a Class A Member. The aggregate fund established by such initial maintenance fund fee shall be maintained in an account as part of the Maintenance Fund, and shall be available for all necessary expenditures of the Association for maintenance and considered a part of the Maintenance Fund established pursuant to Section 4.11 below.

Section 4.8. Uniform Rate. Both annual and special assessments must be fixed at a uniform rate for each class of membership for all single-family Lots and may be collected on a monthly, quarterly or annual basis.

Section 4.9. Quorum for any Action Authorized under Sections 4.3 and 4.5. At any meeting called, as provided in Sections 4.3 and 4.5 hereof, the presence at the meeting of members or of proxies entitled to cast a majority of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 4.3 and 4.5, however, the quorum requirement shall be one-half ($\frac{1}{2}$) of the previous quorum requirements. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The necessary approval may also be obtained by a canvass of the members as set forth in Article VIII, Section 8.4 of the By-Laws.

Section 4.10. Date of Commencement of Annual Assessments: Due Dates. The annual assessment provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first Lot to a Class A Member. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment period; provided, however, that the Board of Directors shall have the right to adjust the annual assessment as long as any such adjustment does not exceed the maximum permitted hereunder with thirty (30) days written notice given to each Owner. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand, at any time furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 4.11. Establishment of Maintenance Fund. The Association shall establish a Maintenance fund composed of a portion of the Owners' annual assessments and shall use the proceeds of such fund in providing for normal, recurring maintenance charges for the Common Areas and Recreational Amenities for the use and benefit of all members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Common Areas, Recreational Amenities and Right-of-Way Maintenance Areas (including, but not limited to mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping and general maintenance of the entry monument located on Fowler Circle and the improvements to such Common Areas, Recreational Amenities and Right-of-Way Maintenance Areas such as sprinkler systems, provided that the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Areas, Recreational Amenities and Right-of-Way Maintenance Areas; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the Property to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the collection and administration of the annual assessment or any special assessment; employment of policemen and watchmen, if any; caring for vacant lots; and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association to keep the Property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being

understood that the judgment of the Board of Directors in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith.

Section 4.12. Effect of Non-payment of Assessments: Remedies of the Association.

Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the Association shall have the authority to impose late charges of fifteen (\$15.00) dollars to compensate for the administrative and processing costs of late payments and the assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum or the highest rate of interest allowed by South Carolina law from time to time, and the Association may bring an action at law or in equity against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Association or its agents shall have the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage or deed of trust lien on real property. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Owners. The Association acting on behalf of the Owners shall have the power to bid on an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas, Recreational Amenities, Right-of-Way Maintenance Areas or abandonment of his property.

Section 4.13. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages granted or created by the Owner of any Lot to secure the payment of monies advanced and used for the purpose of purchasing and/or improving such Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to a foreclosure under such purchase-money or improvement mortgages or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability or any assessments thereafter becoming due or from the lien thereof.

Section 4.14. No Reimbursement to Declarant. The proceeds of the regular annual assessments shall not be used to reimburse Declarant for any capital expenditures incurred in construction or other improvements of Common Areas, if any, nor for the operation or maintenance of such Common Areas incurred prior to conveyance thereof unencumbered, to the Association.

Section 4.15. Reserve Fund, Budget and Capital Contribution. The Association shall, in addition, establish and maintain an adequate reserve fund for the periodic maintenance, repair and

replacement of improvements to the Common Areas, Recreational Amenities and Right-of-Way Maintenance Areas. The fund shall be established and maintained out of regular annual assessments. The Board of Directors shall annually prepare reserve budgets for the Common Areas, Recreational Amenities and Right-of-Way Maintenance Areas, which take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board of Directors shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual assessments over the budget period. Monies set aside in a reserve fund may not be reallocated for use in payment of operating expenses. Monies set aside in one (1) reserve fund (if more than one (1) such reserve fund is set up) may be reallocated to other reserve funds with the approval of the Board of Directors.

Section 4.16. Reimbursement of Costs Expended. The Board of Directors may levy a charge ("Reimbursement Charge") against an Owner if the failure of the Owner to comply with this Declaration, the Articles of Incorporation, the By-Laws or any rules and regulations shall have resulted in the expenditure of funds or the determination that funds will be expended by the Association to cause such compliance. Such Reimbursement Charge shall be levied only after notice and hearing by the Board of Directors. The amount of the Reimbursement Charge shall not exceed actual out of pocket expense of the Association and shall be due and payable to the Association ten (10) days after notice to the member of the decision of the Board of Directors that the Reimbursement Assessment is owing.

Section 4.17. Right-of-Way Maintenance Areas. The Association shall, in addition to the maintenance of the Common Areas and Recreational Amenities, be expressly empowered to maintain the landscaping and any other beautification needs of the areas within the rights-of-way, including but not limited to , landscaping, mowing, edging, watering, clipping, sweeping, pruning, raking and repairing of any improvements to such Right-of-Way Maintenance Areas as the Association deems necessary. Notwithstanding the foregoing, the Association shall not be obligated to make capital improvements to the Right-of-Way Maintenance Areas.

ARTICLE V

GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

Section 5.1. Purpose of Maintenance Fund. The Board, for the benefit of the Owners, shall provide and shall pay for out of the maintenance fund provided for in Article IV above the following:

a. Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas and Recreational Amenities rather than against the individual Owners, if any.

- b. Care, preservation and enhancement of the Common Areas and Recreational Amenities.
- c. Preservation of the Wetland Areas.
- d. The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, if determined to be feasible (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days prior written notice to the managing party) and the services of such other personnel as the Board shall determine to be necessary or property for the operation of the Association, whether such personnel are employed directly by the Board or by the manager.
- e. Legal and accounting services and related cost.
- f. A policy or policies of insurance insuring the Association against any liability to the public or to the Owners and Declarant (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors, including a policy or policies of insurance as provided herein in Article VII.
- g. Workers compensation insurance to the extent necessary to comply with any applicable laws.
- h. Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.
- i. Intentionally Left Blank.
- j. Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration and the use, maintenance and repair of the Common Areas, Right-of-Way Maintenance Areas and Recreational Amenities.

Section 5.2. Powers and Duties of the Board. The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the By-Laws of the Association:

- a. To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas and recreational amenities, if any, on behalf of all Owners.
- b. To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.

c. To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

d. To protect or defend the Common Areas, Recreational Amenities and Right-of-Way Maintenance Areas from loss or damage by suit or otherwise and to provide adequate reserves for repairs and replacements.

e. To make reasonable rules and regulations for the operation of the Recreational Amenities and other Common Areas and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the Owners, or with respect to a rule applicable to less than all of the Common Areas, by the Owners in the portions affected.

f. To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

g. To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.

h. To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any owner for violation of such provisions or rules.

i. To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.

Section 5.3. Board Powers Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

Section 5.4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner or other person or entity for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE VI

ARCHITECTURAL REVIEW

Section 6.1. Architectural Control Committee. A committee to be known as the

Architectural Control Committee (the "ACC") shall be established consisting of three (3) members.

a. The members of the ACC shall be appointed, terminated and/or replaced by the Board of Directors. The foregoing notwithstanding, the Declarant, its successors or assigns, shall have the right to appoint at least one (1) member of the ACC until 100% of the Lots are sold or until Declarant notifies the Association in writing of its desire to relinquish the right of appointment granted herein, whichever occurs first. Thereafter all the members of the ACC shall be appointed, terminated and/or replaced by the Board of Directors. The initial members appointed to the ACC are D. Keith Wood, Carol Douis and Chuck Hall.

b. The purpose of the ACC is to enforce the architectural standards of the community and to approve or disapprove changes or additions for improvements proposed for the Lots.

c. The ACC shall act by simple majority vote, and shall have the authority to delegate its duties to subcommittees or to retain the services of a professional engineer, architect, designer, inspector or other person to assist in the performance of its duties.

Section 6.2. Scope of Review. No building, fence, wall, outbuilding, landscaping, pool, athletic facility or other structure or improvement shall be erected, altered, added onto or replaced upon any portion of the Property without prior written consent of the ACC.

Section 6.3. Submission of Plans. Prior to the initiation of construction or placement of any structure upon any Lot, the Owner thereof shall first submit to the ACC a complete set of plans and specifications for the proposed improvements, including site plans, grading plans, landscape plans, floor plans depicting room sizes and layouts, exterior elevations, specifications of materials and exterior colors, and any other information deemed necessary by the ACC for the performance of its function. In addition, the Owner shall submit the identity of the individual or company intended to perform the work and projected commencement and completion dates.

Section 6.4. Plan review. Upon receipt by the ACC of all of the information required by this Article VI, it shall have thirty (30) days in which to review said plans. The proposed improvements will be approved if, in the sole opinion of the ACC: (i) The improvements will be of an architectural style and material that are compatible with the other structures on the property; (ii) the improvements will not violate any restrictive covenant or encroach upon any easement, Common Area, Recreational Amenity or Wetland Area or cross platted building set back lines; (iii) the improvements will not result in the reduction in property value, use or enjoyment of any of the Property; (iv) the individual or company intended to perform the work is acceptable to the ACC; and (v) the improvements will be substantially completed, including all cleanup, within three (3) months of the date of commencement (6 months for the construction of a complete house). In the event that the ACC fails to issue its written approval within thirty (30) days of its receipt of the last of the materials or documents required to complete the Owner's submission, the ACC's approval shall be deemed to have been granted without further action so

long as the plans submitted to not violate any other provision of the Declaration, the Plat or the Bylaws, in which event the Owners submission will be deemed to have been denied.

Section 6.5. Non-conforming Structures. If there shall be a material deviation from the approved plans in the completed improvements, such improvements shall be in violation of this Article VI to the same extent as if erected without prior approval of the ACC. The ACC, the Association or any Owner may maintain an action at law or in equity for the removal or correction of the non-conforming structure and, if successful, shall recover from the Owner in violation all costs, expenses and fees incurred in the prosecution thereof.

Section 6.6. Immunity of ACC Members. No individual member of the ACC shall have any personal liability to any Owner or any other person for the acts or omissions of the ACC if such acts or omissions were committed in good faith and without malice. The Association shall defend any action brought against the ACC or any member thereof arising from acts or omissions of the ACC committed in good faith and without malice. The ACC shall not be responsible for reviewing, nor shall its approval of any plans or specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, security, or conformance with building or other codes.

Section 6.7. Waiver of Future Approvals. The approval or consent of the ACC to any plans or specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the ACC shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans or specifications or other matter whatever subsequently or additionally submitted for approval or consent.

Section 6.8. Address of Notice. Requests for ACC approval of correspondence with the ACC shall be addressed to the Deer Ridge ACC and mailed or delivered to the principal office of Centex Homes in Greenville County, South Carolina, or such other address as may be designated from time to time by the ACC. No correspondence or request for approval shall be deemed to have been received until actually received by the ACC in form satisfactory to the ACC.

Section 6.9. Declarant and Builder Exemption. So long as Declarant is a Member and so long as Builder continues to build homes within the Property, the ACC shall have no authority, power, or jurisdiction over Lots owned by Declarant or Builder, and the provisions of this Article VI shall not apply to Lots owned by Declarant or Builder until such time as Declarant or Builder conveys title to the Lot to a third party purchaser. This Section 6.9 shall not be amended without Declarant's and Builder's written consent set forth on the amendment.

ARTICLE VII

TITLE TO COMMON AREAS

Section 7.1. Association to Hold. The Association shall own all Common Areas.

Recreational Amenities and Wetland Areas in fee simple and assume all maintenance obligations with respect to any Common Areas, Recreational Amenities and Wetland Areas which may be hereafter established. Declarant shall convey all Common Areas to the Association free and clear of all encumbrances and prior to HUD insuring any first mortgage within the property. Nothing contained herein shall create an obligation on the part of Declarant to establish any Common Area.

Section 7.2. Liability Insurance. From and after the date on which title to any Common Area, Recreational Amenity or Wetland Area vests in the Association, and the date on which the Association assumes maintenance responsibility for the Right-of-Way Maintenance Area, the Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its Members, covering occurrences on the Common Areas, Recreational Amenities, Wetland Areas and Right-of-Way Maintenance Areas. The policy limits shall be determined by the Board of Directors of the Association. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of members, Directors, and the management company retained by the Association (if any), insuring each against liability to each other insured as well as third parties.

Section 7.3. Condemnation. In the event of condemnation or a sale in lieu thereof of all or any portion of the Common Areas, Recreational Amenities and Wetland Areas the funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas and/or Recreational Amenities to replace that which has been condemned or to take whatever steps it deems reasonably necessary to repair or correct any damage suffered as a result of the condemnation. In the event that the Board of Directors of the Association determines that the funds cannot be used in such a manner due to the lack of available land for additional Common Areas and/or Recreational Amenities or for whatever reason, any remaining funds may be distributed to each Owner on a pro rata basis.

ARTICLE VIII

EASEMENTS

Section 8.1. Utility Easements. As long as Class B membership shall be in effect, the Declarant hereby reserves the right to grant perpetual, nonexclusive easements limited to the front ten (10) feet of each Lot and the rear ten (10) feet of each Lot and the side five (5) feet of each Lot for the benefit of Declarant or its designers, upon, across, over, through and under any portion of the Common Areas or Recreational Amenities for ingress, egress, installation, replacement, repair, maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, cable television. Declarant, for itself and its designers, reserves the right to retain title to any and all pipes, lines, cables or other improvements installed on or in such easements. Upon cessation of Class B membership, the Association shall have the right to grant the easements described herein with regard to the Common Areas and Recreational Amenities only.

Section 8.2. Declarant's Easement to Correct Drainage. Declarant hereby reserves for the benefit of Declarant a blanket easement on, over and under the ground within the Property to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damages, as may be necessary to provide adequate drainage facilities. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the Property.

Section 8.3. Easement for Unintentional Encroachment. The Declarant hereby reserves and exclusive easement for the unintentional encroachment by any structure upon the Common Areas, Recreational Amenities or Wetland Areas caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching Property to the extent of such encroachment.

Section 8.4. Entry Easement. In the event that an Owner fails to maintain his or her Lot as required herein, or in the event of emergency, the Association shall have the right, but not the obligation, to enter upon a Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and appearance of the Lot. Entry upon the Lot as provided herein shall not be deemed a trespass, and the Association shall not be liable for any damage so created unless such damage is caused by the Association's willful misconduct or gross negligence. The easement provided herein is limited to the exterior of a Unit and yard area within a Lot. Any cost incurred by the Association pursuant to this Section 8.4 shall be reimbursed in accordance with Section 4.16.

Section 8.5. Drainage Easements. Easements for installation and maintenance of utilities, storm water and/or a conservation area are reserved as may be shown on the recorded Plat. Within these easement areas, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may hinder or change the direction of flow of drainage channels or slopes in the easements. The easement area of each lot and all improvements contained therein shall be maintained continuously by the Owner of said Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

Section 8.6. Temporary Completion Easement. All lots shall be subject to an easement of ingress and egress for the benefit of the Declarant, its employees, subcontractors, successors and assignees, over and upon the front, side and rear yards of the Property as may be expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Lots adjacent to the Property, provided that such easement shall terminate twelve (12) months after the date such Lot is conveyed to an Owner by Declarant.

Section 8.7. Cross Easements for Repair. Each Owner of a Lot, by acceptance of the Deed to the Lot, grants to the Owner of the two adjacent Lots a cross easement to come upon his/her Lot for purposes of repairing and/or maintaining the residence on the adjoining Lot.

ARTICLE IX

USE AND OCCUPANCY

All Lots and dwellings shall be used and occupied for single family residential purposes only. No Lot or dwelling may be used for commercial, institutional or other non-residential purpose if such involves the attendance or entry of non-residents upon the Lot or otherwise diminishes the residential character of the Lot or neighborhood all as more specifically set forth in Section 10.10 below. This prohibition shall not apply to the use of any Lot as a site for a construction office trailer or sales office trailer by Declarant.

ARTICLE X

USE RESTRICTIONS

Section 10.1. Nuisances. No noxious or offensive activity shall be carried on by any person on any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. Such nuisance shall include, but not be limited to, the use of power tools generating noise which can be heard beyond the boundary of a Lot between the hours of 9:00 p.m. and 7:00 a.m. No Owner shall permit anything to be done or kept on his Lot which would result in the cancellation of insurance on any other residence or which would be in violation of any law.

Section 10.2. Development Activity. Notwithstanding any other provisions herein, Declarant and its successors and assigns, shall be entitled to conduct on the Property all activities normally associated with and conducive to the development of the Property and the construction and sale of dwelling units on the Property.

Section 10.3. Temporary Structures. No structure of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, motor home or mobile home or other outbuilding, and no prefabricated or relocated structure shall be used on any Lot at any time as a residence, either temporarily or permanently. This restriction shall not be interpreted to limit the right of Declarant to use trailers or outbuildings as sales offices, construction offices or material storage facilities.

Section 10.4. Signs. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Unit, fence or other improvement upon such Lot so as to be visible from public view except the following:

a. For Sale Signs. An Owner may erect one (1) sign not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the property for sale.

b. Declarant's signs. Signs or billboards may be erected by the Declarant.

c. Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

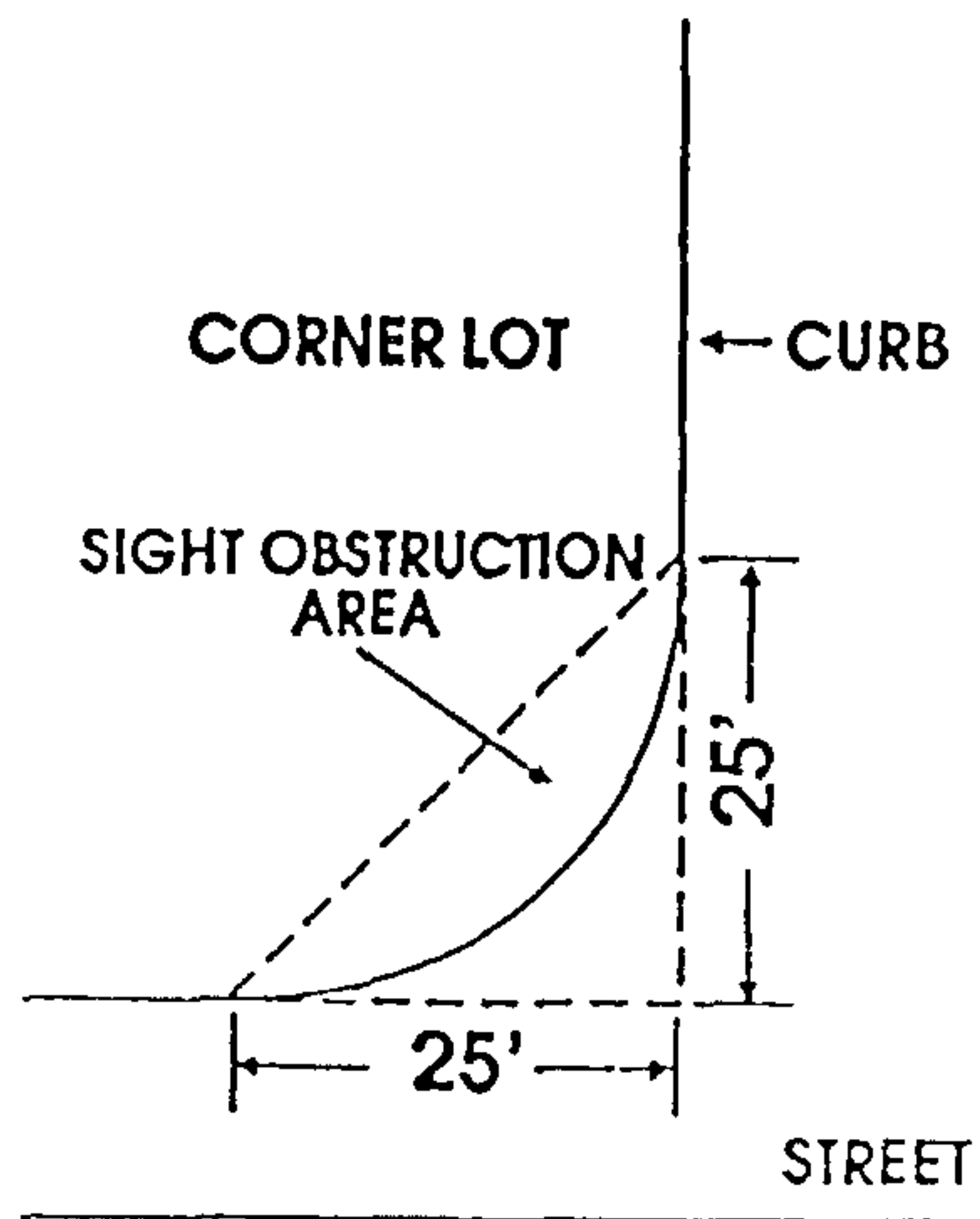
Section 10.5. Campers, Trucks, Boats, Commercial Recreational Vehicles. No Boat, trailer, or recreational vehicle, commercial vehicle, camper or camper truck shall be parked, stored or left (a) on any part of a Common Area, Recreational Amenities or Wetland Areas, (b) in any driveway or (c) on any other part of a Lot unless the same are fully enclosed within the garage located on the Lot, or are kept behind the front line of the house on the Lot and behind a fence no less than Six (6) feet in height and which fully screens them from the view of the public walking by such Lots. In the event a Lot Owner is required by his or her employer to bring a commercial vehicle home, then that Lot Owner must obtain a waiver of this restrictive covenant from the Board of Directors pursuant to such requirements as the Board of Directors shall deem appropriate. Any automobile, motorcycle or truck shall be parked, stored or left wholly within the garage located upon the Lot, except to the extent a residence does not have a garage, in which case such vehicle may be parked but not stored or left in the driveway. This restriction shall not apply to sales trailers, construction trailers, or other vehicles which may be used by Declarant and its agents and contractors in the conduct of their business. No boat, truck, trailer, camper, recreational vehicle or tent shall be used as a living or dwelling area within the Property. No repairs to or maintenance of any automobile or other vehicle shall be made or performed on any driveway in front, side or back yard of a Lot for more than 24 hours. Such repair and maintenance work shall be confined to the garage and done in such a manner as to allow the garage door to be closed. Where no garage exists, the work must be completed within 24 hours.

Section 10.6. Pets, Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except for cats, dogs or other generally recognized household pets of a reasonable number, provided that they are not kept, bred, or maintained for any commercial purpose; and provided further, than no more than three (3) adult animals may be kept on a single Lot except for newborn offspring of such household pets which are under nine (9) months of age. All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws) and in accordance with all rules established by the Deer Ridge Master Homeowner's Association.

Section 10.7. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish other than during the time a house is being constructed thereon. Trash, garbage or other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble or debris shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage and rubbish and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for

removal but shall be removed from view before the following day.

Section 10.8. Sight Distance at Intersections. No object or thing which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways within the triangular area formed by the intersecting street curb lines and a line connecting them at points twenty-five (25) feet from the intersection of the street curb lines or extensions thereof (the "Sight Obstruction Area") shall be placed, planted or permitted to remain on any corner lots. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a curb line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.



Section 10.9. Parking. No vehicles, trailer, implements or apparatus may be driven or parked in the Common Areas, Recreations Amenities, Wetland Areas, Right-of-Way Maintenance Areas or on any easement, other than while in use for maintaining such Common Areas, Recreational Amenities or Right-of-Way Maintenance Areas. In order to enhance the aesthetic image of the community and to create a safer community for children, Lot Owners are requested not to park vehicles, trailers, implements or apparatus in the street and whenever possible to park such in the garage or driveway of Lot Owner's property.

Section 10.10. Commercial or Institutional Use. No Lot, and no building erected or maintained on any Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes, except for construction of offices, model homes and sales offices as set forth in Article IX. Nothing in this Section 10.10 shall prohibit an

Owner's use of a residence for quiet, inoffensive activities such as tutoring, giving music or art lessons, or in home day care (babysitting), so long as such activities do not materially increase the number of cars parked on the street or interfere with adjoining homeowners' use and enjoyment of their residences and yards.

Section 10.11. Detached Buildings. No detached accessory buildings, included, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without the prior consent of the ACC. Every outbuilding, inclusive of, but not limited to such structures as a storage building, greenhouse or children's playhouse shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition. In no instance shall an outbuilding exceed one (1) story in height or have total floor area in excess of ten percent (10%) of the floor area of the main dwelling.

Section 10.12. Fences.

a. Fences in General. No fence or wall shall be erected or maintained on the side yard of any Lot nearer to the street than the front building line of the house. No fences or walls shall be constructed in the front yard of any Lot, except for fences erected in conjunction with model homes or sales offices. All fences constructed require prior written consent of the ACC. Perimeter fencing and privacy fencing around patios, decks or pools may not exceed six (6) feet in height.

b. Pool Fences. It shall be a requirement within the Property that any pool constructed within the Property, whether above ground or in-ground shall be surrounded by a non-climbable perimeter fence of at least five (5) feet in height and equipped with a self-closing mechanism on all gates. The design for swimming pool and fence construction must be submitted to the ACC for prior approval, and said approval will not be given unless the plans therefore include a perimeter fence in compliance with this section. The minimum fence requirements contained in Section 10.12(a) shall apply to any pool fences constructed within the Property.

Section 10.13. Vegetation. No weeds or vegetation, of any kind whatsoever shall be placed or permitted to accumulate on any Lot or any portion of the Property which would render it unsanitary, unsightly, offensive or detrimental to any property in the vicinity thereof or to the occupants of any property in the vicinity thereof or to the occupants of any property in such vicinity. Grass, hedges, shrubs, vines and mass planting of any type on any Lot or any portion of the Property shall be kept trimmed and shall at regular intervals be mowed, trimmed and cut so as to appear neat and attractive. Trees, shrubs, vines and plants which die shall be promptly removed from the Lot.

Section 10.14. Antennae, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot unless such apparatus is erected and maintained in such a way that it is screened from public view at a point in the center of the public street right-of-way directly in front of the house erected on such Lot;

and no such apparatus shall be erected without the prior written consent of the ACC. The ACC shall have the authority to establish the criteria for properly screening the above from public view.

Section 10.15. Exterior Finish. All exterior walls of all dwellings, garages and approved accessory buildings shall be completely furnished with vinyl siding, wood, stucco, brick, stone, paneling or other material acceptable to the ACC.

Section 10.16. Chimneys. All fireplace flues, smoke stacks and spark arresters shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principle finish material of the exterior walls of the dwelling or otherwise approved by the ACC.

Section 10.17. Intentionally Left Blank.

Section 10.18. Window Treatment. No aluminum foil, newspaper, reflective film or similar treatment shall be placed on windows or glass doors.

Section 10.19. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. No tank for the storage of oil or other fluids may be maintained on any of the Lots above the surface of the ground other than commercially marketed propane or natural gas tanks used for outdoor grills or pool or spa heating equipment.

Section 10.20. Mail Boxes. Mail boxes shall only be erected and maintained upon areas determined by the U.S. Postal Service in accordance with the current postal authority standards approved by the ACC. Subject to the foregoing, the design of such mail boxes shall otherwise be approved by the ACC.

Section 10.21. Roof. Exposed Roof surfaces on any principal and/or secondary structures shall be of composition shingles. The ACC shall have the authority to approve roof treatments and materials when in its determination such treatments and materials, in the form utilized will not be a detriment to the quality of the neighborhood.

Section 10.22. Setback Lines. All buildings or other structures, permanent or temporary, habitable or uninhabitable, must be constructed, placed and maintained in conformity with setback lines as required by the recorded plat. Notwithstanding the foregoing, the ACC shall have the right and authority to approve variances from the setback requirements for reasonable cause or to alleviate a hardship.

Section 10.23. Water and Sewage Systems. No individual water supply system or sewage disposal system shall be permitted on any Lot, including but not limited to water wells.

