

STATE OF SOUTH CAROLINA)
)
)
COUNTY OF CHARLESTON) **DECLARATION OF COVENANTS,
) CONDITIONS AND RESTRICTIONS
) FOR THE SETTLEMENT AT
) ASHLEY HALL**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE SETTLEMENT AT ASHLEY HALL (the "**Declaration**") is made this ____ day of _____, 2019, by **CHG DEVELOPMENT COMPANY, INC.**, a South Carolina corporation (the "**Declarant**").

WITNESSETH:

WHEREAS, the Declarant is the owner of the real property (hereinafter referred to as the "**Property**") described in Article II of this Declaration and desires to create thereon a planned development neighborhood known as "**The Settlement at Ashley Hall**" with open spaces, common amenities and common properties for the benefit of said neighborhood; and

WHEREAS, the Declarant desires to provide for the preservation of values and amenities in said neighborhood and for the maintenance of the common property and, to this end, desires to subject the real property described in Article II to the covenants, conditions and restrictions hereinafter set forth, each and all of which is and hereby declared to be for the benefit of said property and each and every owner of any and all parts thereof; and

WHEREAS, the Declarant has caused to be incorporated under the laws of the State of South Carolina a non-profit, non-stock corporation, The Settlement at Ashley Hall Owners Association, Inc. (the "**Association**") for the purpose of exercising the functions aforesaid and which are hereinafter more fully set forth; and

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Declarant hereby declares that the Property described in Article II and such additions thereto as may hereinafter be made pursuant to Article II hereof shall be held, mortgaged, transferred, sold, conveyed, leased, donated, occupied and used subordinate and subject to the following easements, restrictions, covenants, charges, liens and conditions (the "**Covenants**" or the "**Declaration**"), which are hereby imposed for the purpose of protecting the value and desirability of The Settlement at Ashley Hall and which restrictions, easements, charges, liens, conditions and covenants shall touch and concern and run with title to the real property subjected to this Declaration and shall be binding on all parties having any right, title or interest in said properties or any portion of them. This Declaration also binds the respective heirs, devisees, fiduciary representatives, successors, successors-in-title and/or assigns and shall inure to the benefit of anyone or anything who/which purchases or takes any interest in real property within the lands

subject to this Declaration.

ARTICLE I **DEFINITIONS**

When used in this Declaration, unless the context shall prohibit or require otherwise, the following words shall have the following meanings, and all definitions shall be applicable to the singular or plural forms of any such term(s):

"Assessment" shall mean and refer to the charges levied pursuant to Article V.

"Annual Assessment" shall mean and refer to annual charges levied by the Board of Directors of the Association for the purposes set forth in Section 2 of Article V.

"Special Assessment" shall mean and refer to the charges levied for the purposes set forth in Section 4, Section 5 and Section 6 of Article V.

"Association" shall mean and refer to The Settlement at Ashley Hall Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

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

"Builder" shall mean and refer to a professional homebuilder who acquires a Lot or Lots from Declarant for sale to third party purchasers following the improvement by Builder of a Dwelling Unit upon such Lot.

"By-Laws" shall mean and refer to those By-Laws of the Association which govern the administration and operation of the Association attached hereto as **Exhibit "C"** and made a part hereof by reference, as may be amended from time to time.

"Common Property" shall mean and refer to those tracts of land with any improvements and easements thereon which are actually deeded, granted or leased to the Association and designated in such deed or lease as Common Property. The term Common Property shall also include any personal property acquired by the Association if said property is designated a Common Property. All Common Property is to be devoted to and intended for the common use of and enjoyment of the Owners, family members and guests of Owners and guests of the Association or the Declarant subject to the fee schedules and operating rules adopted by the Association, provided, however, that any lands which are leased by the Association for use as Common Property shall lose its character as Common Property upon the expiration of such lease. The Declarant reserves the right to convey Common Property within The Settlement at Ashley Hall to the Association and the Association shall accept said conveyances of Common Property. Such

conveyance shall be made subject to such covenants and restrictions as are then applicable thereto and shall contain such additional restrictions, reservations, liens and encumbrances as may be set forth in the deed of conveyance. The Declarant may add or substitute mortgages, provided the Association does not have to assume payments or obligations of any mortgage on the Common Property conveyed to it. As an appurtenance to such conveyances, the Association shall have all of the powers, immunities and privileges reserved unto the Declarant and all of the Declarant's obligations with respect thereto, including the obligation to maintain and enhance.

"Declarant" shall mean CHG Development Company, Inc., a corporation organized under the laws of the State of South Carolina.

"Declaration" shall mean this Declaration and all supplements and amendments to this Declaration as filed in the Register of Deeds Office ("**ROD**") for Charleston County, South Carolina.

"Design Review Board" or "**DRB**" shall have the meaning set forth in Section 3 of Article IX.

"Dwelling Unit" shall mean and refer to any improved property intended for use as a single family dwelling constructed upon a Lot.

"Improved Property" shall mean and refer to a lot within the Property on which is located a Dwelling Unit.

"Lot" shall mean any subdivided but unimproved parcel of land located within the Property which is intended for use as a site for a single family detached dwelling, or a single family attached dwelling, as shown upon any recorded final subdivision map of any part of the Property. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to allow occupancy.

"Member" shall mean and refer to the Declarant and all those Owners who are Members of the Association as defined in Section 2, Article III.

"Neighborhood Area" shall mean and refer to a parcel or tract of land which is intended for and has been subdivided for use as a site for Lots or Dwelling Units on a recorded subdivision plat in the office of the Register of Deeds for Charleston County, South Carolina. The Neighborhood Area shall be comprised of the total number of Lots and Dwelling Units within such subdivision or group of such subdivisions and maybe subjected to Neighborhood Assessments applicable only to the owners within that immediate neighborhood area of The Settlement at Ashley Hall, to undertake special neighborhood projects, improvements, construction or maintenance for the benefit of those Owners. A separate non-profit association maybe created hereunder for each Neighborhood Area.

"Of Record" shall mean recorded in the ROD Office for Charleston County, South Carolina.

"Owner" shall mean and refer to the Owner (including the Declarant) as shown by the real estate records whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot within the Property but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term Owner mean or refer to any lessee or tenant of an Owner.

"Penalty" shall mean and refer to the charges levied by the Board of the Association for the purposes set forth in Section 4 of Article X.

"Property or Properties" shall mean and refer to the property described in Article II hereof.

"Unimproved Property" shall mean and refer to the status of any Lot which is not an Improved Property.

ARTICLE II **PROPERTY AND ADDITIONS THERETO**

Section 1. Property. The real property (the "***Property***") which is, and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants is located in Charleston County, South Carolina and is described as follows:

All that tract or parcel of land, situate, lying and being particularly in Charleston County, South Carolina which is more particularly described in **Exhibit "A"** attached hereto and by specific reference made a part hereof.

Section 2. Additional Properties. Additional property may become subject to this Declaration in the following manner: The Declarant, its successors and assigns, shall have the right, without further consent of the Association, at any time prior to January 1, 2039 to bring within the plan and operation of this Declaration any properties adjacent to or contiguous or nearly contiguous to the Property, whether or not said parcels are owned by the Declarant or a third party, provided, however, the Declarant shall have no rights to subject additional properties owned by a third party without the consent of said third party. Such property may be subjected to this Declaration as one parcel or as separate parcels at different times. The additions authorized under this Section may be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of this Declaration to such property. The Additional Property is described in **Exhibit "B"** attached

hereto.

ARTICLE III
THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 1. The Association. The Declarant has established or will establish the Association for the purpose of exercising powers of maintaining, improving and administering the Common Property and providing common services, administering and enforcing covenants, conditions and restrictions contained herein, and levying, collecting and disbursing assessments and charges herein created. Further, the Declarant reserves the right to convey to the Association and the Association agrees to accept any and all of its rights and obligations set forth herein.

Section 2. Membership. Every Owner shall be a Member of the Association. Declarant shall be a Member of the Association.

Section 3. Voting Rights. The Association shall have two (2) classes of voting membership:

CLASS A. Class A Members shall be all Owners (excluding the Declarant). A Class A Member shall be entitled to one (1) vote for each Lot he/she/it owns. The Declarant may become a Class A Member upon the expiration of its Class B membership status as hereinafter set forth.

CLASS B. The Class B Member shall be the Declarant, its successors and assigns. The Class B Member shall have special voting rights in the Association by which it shall be entitled to the same number of votes as are cumulatively held by the regular Members, plus one. Said Class B voting rights shall terminate on the happening of either of the following events, whichever occurs later: (i) the date it has conveyed at least 100% of the maximum number of Lots and Dwelling Units in the Property (as now constituted or added as set forth in Article II); or (ii) January 1, 2039.

Notwithstanding the above, the Declarant reserves the right to terminate its Class B membership at its sole election at an earlier date.

Each Member shall be entitled to vote at any meeting of Members at which votes are taken or on any matter requiring a vote of Members occurring subsequent to the date upon which the Member became an Owner; provided, however, that the Member is not delinquent in the payment of assessments, and each Member shall be entitled to the number of votes as calculated above as if each Member had been a member for a full year.

When any property entitling the Owner thereof to membership in the Association is owned Of Record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants-in-common, tenants-in-partnership or in any other manner of joint or common ownership, one person or entity shall be designated the voting member to bind all the others. Written evidence of such designation in a form satisfactory to the Board of Directors of the Association shall be

delivered to the Board prior to the exercise of a vote by joint owners.

Section 4. Governance. The Association shall be governed by a Board of Directors consisting of not less than three (3) members. Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board of Directors as provided in the By-Laws of the Association.

ARTICLE IV **PROPERTY RIGHTS IN THE COMMON PROPERTY**

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of this Declaration, the rules and regulations of the Association and any fees or charges established by the Association, every Member and every guest and lessee of such Member shall have an easement of enjoyment in and to the Common Property and such easements shall be appurtenant to and shall pass with the title of every Lot. Employees and guests of the Declarant shall have access to and enjoyment of the Common Property subject to rules and regulations established by the Board of Directors.

Section 2. Title to Common Property. The Declarant may hereafter convey to the Association, at no cost to the Association, by quit-claim deed or other instrument appropriate to irrevocably convey to the Association the entire beneficial use of any Common Property after the Declarant has completed improvements thereon, if such be required, such that the facility is functionally complete. The Association, upon such conveyance, and shall immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Board of Directors of the Association subject to this Declaration. All said parcels of land may be conveyed to the Association subject to:

- (1) All encumbrances, easements, restrictive covenants and the conditions of any permits affecting such property at the time of conveyance, excepting any existing mortgages, which shall be released upon conveyance; and
- (2) Reserved.
- (3) The right of access of the Declarant, its successors and assigns, over and across such Property, including the right to install such utilities as may be reasonable required to serve any adjacent or contiguous property owned by Declarant, its successors and assigns.
- (4) All reserved rights of Declarant set forth in this Declaration; and
- (5) All leases, licenses and use and access agreements therefore.

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

- (1) The right of the Declarant and of the Association to dedicate, transfer or convey all or any part of the Common Property, with or without consideration, to any successor association, governmental body, district, agency or authority, or to any utility company, provided that no such dedication, transfer or conveyance shall adversely affect the use of the Common Property by the Owners;
- (2) The right of the Declarant and of the Association to grant, reserve and accept easements and rights-of-way through, under, over and across the Common Property for the installation, maintenance and inspection of lines and appurtenances or public or private water, sewer, drainage, electric, fuel oil and other utilities and services, including a cable or community antennae television system and the right of the Declarant to grant and reserve easements and rights-of-way through, over, upon and across the Common Property for the completion of The Settlement at Ashley Hall, and for the operation and maintenance of the Common Property;
- (3) The right of the Association in accordance with its By-Laws, to place mortgages or other encumbrances on the Common Property as security for borrowing by the Association;
- (4) The right of the Association, in accordance with its By-Laws, to take such steps as are reasonably necessary to protect the Common Property against foreclosures;
- (5) The right of the Association, as provided in the By-Laws, to suspend the rights and easements of enjoyment of any Member or any tenant, lessee or guest of any Member, for any period during which the payment of any assessment against the Property owned by such Member remains delinquent and for any period not to exceed sixty (60) days, for any infraction of its published rules and regulations, it being understood that any suspension for either nonpayment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Members obligations to pay such assessment, and provided that the Association shall not suspend the right to use any roads belonging to the Association although such use shall be subject to the rules and regulations established by the Association for such use;
- (6) The right of the Association to adopt and publish rules and regulations governing the use of Common Property and the conduct of Members, their lessees or guests, the adoption of architectural guidelines for all Dwelling Units on the Property and to establish penalties for the infraction of such rules and regulations;
- (7) The right of the Declarant to grant exclusive easements over the Common Property to providers of telecommunication services and the right to enter into agreements with such providers of telecommunications services;
- (8) The right of the Declarant to approve all structures, construction, repairs, changes in elevation and the location of any object (including vegetation) within the Common Property prior to the commencement of any construction at the location;

(9) All reserved rights of the Declarant set forth in this Declaration.

Section 4 Declarant's Reserved Rights. Notwithstanding any provision herein to the contrary, the rights and easements of enjoyment created hereby shall be subject to the following:

(1) The Declarant, its successors and assigns shall have an alienable and transferable right and easement on, over, through, under and across the Common Property for the purpose of constructing or improving Lots; for the purpose of the storage of materials, vehicles, tools, equipment which are being utilized in any construction work on or within the Property and for installing, maintaining, repairing and replacing such other improvements to the Property. (including portions of the Common Property) as are contemplated by this Declaration or as the Declarant desires in its sole discretion, including without limitation, any improvements or changes permitted and described in this Declaration; and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided that in no event shall the Declarant have the obligation to do any of the foregoing.

(2) The Declarant expressly reserves for itself and its successors and assigns the right to change and realign the boundaries of the Common Property and any Lots owned by the Declarant, including the realignment of boundaries between adjacent Lots and Common Property.

(3) The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the Common Property to erect, maintain and use poles, wires, cables, conduit, sewers, water mains, drainage ways, sprinkler or landscape irrigation systems, pumping stations, tanks and other suitable equipment for the conveyance and use of electricity, telephone equipment, cable television, water, sewage, irrigation uses of Declarant and other utilities. This easement and right specifically includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.

(4) An easement is hereby reserved for the benefit of the Declarant, their respective successors and assigns, to enter upon, across, over, in and under any portion of the Common Property for the purpose of changing, correcting or otherwise modifying the grade or drainage channels so as to improve the drainage of water. In no event shall the Declarant have the obligation to do any of the foregoing.

(5) There is hereby reserved for the benefit of the Declarant, their successors and assigns, an alienable, transferable and perpetual right and easement on, over and across the Common Property for the purpose of taking any action necessary to effect compliance with environmental rules, regulations and procedures from' time to time promulgated by the Association or by any governmental entity.

(6) A right of access by the Declarant over and across the Property reasonably necessary for the Declarant's development activities.

(7) The right of the Declarant to grant exclusive easements over the Common Property to providers of telecommunication services and the right to enter into agreements with such providers of telecommunications services.

ARTICLE V

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations for Assessments. Each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so deemed in any such deed or other conveyance, shall take such property subject to these covenants and agrees to all the terms and provisions of this Declaration and to pay to the Association: (1) Annual Assessments; (2) Special Assessments for capital improvements and emergencies; and (3) Neighborhood Assessments. For the purposes set forth in this Article, such Assessments shall be fixed, established and collected from time to time as hereinafter provided. The Annual Assessments, Special Assessments and Neighborhood Assessments together with such interest thereon and cost of collection, including a reasonable attorney's fee therefore as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Assessment is made. Each such Assessment together with such interest thereon and costs of collection thereof, as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such real property at the time when the Assessment first became due and payable. In the case of co-ownership of a Lot, all of such co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Section 2. Purpose of Assessment. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property; for the improvement and maintenance of the Common Property, and to provide services which the Association is authorized to provide. In carrying out these duties, the Association may make payment of taxes and insurance thereon, make improvements on- Common Property, pay the costs of labor, equipment, materials, management, supervision, accounting, attorney's fees, and member information services, maintain offices and equipment, repay any loans made to the Association, and take such other action as is necessary to carry out its required or authorized functions.

Section 3. Basis of Annual Assessments. Until December 31, 2020, the Annual Assessment shall be the amount as set forth in the initial budget of the Association for its initial year of operation. From and after January 1, 2021 the amount of such Annual Assessments shall be fixed by a vote of a majority of the Board of Directors, taking into account current maintenance costs and future needs of the Association. Maintenance costs shall include and shall mean all operating costs of the Association, maintenance costs of the Common Property, payment of insurance premiums for the Common Property, payment of any property taxes on the Common Property, and all other ordinary and necessary expenses to maintain the Common Property and authorized

services.

Section 4. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy in any assessment year, Special Assessment(s) applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a described capital improvement upon the Common Property or for the construction and repair of bulkheads and/or retaining walls fronting the Property from waterways, courses, rivers or other bodies of water, erosion control devices located upon the Property; including the necessary fixtures and personal property related thereto and for the purpose of defraying, in whole or in part, the cost of any emergency repairs, restorations, maintenance or improvements made necessary by any emergencies; for the planting of erosion prevention plants, the maintenance, upkeep and repair of any streets, bridges or roadways within the Property. The amount of such Special Assessment(s) shall be fixed by a vote of a majority of the Board of Directors and levied at the discretion of the Board of Directors.

Section 5. Neighborhood Assessment. The Special Assessment authorized in Sections 3 & 4 of this Article, when any area or portion of The Settlement at Ashley Hall has been designated as a Neighborhood Area for the benefit of Owners of property within the area so designated, the Board of Directors of the Association is hereby empowered to levy assessments to be used for the benefit and/or operation of the particular Neighborhood Area of The Settlement at Ashley Hall, the payment of which assessment shall be born by the Owners within such area only; such assessment being herein referred to as a "**Neighborhood Assessment**". A Neighborhood Assessment can be levied by the Board of the Association after a determination that the Common Areas within the Neighborhood Area are in need of maintenance, enhancement, enlargement, additions and/or other improvements that would benefit the Neighborhood Area and not the Property as a whole, or when 51% of the Owners within a particular Neighborhood Area with the approval of the Association vote to levy a Neighborhood Assessment. In cases where such determination is made by the Board of Directors, the levy of the applicable Neighborhood Assessment by the Board of Directors of the Association shall be final and not subject to approval by the whole body of members of the Association or by those members who would be subject to the Neighborhood Assessment.

Section 6. Assessment Obligation of the Declarant. Lots owned by the Declarant will not be subject to the Annual Assessments until the termination of the Declarant's Class B Membership as set forth in Article III, Section 2 hereof. Provided however, that Declarant shall continue to fund any deficit funding requirements for costs of the Association prior to the date on which the Class B control period ends.

Section 7. Reserve Funds. The Association may establish reserve funds from its Annual Assessments to be held in reserve in an interest drawing account or investment as a reserve for (a) major rehabilitation or major repairs; (b) for emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss; (c) reoccurring periodic maintenance; (d) initial cost of any new service to be performed by the Association.

Section 8. Rate of Assessments. The rate of the Assessment for Lots shall be equal based solely upon Two (2) categories of Lots. Unimproved Lots shall mean all Lots on which a residence has yet to be completed and a certificate of occupancy issued. Improved Lots shall mean all Lots on which a residence has been completed and a certificate of occupancy issued. The Assessment for Unimproved Lots shall equal Fifty (50.0%) percent of the Assessment for an Improved Lot. Assessments may be collected on a monthly, quarterly or annual basis at the discretion of the Board of Directors of the Association.

Section 9. Date of Commencement of Annual Assessments: Due Dates. Annual Assessments provided for herein shall commence on the date (which shall be the first day in a month) fixed by the Board of Directors of the Association to be the date of commencement. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors of the Association shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto. All Assessment bills shall be due and payable thirty (30) days from the date of mailing the same unless otherwise 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 for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 10. Effect of Non-Payment of Assessments. If the Assessment is not paid on or before the due date specified in Section 9 hereof, then such Assessment shall become delinquent and shall (together with interest thereon at the rate of three and one-half (3 1/2%) percent per month from the due date and all costs of collection thereof including a reasonable attorney's fee) become a charge and continuing lien on the land and all improvements thereon, against which each such Assessment is made, at the hands of the then Owner, his heirs, devisees, personal representatives, tenants, successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in like manner as a mortgage of real property or both. Upon the exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of the Annual Assessment due and payable and collect the same through foreclosure. In either event all costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such Assessment. In the event a judgment is obtained such judgment shall include' interest on the Assessment at the rate of eighteen (18%) percent per annum or the maximum lawful rate on such judgments.

In addition to the rights of actions set forth above, the Board of the Association may suspend the membership rights of any Member during the period the Assessment remains unpaid.

Upon payment of such Assessment, the Owner's rights and privileges shall be automatically restored. This provision shall not empower the Board to suspend the rights to use the roads within the Property.

Section 11. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such property pursuant to a Decree of Foreclosure, or any other proceeding or deed in lieu of foreclosure,' and provided, further, that any delinquent Assessments which are extinguished pursuant to the foregoing provision may be reallocated and assessed to all Members as an expense of the Association. Such sale or transfer shall not relieve such property from liability for assessment accruing after conveyance by the creditor to a subsequent Owner.

Section 12. Exempt Property. The following property subject to this Declaration shall be exempt from Assessments created herein:

- (1) Any portion of the Property dedicated to and accepted by a local public authority;
- (2) The Common Property;
- (3) Any portion of the Property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of South Carolina;
- (4) Any wetland, marshland, conservation/preservation area as shown on a recorded plat of the Property;
- (5) Any Lot owned by a Builder, for a period beginning on the date of conveyance to such Builder by Declarant, and ending on the earlier to occur of (i) the date which is one year following the date of such conveyance; or (ii) the date on which a Dwelling Unit is completed upon such Lot;

Section 13. Annual Budget. The Board of Directors shall cause to be prepared and make available at the office of the Association to all Members at least thirty (30) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for such fiscal year. Financial books of the Association shall be available for inspection at the offices of the Association at all reasonable times.

Section 14. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the Assessment against each Lot and shall at that time direct the preparation of an index of the Property and Assessments applicable thereto which shall be open to inspection by any Member. Written notice of assessment shall thereupon be sent to every Member subject thereto.

ARTICLE VI
FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Common Property. The Association shall be authorized to own and/or maintain (subject to the requirement of any federal, state or local governing body of South Carolina) Common Property, equipment, furnishings and improvements devoted to the following uses:

- (1) For roads or roadways within the Property;
- (2) For sidewalks, walking paths, walkways or trails, bulkheads, retaining walls, bridges, docks, piers, boat launching facilities, and bicycle paths within the Property;
- (3) For security services, including security stations, maintenance building and/or guardhouses, gates, walls and fences;
- (4) For lighting, fences, walls, landscaping and sign maintenance and repair;
- (5) For insect control within the Property;
- (6) For drainage facilities serving The Settlement at Ashley Hall;
- (7) For lakes, pools, clubhouses, parking areas, boardwalks, piers, cabanas, wildlife areas, fishing facilities, open spaces, wildlife conservancies, and other recreational facilities of any nature;
- (8) For water, sewerage and other utilities serving The Settlement at Ashley Hall;
- (9) For navigable waters erosion abatement measures and erosion protection programs, if applicable.

Section 2. Services. The Association shall be authorized (unless prohibited by the requirement of any federal, state or local governing body) but not required to provide the following services:

- (1) Cleanup and maintenance of all roads, roadways, walls, gates, water courses, lakes, bulkheads, sidewalks, boardwalks, piers, docks and other Common Property within the Property and also all public or private properties which are located within or in a reasonable proximity to the Property such that their deterioration would effect the appearance of the Property as a whole;
- (2) Landscaping of roads and parkways, sidewalks and walking paths and Common Property;

- (3) Lighting of roads, sidewalks and walking paths throughout the Property;
- (4) Security provisions including but not limited to the employment of security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Property and assistance in the apprehension and prosecution of persons who violate the laws of South Carolina within the Property;
- (5) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by State and local governments;
- (6) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this Declaration and the By-Laws;
- (7) To take any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property;
- (8) To set up and operate an DRB (hereafter defined) in the event that the Association is designated by the Declarant as the agent of the Declarant for such purpose;
- (9) To provide garbage and trash collection and disposal;
- (10) To construct improvements on Common Property for use for any of the purposes or as may be required to provide the services as authorized in this Article;
- (11) To provide administrative services including, but not limited to legal, accounting and financial, and communication services, informing Members of activities, Notice of Meetings, etc., incident to the above listed services;
- (12) To provide liability and hazard insurance covering improvements and activities on the Common Property;
- (13) To provide any or all of the above listed services to another Association or owners of real property under a contract the terms of which must be approved by the Board of Directors;
- (14) The taking of any and all actions necessary in the discretion of the Board of Directors to enforce these Covenants and all other covenants and restrictions affecting the properties of the Association and to perform any of the functions or services delegated to the Association in this Declaration or other covenants or restrictions authorized by the Board of Directors.

Section 3. Obligation of the Association. The Association shall not be obligated to carry

out or offer any of the functions and services specified by the provisions of this Article except the Association shall have an obligation to maintain roadways and drainage facilities, including but not limited to storm water ponds in a functional and acceptable condition and in accordance with any applicable permits. The functions and services to be carried out are offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association.

Section 4. Mortgages and Pledges. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association, the proceeds of said loans shall be used by the Association in performing its authorized functions. The Declarant may make loans to the Association, subject to approval by the Declarant of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid.

Section 5. Restricted Reserve Fund. An additional function of the Association shall be to establish at the time of activation of the Association a Restricted Reserve Fund. The Restricted Reserve Fund shall be designated for major expenditures by the Association to maintain the Common Areas.

Section 6. Capital Contribution. The new Owner, other than Declarant or Builder, at the time of closing shall pay to the Association a \$2,500.00 one time assessment to be placed into the General Fund. Amounts paid into the General Fund pursuant to this Section 6 are not to be considered as advance payment of Annual Assessments or any Special Assessments due.

ARTICLE VII **USE RESTRICTIONS**

Section 1. Residential Purposes. No Lot or Dwelling Unit shall be used except for residential purposes. No trade or business of any kind or character nor practice of any profession, nor any building or structure designed or intended for any purpose connected with any trade, business or profession shall be permitted within any Dwelling Unit or upon any Lot, provided, however that nothing herein shall prevent the Declarant, its successors or assigns, or any Builder, from using any Dwelling Unit as a sales model or sales office. For the purposes of these restrictions, rental of the property shall be considered a residential purpose.

Section 2. Re-subdivision. No Lot shall be subdivided or reduced in size without the prior written consent of the Declarant, its successors and assigns, which consent may be withheld at Declarant's sole discretion.

Section 3. Completion of Construction. The exterior of all Dwelling Units and other structures must be completed within one year after the construction of the same shall have commenced, except where such completion is impossible or would result in great hardship to the

Owner or builder due to strikes, fires, national emergency or natural calamities. Dwelling Units may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction the Owner shall require the contractor to maintain the Lot in a reasonably clean and uncluttered condition. Upon completion of construction, the Owner shall cause the contractor to immediately remove all materials, equipment, tools, dumpsters and portable toilets and construction and landscaping is to be completed within ninety days of occupancy or substantial completion, whichever date shall first occur. Nothing contained herein shall preclude a builder of speculative homes from leaving floors, counter tops and wall coverings unfinished until sold.

Notwithstanding the above, as to Lots which front on the Ashley River, the Owner must complete the exterior of such Dwelling Unit constructed upon a Lot which fronts on the Ashley River within Eighteen (18) months after the construction of the same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder due to strike, fires, national emergency or natural calamities.

Section 4. Rebuilding Requirement. Any Dwelling Unit or other structure on any Lot which may be destroyed in whole or in part by fire, windstorm or by any other cause or act of God must be rebuilt or all debris removed and the Lot restored to a natural condition, with reasonable promptness; provided, however, that in no event shall such debris remain longer than three months.

Section 5. Repairing Requirement. Each Owner shall, at his sole cost and expense, repair his Dwelling Unit keeping the same in a condition comparable to the condition of such residence at the time of its initial construction excepting only normal wear and tear.

Section 6. Off Street Parking and Drives. Each Owner shall provide space off of streets or community roads for the parking of at least two automobiles for each Dwelling Unit prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the DRB. Furthermore, the design, location, composition and size of all private driveways and parking aprons shall be approved by the DRB.

Section 7. Use of Model Dwelling Units. The Declarant, its successors or assigns, or such other entity acting with the Declarant's express written consent, during such time as the Declarant or such designee shall continue to be the Owner of any of the Dwelling Units, may use the same for the purposes of model homes or sample houses and sales offices and information centers which may be exhibited to the public and to which the Declarant or its designee shall be entitled to invite the public for purposes of inspection of the said model Dwelling Unit and dissemination of sales information. Such activity shall not be construed as a violation of the residential provisions of this Declaration.

Section 8. Signs. No signs shall be erected or maintained on or from any portion of the Property except those signs approved by the DRB or signs of the Declarant or signs required by law.

Section 9. Site Alterations. No site alterations or improvements including, but not limited to, clearing, landscaping, planting of trees, grading, filling, excavating, drainage work or placement of utilities shall be made without the written approval of the DRB.

Section 10. Antenna. No radio or television transmission, receiving tower, antenna, or dish shall be erected on the Property unless or until approved by the DRB.

Section 11. Unsightly Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on his property which shall tend to substantially decrease the beauty of the neighborhood as a whole or of the specific area.

Section 12. Garbage. No trash, ashes, garbage or other refuse shall be thrown or dumped on any lands within the Property. There shall be no burning or other disposal of refuse out of doors. Each Owner shall provide suitable receptacles for the temporary storage and collection of refuse and all such receptacles shall be screened from public view and from the wind and protected from animal and other disturbances.

Section 13. Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, trailers (either with or without wheels), motor homes, campers, camper trailers, boats and other watercraft and boat trailers shall be parked only in enclosed garages or areas, if any, designated by the Board of Directors. Stored vehicles and vehicles which are either obviously inoperable or which do not have current operating licenses shall not be permitted on the Property, except within enclosed garages. For purposes of this Section, a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for five (5) consecutive days without the prior approval of the Board of Directors. Notwithstanding the foregoing, service and delivery vehicles may be parked in the Property during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Dwelling Unit or the Common Property.

Section 14. Occupants Bound. All provisions of the Declaration, By-Laws and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Dwelling Unit. Every owner shall cause all occupants of his or her Dwelling Unit to comply with the Declaration, By-Laws and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Property caused by such occupants, notwithstanding the fact that such occupants of a Dwelling Unit are fully liable and may be sanctioned for any violation of the Declaration, By-Laws and rules and regulations adopted pursuant thereto.

Section 15. Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any portion of the Property, except that dogs, cats or other usual and common

household pets not to exceed a total of three (3) may be permitted in a Dwelling Unit. However, those pets which are permitted to roam free or, in the sole discretion of the Association, endanger health, make objectionable noise or constitute a nuisance or inconvenience to the Owners of other Dwelling Units or the owner of any portion of the Property shall be removed upon the request of the Board of Directors. If the Owner fails to honor such request, the pet may be removed by the Board of Directors. No pets shall be kept, bred or maintained for any commercial purpose. Dogs shall be confined on a leash held by the Owner, a family member or guest (collectively referred to as "Responsible Person") at all times whenever the responsible person is walking the dog(s) outside the boundaries of the Owner's Lot. In addition, the Owner or Responsible Person will be responsible for removal of any waste deposited by the dog(s) outside the boundaries of the Owner's Lot, and disposal of same. Failure to removal such waste may constitute a nuisance, at the discretion of the Board of Directors, under the provisions of this Section 15.

Section 16. Quiet Enjoyment. No portion of the Property shall be used, in whole or in part, for the storage of any property or thing that will cause it 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 portion of the Property that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort or serenity of the occupants of surrounding property.

No noxious, illegal or offensive activity shall be carried on upon any portion of the Property nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Property. 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. No outside burning of wood, leaves, trash garbage outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Property.

Section 17. Firearms and Fireworks. The discharge of firearms and fireworks within the Property is prohibited. Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association shall not be obligated to take action to enforce this Section.

Section 18. Pool. No above-ground swimming pools shall be erected, constructed or installed on any Lot. In addition, no swimming pool shall be erected, constructed or installed on any Lot without the prior written consent of the DRB.

Section 19. Tents and Trailers. Except as may be permitted by the Declarant or the DRB during initial construction within the Property, no tent, utility shed, shack, trailer or other structure of a temporary nature shall be placed upon a Lot or any part of the Property. Notwithstanding the above, party tents or similar temporary structures may be erected for special events with prior written approval of the Board of Directors or by the Declarant.

Section 20. Playground and Recreational Equipment. Playground and recreation may be installed by the Owner on any Lot, provided however, in the event such playground or recreation equipment is visible from the street adjacent to the Lot, no playground or recreational equipment may be installed on any Lot with the prior written consent of the DRB.

Section 21. Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No person other than Declarant may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers or storm drains. Declarant hereby reserves for itself and the Association a perpetual easement across the Property for the purpose of altering drainage and water flow.

Section 22. Tree Removal. No trees shall be removed with a 4" DBH or greater, except for diseased or dead trees, trees needing to be removed to promote the growth of other trees, and for safety reasons. All tree removal must be pre-approved by the DRB. In the event of an intentional or unintentional violation of this Section, the violator may be required by the DRB to replace the removed tree with one (1) or more comparable trees of such size and number and in such locations as the DRB may determine necessary, in its sole discretion, to mitigate the damage.

Section 23. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 24. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Property, except for temporary lines as required during construction and high voltage lines if required by law or for safety purposes.

Section 25. Air Conditioning Units. Except as may be permitted by the DRB, no window air conditioning units may be installed in any Dwelling Unit.

Section 26. Lighting. Except for reasonable seasonal decorative lights, which may be displayed between Thanksgiving and January 10 only, all exterior lights must be approved by the DRB.

Section 27. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Property. Exterior sculpture, fountains and similar items must be approved in accordance with Article IX of this Declaration.

Section 28. Energy Conservation Equipment. No solar, energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the DRB.

Section 29. Wetlands, Lakes and Water Bodies. All lakes and ponds within the Property shall be aesthetic amenities only, and no other use thereof, including, without limitation, hunting or use of personal flotation devices, shall be permitted without the prior approval of the Board of Directors. The Association shall not be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, creeks or streams within the Property. No docks, piers or other structures shall be constructed on or over any body of water within the Property, except such as may be constructed by the Declarant. No pumps shall be placed in a lake, pond or creek for the purpose of removing water for irrigation purposes, except as authorized and approved by Declarant or the Board of Directors for the benefit of Common Property.

Section 30. Fences. No hedges, walls, dog runs, animal pens or fences of any kind shall be permitted on any Lot except in accordance with the design standards and materials approved by the DRB, and as approved by the DRB.

Section 31. Business Use. No garage sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Dwelling Unit, except that an Owner or occupant residing in a Dwelling Unit may conduct business activities within the Dwelling Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling Unit; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve persons coming onto the Property who do not reside in the Property or door-to-door solicitation of residents of the Property; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board of Directors.

The terms "business" and "trade" as used in this provision shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; and (iii) a license is required therefore. Notwithstanding the above, the leasing of a Dwelling Unit shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or a builder approved by the Declarant with respect to its development and sale of the Property or its use of any of the Dwelling Units which it owns within the Property, including the operation of a timeshare or similar program.

Section 32. Lease of Dwelling. No Dwelling or Living Unit shall be leased for transient hotel purposes, nor may any Owner lease less than his entire dwelling or Living Unit. Any lease must be in writing for a period of no less than six (6) months, and provide that the terms of the lease and the occupancy of the Dwelling or Living Unit shall be subject in all respects to the provisions of this Master Declaration and of the By-Laws and Articles of Incorporation, and that

any failure by any lessee to comply with these terms of such documents shall constitute a default of such lease.

ARTICLE VIII **EASEMENTS**

Section 1. Reservation for Expansion. The Declarant hereby reserves to itself, its successors and assigns, a non-exclusive perpetual blanket easement and right-of-way for ingress and egress to, under, through, over and about all Common Property, including roads for access, construction of utilities and drainage for all purposes related to the development and completion of improvements on the Property and for the development of other properties owned by the Declarant, its successors or assigns adjoining The Settlement at Ashley Hall.

Section 2. Easement to Facilitate Sales and Construction Activities. The Declarant reserves to itself, its agents or assigns, the right to use any portion of the Property owned by the Declarant or any portion of the Common Property as models, management offices, sales offices, construction offices or sales office parking areas. Furthermore, notwithstanding any provisions or restrictions contained in this Declaration to the contrary, the Declarant and its agents, employees, successors and assigns are permitted to maintain and can-yon such facilities and activities as may be reasonably required, convenient or incidental to the development, completion, improvements and sale of the whole or any portion of the Property.

Section 3. Easement for Utilities and Irrigation Lines. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the Property to erect, maintain and use poles, wires, cables, conduit, sewers, water mains, drainage ways, sprinkler or landscape irrigation systems, pumping stations, tanks, cable television systems, gas lines and other suitable equipment for the conveyance and use of electricity, telephone, water, sewer, cable television and other utilities provided, however, that (a) no utility easement or irrigation line shall run across any portion of a Lot or Public or Commercial Unit or other portion of the Property which is covered by an existing building or structure or across any area for which written approvals to construct a building thereon have been obtained or which is designated as a building site on a recorded subdivision map; (b) such easements for installation of utilities and irrigation lines therein or thereon shall be maintained In as an attractive matter as is reasonably feasible; (c) the Declarant, without obligation, reserves the right to transfer any such utilities, irrigation lines and easements, in whole or in part, which it may own to the Association or other third parties, at which time the Association or such other third parties shall be responsible for and have the obligation to operate and maintain such utility easements and irrigation lines; (d) the Declarant, without obligation, reserves the right to transfer such utilities, utility easements and irrigation line easements to access to such utilities in whole or in part to another entity, whether public or private, which shall undertake to provide such utility service. These easements and rights especially include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility and/or irrigation line installation and to maintain reasonable standards of health, safety and appearance.

Section 4. Easement for Road. The Declarant reserves unto itself, its successors and assigns, a non-exclusive perpetual, alienable and transferable easement in gross on, over and under such portions of the Property within the boundaries of The Settlement at Ashley Hall which are used as roadways. Such easement shall be for pedestrian and vehicular traffic and for the construction and maintenance of a road. The Declarant, without obligation, reserves the right to transfer such easement, in whole or in part, to the Association.

Section 5. Drainage Easements. An easement is hereby reserved for the benefit of the Declarant and the Association, their respective employees, agents, 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 of the Property so as to improve the drainage of water. To the extent possible, best efforts shall be made to use this easement so as not to disturb the uses of the Owners, the Association and the Declarant, to perform such easement work properly and expeditiously and to restore any areas affected by such work to a sightly and usable condition as soon as reasonably possible following such work.

Section 6. Environmental Easement. There is hereby reserved for the benefit of the Declarant, the Association and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement on, over and across all unimproved portions of the Property for the purpose of taking any action necessary to effect compliance with environmental rules, regulations and procedures from time to time promulgated or instituted by the Board of Directors of the Association or by any governmental entity, such easement to include without limitation the right to implement erosion control procedures and practices, the right to drain standing water and the right to dispense pesticides.

Section 7. The Office of Ocean and Coastal Resource Management. Notice is hereby given of the restriction that as to any portion of the Property which may contain submerged land or other critical areas, all activities on or over and all uses of such land or other critical areas are subject to the jurisdiction of the Office of Ocean and Coastal Resource Management, its successors and assigns. Any Owner is liable for any damages to, any inappropriate and unpermitted uses of, and any duties or responsibilities concerning any submerged land, coastal waters or other critical areas.

Section 8. Changes in Boundaries: Additions to Common Property. The Declarant expressly reserves for itself and its successors, and assigns the right to change and realign the boundaries of the Common Property and any Lots or other properties owned by the Declarant, including the realignment of boundaries between adjacent Lots and between Lots and Common Property. In addition, the Declarant reserves the right, but shall not have the obligation, to convey to the Association at any time and from time to time such real or personal property as it determines to be conveyed as an addition to the Common Property and subject to the other provisions set forth in this Declaration. No Lot shall be subdivided by an Owner, or its boundary lines changed except as provided in this Declaration.

Section 9. Trespass. Whenever the Association or the Declarant is permitted by this

Declaration to correct, repair, clean, preserve, clear out or do any action on the Property or on the easement areas adjacent thereto, entering the Property and then taking such action shall not be deemed a trespass.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. Preservation of Community Characteristics. In order to preserve the natural beauty of The Settlement at Ashley Hall and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, no building, fence, mailbox, wall, sign, swimming pool, dock, roof, outdoor lighting, exterior sculpture, exterior improvement or other structure shall be erected, placed, added to or altered until the proposed building plans, specifications (including height, color and composition of roof, siding, or other exterior materials and finish, and the height of the finished first floor level above mean sea level), a plot plan showing the proposed location of such building or structure (including drives and parking areas), foundation plans, a tree survey showing the location and diameter of all trees located on the Lot with 4" DBH or greater (excluding buffers and wetlands areas), landscape plans and construction schedules shall have been submitted and approved in writing as hereinafter provided. No trees shall be cut or removed until a tree survey is submitted to the DRB and the trees proposed for removal are marked or the DRB approve the cutting and/or removal of such trees.

Section 2. Objectives. Architectural and design review shall be directed towards obtaining the following objectives for:

- (1) Preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property, removal of trees and vegetation which could cause disruption of natural water courses or scar natural land forms;
- (2) Insuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Lots and Dwelling Units and with surrounding Lots, Dwelling Units and structures and does not unnecessarily block scenic views from existing structures or tend to dominate any general development or natural landscape;
- (3) Insuring that the architectural design and structures and their materials and colors are visually harmonious with The Settlement at Ashley Hall's overall appearance, history and cultural heritage, with surrounding development, with natural land forms and native vegetations, and with development plans officially approved by the Declarant, or any governmental or public authority, if any, for the area in which the structures are proposed to be located;
- (4) Insuring the plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots, and blend harmoniously with the natural

landscape;

- (5) Insuring that any development, structure, building or landscaping complies with the provisions of these covenants;
- (6) Promoting building design and construction techniques that respond to energy consumption and environmental quality consideration such as heat loss, air omissions and run-off water quality;
- (7) Promoting building design and construction techniques that respond to the requirements of casualty insurers insuring against losses from wind, flood and earthquake.

Section 3: Design Review Board. The Declarant shall establish a Design Review Board (such Board hereinafter referred to as the "DRB") which shall consist of at least three (3) persons. The initial DRB shall be composed of three (3) members appointed by the Declarant. The Declarant shall appoint the members of the DRB until such time as the Declarant's Class B membership terminates. The regular term of office for each member of the DRB shall be one (1) year. Any member appointed by the Declarant may be removed with or without cause by the Declarant at any time by written notice to such appointee. At such time as control of the DRB functions are transferred to the Association, members of the DRB shall be appointed by the Board of Directors of the Association.

The DRB shall select its own Chairman and he, or in his absence the Vice Chairman, shall be the presiding officer of the meetings. All meetings shall be held in each calendar month or upon call of the Chairman; all meetings shall be held at the offices of the Declarant in The Settlement at Ashley Hall or at such other places as may be designated by the Chairman.

The DRB is hereby authorized to retain the services of one or more consulting architects, landscape architects, urban designers, and/or attorneys, who need not be licensed to practice in the State of South Carolina, to advise and assist the DRB in performing the design review functions herein prescribed.

Section 4. Structures and Landscaping. No building, wall, fence, sign, swimming pool, roof, color and composition of roof, siding and other exterior materials and finishes, exterior light, exterior sculpture or other structure or improvement of any kind shall be commenced or erected upon any Lot or upon the exterior of any Dwelling Unit, or upon the Common Property, nor shall any landscaping be done, nor shall any addition to any existing building or alteration or change therein be made until the proposed building plans, application, fees, specifications (including height, color and composition of roof, siding or other exterior materials and finish, the location of break away walls and the height of the finished first floor level above mean seal level), site plan (showing the location of such building or structure, drives and parking area), foundation plan, landscape plan, tree survey, and construction schedule shall have been submitted to and approved by the DRB.

Section 5. Submission Approval and Refusal of Structure Siting, Landscaping and other Buildings. Three (3) copies of all plans and related data shall be furnished to the DRB. Copies shall be retained in the records of the DRB. The other copies shall be returned to the Property Owner marked "Approved" or "Disapproved." The DRB shall establish a fee sufficient to cover the expense of reviewing plans and related data at the time they are submitted for review and to compensate any consulting architects, landscape architects, urban designers or attorneys retained in accordance with Section 3 above. Approval shall be dated and shall not be effective for construction commenced more than twelve (12) months after such approval unless a different expiration time is specifically stated in the approval. Disapproved plans and related data shall be accompanied by a reasonable statement of items found unacceptable. In the event approval of such plans is neither granted nor denied within forty-five (45) days following receipt by DRB of written and complete application for approval, including the payment of any applicable fees, the provisions of this Section shall be thereby waived. Refusal of approval of plans, location or specification may be based by the ORB upon any ground which is consistent with the objectives of this Declaration, including purely aesthetic considerations, so long as such ground is not arbitrary and capricious.

Section 6. Approval Not a Guarantee or Representation of Proper Design or Good Workmanship. No approval of plans, location or specifications and no publication of architectural standards bulletins shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed residence, structure or other improvement. Such approvals and standards shall in no event be construed as representing other improvement. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence or improvement thereto will be built in a good and workmanlike manner. Neither the Declarant nor the DRB shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under this Declaration nor for any defects in construction pursuant to such plans and specifications. The Owner shall have sole responsibility for compliance with approved plans and does hereby, by acceptance of title to property subject to this Declaration, agree to hold the DRB and the Declarant harmless for any failure thereof caused by the Owner's architect or builder. The Partnership, the Association and the DRB shall have the right to prohibit the Owner's builder and for general contractor from going to or upon the site in the event it is determined that failure to comply with approved plans is intentional or due to gross negligence under the above mentioned circumstances. The Owner hereby agrees that the exercise of these rights shall not constitute a denial of Owner's property rights and shall not give rise to a cause of action for damages by the Owner.

Section 7. Rules, Regulations and Deposits. The Declarant hereby authorizes the DRB to promulgate certain rules and regulations to carry out the duties delegated to the DRB hereunder, including establishing reasonable provisions for DRB working capital contributions, review fees to cover costs of review of the plans, re-review of the plans, landscaping deposits, impact fees, construction deposits and fines for noncompliance, all as deemed necessary in the reasonable discretion of the DRB and which the DRB may increase, modify and supplement at any time. All fees and charges provided for herein shall constitute specific assessments and a lien upon the Lot.

Section 8, Liability of DRB Members. No member of the DRB shall be liable to any Owner for any decision, action or omission made or performed by such DRB member in the course of his duties unless such member acted in bad faith or in reckless disregard of the rights of any person or of the terms of this Declaration.

ARTICLE X

GENERAL PROVISIONS

Section 1. Duration. This Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period, this Declaration shall be automatically renewed and extended for successive ten (10) year renewal periods. The number of ten (10) year renewal periods hereunder shall be unlimited and this Declaration shall be automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided however, that there shall be no renewal or extension of this Declaration if during the last year of the initial thirty (30) year period or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4ths) of the votes cast at a duly held special meeting of the Association are cast in favor of terminating this Declaration at the end of its then current term. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a Certificate which shall set forth the resolution termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, and the total number of votes cast against such resolution. Said Certificate shall be made Of Record and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2, Amendments. The Declarant, its successors and assigns specifically reserve the right to amend this Declaration, or any portion hereof, in any particular manner (other than in such a manner so as to materially adversely affect the use and enjoyment of a Lot by the Owner, which shall be prohibited), by an instrument in writing filed and recorded in the ROD Office for Charleston County, South Carolina with or without the approval of any Owner or mortgagees from the date hereof until January 1, 2039. Each Owner, by acceptance of a deed or other conveyance to a Lot agrees to be bound by such amendments as are permitted by this section. Thereafter, the procedure for amendment shall be as follows. All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association and any such proposed amendments shall be deemed approved if three-fourths (3/4ths) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which

shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted), the date that notice of such meeting was given, the total number of votes required to constitute a quorum at a meeting of the Association, and the total number of votes cast against the amendment. Such Addendum shall be placed Of Record.

So long as the Declarant is a Class B Member, no amendment of this Declaration shall be made without the consent of the Declarant.

Section 3. Rule Against Perpetuities. The Declarant herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself. In the event that any of the provisions hereof are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then and in that event, such terms shall be reduced to a period of time which shall not violate the Rule Against Perpetuities or any other law of the State of South Carolina, and such provisions shall be fully effective for such reduced period of time.

Section 4. Enforcement. This Declaration shall be enforceable by the Association, the Declarant, or any Member of the Association by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain violation or to recover damages and to enforce any lien created by this Declaration; and failure by the Association or any Member or the Declarant to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right of any of the foregoing to enforce the same thereafter.

In lieu thereof or in addition thereto, the Board of the Association shall have the right to levy a Penalty against any Member for violations or attempted violations of any covenant or restriction contained herein. The Board shall from time to time create a list of penalties to the corresponding violation(s) and furnish the list to the Members. Any penalty levied against a Member, together with such interest thereon and cost of collection therefore as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon of the Member. Each such Penalty, together with any interest thereon and any cost of collection as hereinafter provided, shall also be the personal obligation of the person or entity which was the owner of such real property at the time the Penalty became due and payable. In the case of co-ownership of a Lot or Dwelling Unit all co-owners shall be jointly and severally liable for the entire amount of the Penalty.

If the Penalty is not paid within thirty (30) days of the issuance of said Penalty, then such Penalty shall become delinquent and shall (together with interest thereon at the rate of three and one-half (3 1/2%) percent per month from the due date and all costs of collection thereof including a reasonable attorney's fee) become a charge and continuing lien on the land and all improvements thereon, against which each Penalty is made, at the hands of the then Owner, his heirs, devisees, personal representatives, tenants and assigns.

If the Penalty is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in like manner as a mortgage of real property or both. Upon the exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of any past due assessments due and payable and collect the same through foreclosure. In either event all costs and reasonable attorney fees of such action or foreclosure shall be added to the amount of the Penalty. In the event a judgment is obtained such judgment shall include interest on the Penalty at the rate of eighteen (18%) percent per annum or the maximum lawful rate on such judgments.

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

Section 5. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with the Declaration and to construe and interpret its provisions, and its determination, construction or interpretation, shall be final and binding.

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

Section 7. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provide otherwise.

Section 8. Notices. Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address appearing on the Association's membership list. Notice to one or two or more co-owners or cotenants of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents, or required approvals by or from the Declarant contemplated under this

Declaration, the Declarant shall not be liable to an Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person arising out of or in any way relating to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted or withheld.

Section 10. Termination of Association. In the event that this Declaration be declared to be void, invalid, illegal or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any Court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Property belonging to the Association at the time of such adjudication shall be conveyed to the Declarant and the Declarant would thereafter own and operate said Common Property as trustee for the use and benefit of Owners as set forth below, such that the Common Property shall continue to be available for the use and benefit of the Owners. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend the Declaration as provide for In Article X Section 1, all Common Property owned by the Association at such time shall be transferred to a trustee appointed by the circuit court of Charleston County, South Carolina, which trustee shall own and operate said Common Property for the use and benefit of the Owners within the Property as set forth below.

(1) Each Lot located within the Property shall be subject to an Annual Assessment which shall be paid by the Owner of each such Lot to the Declarant or trustee, whichever becomes the successor in title, to the Association. The amount of such Annual Assessment and its due date shall be determined solely by the Declarant or the trustee, as the case may be.

(2) Any past due Annual Assessment together with interest thereon at the maximum annual rate permitted by law from the due date and all costs of collection including reasonable attorney fees shall be a personal obligation of the Owner at the time the Annual Assessment became past due, and it shall also constitute and become a charge and continuing lien on the lot or parcel of land and all improvements thereon, against which the assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.

(3) The Declarant or Trustee, as the case may be, shall be required to use the funds collected as Annual Assessments for the operation, maintenance, repair and upkeep of The Settlement at Ashley Hall Owners Association, Inc., or the Trustee may charge as part of the cost of such functions, the reasonable value of its services in carrying out the duties herein provided. Neither the Declarant nor the Trustee shall have the obligation to provide for operation, maintenance, repair, and upkeep of the Common Property once the funds provided by the Annual Assessment have been exhausted.

EXHIBIT "A"

Legal Description of Initial Property Subjected to Declaration

ALL that certain piece, parcel or tract of land, together with the buildings and improvements located thereon, situate, lying and being in St. Andrews Parish, County of Charleston, State of South Carolina, and shown and designated as "**LOT 1-E, 5.487 AC. HIGHLANDS 14.2 AC. TIDAL CREEKS & MARSH, 19.7 AC. TOTAL**" on that certain plat entitled "**SUBDIVISION PLAT OF LOT "E" THE SETTLEMENT AT ASHLEY HALL ST. ANDREWS PARISH, CHARLESTON COUNTY, S.C.**" prepared by Forsberg Engineering & Surveying, Inc., dated January 8, 1996, and recorded February 29, 1996 in Plat Book EB Page 18, in the RMC Office for Charleston County, S.C.; said tract having such location, metes, courses, butts, bounds and distances as will by reference to said plat more fully appear.

TMS No.: 353-00-00-003

AND

ALL that certain piece, parcel or tract of land, together with the buildings and improvements located thereon, situate, lying and being in St. Andrews Parish, County of Charleston, State of South Carolina, and shown and designated as "**LOT 2 TMS 353-00-00-004 14.719 AC. HIGHLANDS, 10.2 +/- AC. TIDAL CREEKS & MARSH, 24.9 +/- AC. TOTAL**" on that certain plat entitled "**PLAT OF LOT 2, THE SETTLEMENT AT ASHLEY HALL ST. ANDREWS PARISH, CHARLESTON COUNTY, S.C.**" prepared by Forsberg Engineering & Surveying, Inc., dated April 11, 1996 and recorded May 17, 1996, in Plat Boo, EB Page 113, in the RMC Office for Charleston, S.C.; said tract having such location, metes, courses, butts, bounds and distances as will by reference to said plat more fully appear.

TMS No.: 353-00-00-004

DERIVATION: This being the same property conveyed to The Settlement at Ashley Hall Partners, LLC by Deed of conveyance from Duggan Law Firm, LLC, as Special Administrator of the Estate of Rosina Kennerty Seignious (Charleston County Probate Case #2104-ES-10-01694), dated January 19, 2017, and recorded January 20, 2017, in Mortgage Book 0611 at Page 738, in the RMC Office for Charleston County, S.C.

EXHIBIT “B”

Legal Description of Additional Property

DRAFT

EXHIBIT "C"

By-Laws of The Settlement at Ashley Hall Owners Association, Inc.

DRAFT

**BYLAWS OF THE
THE SETTLEMENT AT ASHLEY HALL OWNER'S ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is THE SETTLEMENT AT ASHLEY HALL OWNER'S ASSOCIATION, INC. (hereinafter the "*Association*"). The principal office of the Association shall be located at 4605 C Oleander Drive, Suite 300, Myrtle Beach, South Carolina 29577. The location of the principal office of the Association may be changed by the Board of Directors. Meetings of Members and directors may be held in such places within Horry County, South Carolina, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

All terms defined in the Declaration Of Covenants, Conditions And Restrictions for The Settlement at Ashley Hall, to be recorded in office of the Register of Deeds of Horry County, South Carolina, (the "*Declaration*"), shall have the same meanings when used herein.

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS**

Membership and voting rights shall be as provided for in Article III of the Declaration.

**ARTICLE IV
MEETINGS OF MEMBERS**

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within six (6) months after Class B Lots cease to exist (as provided in Article III of the Declaration), at the time and place specified by the Board of Directors in the notice to Members of the meeting. Each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter on the day, at the hour, and at the place specified in the notice to the Members of the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or a majority of the members of the Board of Directors. After Class B Lots cease to exist, special meetings of the Members shall be called upon the written request of the Members entitled to at least ten percent (10%) of the votes of the entire membership.

Section 3. Place of Meetings. Meetings of the Members shall be held at such place within Charleston County, South Carolina, as may be determined by the Board of Directors.

Section 4. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, to each Member entitled to vote at such meeting, by hand delivery or by mailing a copy of such notice, postage prepaid, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Notice shall be sent by first class mail or hand delivered not less than thirty (30) days nor more than sixty (60) days before the date of the meeting. Such notice shall specify the place, day and hour of the meeting, and, in case of a special meeting, the exact purpose of the meeting, including the text of any proposals to be voted on at such special meeting. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 5. Quorum. Except as otherwise provided in the Articles of Incorporation, the Declaration (including, specifically, Section 7 of Article V thereof) or these Bylaws, the presence at a meeting of Members or their proxies entitled to cast one-third (1/3) of the votes of the entire membership shall constitute a quorum for any action. If, however, a quorum is not present or represented at any meeting, the Members or their proxies present and entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 7. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by Members holding at least 80% of the voting power of the Association and filed with the Secretary of the Association to be kept in the minute book of the Association.

Section 8. Ratification of the Budget by the Members. After Class B Lots cease to exist, the Board of Directors shall adopt a proposed budget for the Association at least annually. Within 30 days after adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget to the Members and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than 30 days nor more than 60 days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. There shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board of Directors.

ARTICLE V BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by a Board of Directors.

Section 2. Declarant's Right to Appoint and Remove Directors. Until Class B Lots cease to exist, Declarant shall have the right to appoint and remove all directors of the Association.

Section 3. Number, Term and Qualification. The number of directors of the Association shall be three (3) until the first annual meeting of the Association following the date on which the Class B Lots cease to exist, at which time the number of directors shall be increased to five (5). At the first annual meeting following the date on which the Class B Lots cease to exist, the Members shall elect one director to serve for a term of one year, two directors to serve for a term of two years, and two directors to serve for a term of three years.

At each annual meeting thereafter, the Members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) is (are) expiring, to serve for a term of three years (except in the case of the initial election of a director, in which case the term of that director may be shortened to provide for the staggering set forth in this Section, or in the case of the filling of a vacancy, in which case the director elected to fill the vacancy shall be elected for the unexpired term of the director whose vacancy is being filled).

The term of office of the directors shall be staggered so that, except for an election to fill a vacancy or to fill a newly-created directorship, the terms of not less than one (1) nor more than three (3) directors shall expire at each annual meeting. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified. Directors need not be members of the Association.

After Class B Lots cease to exist, the Members of the Association may, by a majority of the votes cast at any duly called annual or special meeting of the Members at which a quorum is present, increase or decrease the number of directors of the Association, provided, however, that the number of directors may not be increased to more than nine (9) nor decreased to less than five (5) without amendment of these Bylaws.

Section 4. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made

from among Members or non-members, provided, however, that after Class B Lots cease to exist, all of the directors shall be Members of the Association.

Section 5. Election. Except as provided in Section 7 of this Article, the directors shall be elected at the annual meeting of the Members by secret written ballot. In such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these Bylaws. The person(s) receiving the highest number of votes shall be elected. Neither cumulative voting nor fractional voting is permitted.

Section 6. Removal. Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the Members present and entitled to vote at any meeting of the Members at which a quorum exists, provided, however, that the Members may not remove a director appointed by the Declarant as provided in Section 2 this Article V.

Section 7. Vacancies. A vacancy occurring in the Board of Directors may be filled by the selection by the remaining directors of a successor, who shall serve for the unexpired term of his predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

Section 8. Compensation. No director shall receive compensation for any service he may render to the Association in the capacity of director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually, without notice, and at such place and hour as may be fixed from time to time by resolution of the Board of Directors. Should the date of such meeting fall on a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 4. Informal Action by Directors. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent to the action so taken is signed by all the directors and filed with the minutes of the proceedings of the Board of Directors, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board of Directors of Directors shall be elected by the directors and shall preside over all Board of Directors meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the President, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers.

The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Members and their guests thereon and establishing penalties for infractions thereof, and adopt and publish rules and regulations interpreting and/or supplementing the restrictions and covenants applicable to the Properties, and take any and all actions deemed by the Board of Directors to be necessary or appropriate to enforce such rules and regulations;

(b) suspend a Member's voting rights during any period in which he shall be in default in the payment of any assessment levied by the Association pursuant to Article V of the Declaration. Such rights may also be suspended after such notice and hearing as the Board of Directors, in its sole discretion, shall establish, for a period not to exceed 60 days, for infraction of the published rules and regulations of the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association by the Articles of Incorporation, these Bylaws, the Declaration, the South Carolina Nonprofit Corporation Act of 1994;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors without good cause;

(e) employ a manager (including the Declarant, as provided in the Declaration) and such other employees or independent contractors as it deems necessary and prescribe their duties, and contract with a management company to manage the operation of the Association. In the event that a contract is entered into with a management company, such contract must be terminable by the Board of Directors without cause or penalty on not more than ninety (90) days' notice and any management contract made with the Declarant shall be for a period not to exceed three years;

(f) employ attorneys, accountants and other persons or firms to represent the Association when deemed necessary;

(g) grant easements for the installation and maintenance of sewage, utility or drainage facilities upon, over, under and across the property owned by the Association without the assent of the Members when such easements are necessary for the convenient use and enjoyment of the Properties; and

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient.

The Board of Directors may, in its discretion, delegate any of its powers to a subcommittee of the Board of Directors, an officer of the Association, or a manager, agent or attorney employed by the Association, provided, however, that such delegation shall not relieve the Board of Directors of its obligation to ensure that the duties set forth in this Article VII are faithfully carried out or that the powers so delegated are appropriately exercised by such delegate.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing at least five (5) working days before such meeting by Members entitled to at least one-fourth (1/4) of the votes appurtenant to the Class A Lots;

(b) supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(c) as provided in Section 8 of Article IV of these Bylaws and in Section 7 of Article V of the Declaration, adopt annual budgets and obtain Member ratification thereof, and establish and enforce procedures for collection of assessments and for filing and enforcement of liens for unpaid dues as provided in the Act;

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

(e) procure and maintain: (i) adequate liability insurance covering the Association; (ii) officers' and directors' errors and omissions insurance; and (iii) full replacement value hazard insurance on the real and personal property owned by the Association;

(f) cause the Common Area and all facilities erected thereon and any portions of any Lot or Unit for which the Association has maintenance responsibility to be maintained;

(g) establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the improvements constructed on the Common Area;

(h) provide such notices to and obtain such consents from the owners and holders of first mortgages on Lots within the Properties as is required by the Declaration or these Bylaws;

(i) pay all ad valorem taxes and public assessments levied against the real and personal property owned in fee by the Association; and

(j) hold annual and special meetings and elections for the Board of Directors.

Section 3. Enforcement. In addition to such other rights as are specifically granted in the Articles of Incorporation, the Declaration or these Bylaws, the Board of Directors shall have the power, pursuant to the procedures set forth in this Section, to impose sanctions for violations by a Owner, a member of his family, or any occupant, tenant, employee, guest or invitee of the Owner, of the Declaration, these Bylaws, rules and regulations adopted Association or the Restrictive Covenants applicable to the Properties (hereinafter individually and collectively referred to as the "Rules"), which sanctions may include, but are not limited to, reasonable monetary fines, not to exceed the greater of the costs actually incurred by the Association in abating such violation including, without limitation, attorney's fees, or \$10.00 per day, or part thereof, in which the violation continues to exist for a first violation, \$25.00 per day for a second violation of the same rules or regulations, and \$100.00 per day for a third or subsequent violation, and which fines shall constitute a lien upon the Lot of the Owner, and suspension of the right to vote and the right to use any recreational amenities within the Common Area. In addition, the Board of Directors may suspend any services provided by the Association to an Owner or the Owner's Lot if the Owner is delinquent in paying any assessment or other charges owed to the Association. The failure of the Board of Directors to enforce any of the Rules shall not be deemed a waiver of the right to do so thereafter.

(a) Notice. Before imposition of any sanction, the Board of Directors or its delegate shall give the Owner written notice describing: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 15 days within which the Owner may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a request for a hearing is received by the Board of Directors before the end of the period set forth in such notice (the "Notice Period"). Such notice may be hand delivered by any person or sent by certified mail, return receipt requested. Any notice hand delivered shall be deemed received when received by the Owner or by any person more than 18-years old who is present at the address of the Owner as shown on the records of the Association. Notice sent by certified mail shall be deemed received on the third business day after same is deposited in the United States Mail. The Board of Directors shall include in its minutes evidence of the giving of such notice, including a copy of the notice and a statement of the date and manner of delivery signed by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting, unless the appearance is made to protest the lack of notice.

If a request for a hearing is not received before the end of the Notice Period, the sanction stated in the notice shall be imposed; provided, however, that the Board of Directors may waive any proposed sanction if the violation is cured before the end of the Notice Period. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

(b) Hearing. If a hearing is timely requested, the hearing shall be held by the Board of Directors in executive session or by a committee of not less than three (3) Members (who may or may not be Directors of the Association) appointed by the Board of Directors for the purpose of hearing such appeals. The Owner shall be afforded a reasonable opportunity to be heard. A written statement of the results of the hearing and the sanction, if any, imposed, shall be placed in the minutes of the Board of Directors.

If the hearing was held before a subcommittee of the Board of Directors, the Owner shall have the right to appeal the decision to the Board of Directors by giving a written notice of appeal to the President or Secretary of the Association within ten (10) days after the initial hearing date. If such notice of appeal is given, the Board of Directors shall schedule and notify the Owner of the date of the appeal hearing, which must be attended by not less than 75% of the members of the Board of Directors. The Owner shall be afforded a reasonable opportunity to be heard. The Board of Directors may, by majority vote of the Directors present at such appeal hearing, affirm, modify or reverse the decision of the subcommittee. A written statement of the results of the hearing and the sanction, if any, imposed, shall be placed in the minutes of the Board of Directors.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board of Directors may elect to enforce any provision of the Rules, without the necessity of compliance with the notice and hearing procedures set forth herein, by self-help methods (specifically including, but not limited to, the towing of Owner and tenant vehicles parked in violation of parking rules) or by action at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Association shall be entitled to recover all costs of such action, including reasonable attorney's fees incurred. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President, who shall at all times be a member of the Board of Directors, a Secretary, a Treasurer, and such Vice President(s) and other officers as the Board of Directors may from time to time by resolution appoint.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members. Notwithstanding any

other provision of these Bylaws, until Class B Lots cease to exist, Declarant shall have the right to appoint and remove all officers of the Association.

Section 3. Term. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless they shall sooner resign, be removed, or be otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may from time to time determine.

Section 5. Resignation and Removal. Any officer (except an officer appointed by the Declarant as set forth in Section 2 of this Article) may be removed from office, with or without cause, by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by the Board of Directors. The person appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article. Notwithstanding the foregoing, the offices of Secretary and Treasurer may be held by the same person.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall: preside at all meetings of the Board of Directors and of the Members; see that orders and resolutions of the Board of Directors are carried out; sign all leases, promissory notes, mortgages, deeds and other written instruments; and, in the absence of the Treasurer, sign all checks.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

(c) Secretary. The Secretary shall: record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring a seal; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the Association and their addresses; and perform such other duties as required by the Board of Directors.

(d) Treasurer. The Treasurer shall: receive and deposit in appropriate bank accounts all funds of the Association and disburse such funds as directed by resolution of the Board of Directors; keep proper books of account; issue, or cause to be issued, all requested certificates setting forth whether the assessments applicable to a specific Lot have been paid; cause an annual audit of the Association books to be made by an independent public accountant at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and, if directed by resolution of the Board of Directors, sign all checks of the Association.

ARTICLE IX COMMITTEES

The Board of Directors of the Association shall appoint a Nominating Committee as provided in Section 3 of Article V of these Bylaws. The Board of Directors may appoint an architectural committee and such other committees as it deems necessary to carry out the affairs of the Association.

ARTICLE X BOOKS AND RECORDS

Section 1. Inspection by Members. The membership register (including names, mailing addresses, telephone numbers and voting rights), books of account and minutes of meetings of the Members, of the Board of Directors (including drafts and summaries), and of committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the principal office of the Association. The Board of Directors minutes shall be available to Members within thirty days of the meeting, and shall be distributed to any Member upon request and upon reimbursement of the costs in making that distribution.

Section 2. Rules for Inspection. The Board of Directors shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made; and
- (c) Payment of the cost of reproducing copies of documents requested by a Member.

Section 3. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes

the right to make extracts and copies of documents, at the expense of the Association.

ARTICLE XI MISCELLANEOUS

Section 1. Amendments. So long as Class B Lots continue to exist, these Bylaws may be amended by a majority of the directors then holding office, provided, however, that such amendment may not be in contravention of any provision of the South Carolina Nonprofit Corporation Act of 1994.

After Class B Lots cease to exist, subject to the provisions of South Carolina Nonprofit Corporation Act of 1994, these Bylaws may be amended if such amendment is approved by: (i) the Board of Directors; (ii) Members entitled to cast at least fifty-one percent (51%) of the votes of the Association; and (iii) so long as Declarant owns any Lots within the Subdivision, by the Declarant, provided, however, that such amendment may not be in contravention of any provision of the South Carolina Nonprofit Corporation Act of 1994.

Section 2. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 3. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 4. Gender. Any use of the masculine gender in these Bylaws shall be construed to include the feminine gender. Any use of the singular shall be construed, as appropriate, to include the plural, and *vice versa*.

Section 5. Severability. If any provision of these Bylaws or the application thereof to any person or circumstances shall be held invalid or unenforceable to any extent by a court of competent jurisdiction, such provision shall be complied with or enforced to the greatest extent permitted by law as determined by such court, and the remainder of these Bylaws and the application of such provision to other persons or circumstances shall not be affected thereby and shall continue to be complied with and enforced to the greatest extent permitted by law.

Section 6. Declaration. The Declaration is incorporated into these Bylaws by reference.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the Incorporator of The Settlement at Ashley Hall Owner's Association, Inc., a South Carolina non-profit corporation, and

That the foregoing Bylaws constitute the original Bylaws of the Association, and have been duly adopted.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this ____ day of _____, 2019.

Gary N. Wadsten

DRAFT