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BACOT & PADGETT LLC

Instrument 200600011457 Book Page 1002 263

STATE OF SOUTH CAROLINA)
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COUNTY OF GREENWOOD)
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DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS,
EASEMENTS, LIENS AND CHARGES OF
NEWPORT

200600011457
Filed for Record in
GREENWOOD COUNTY SC
INGRAM HOOD
10-17-2006 At 01:54 p.m.
RESTRICTION 27.00
Book 1002 Page 263 - 283

Space Above For Recording Purposes Only

This Declaration is made on the 12 of October, 2006, by SCN Newport Land Development Company, LLC, a South Carolina limited liability company, hereinafter referred to as "Declarant."

WHEREAS, the Declarant is the owner of certain real property located in Greenwood County, South Carolina, more particularly described as follows:

See Exhibit A

WHEREAS, the Declarant intends to develop on the Property residential and resort communities and Declarant is desirous of maintaining design criteria, location, plans, construction specifications and other controls including but not limited to boundary setbacks to assure the integrity of the projects; and

WHEREAS, the Declarant has caused or will cause The Newport Property Owners Association, Inc., a corporation organized under the nonprofit corporation laws of South Carolina, to be formed for the purpose of providing a nonprofit organization to serve as the representative of the owners and residents with respect to: the administration and the enforcement of all covenants, conditions, restrictions, easements and charges contained herein; all liens created hereby; the creation, operation, management and maintenance of the Common Areas, and any Limited Common Areas; the operation, management and maintenance of any leased property; the assessment, collection and application of all charges imposed hereunder; and the promotion otherwise of the health, safety and general welfare of the owners and residents and the preservation of the values and amenities; and

WHEREAS, each Purchaser of a Lot will be required to construct and maintain a home therein in

accordance with the Purchase Agreement, currently accepted Architectural Guidelines for the Community, as may be amended from time to time, and this Declaration of Covenants, Conditions, Restrictions, Basements, Liens and Charges of Newport ("Covenants"); and

WHEREAS, in order to cause the Covenants to run with the Property, Declarant has executed this instrument.

NOW, THEREFORE, the Declarant hereby declares that all of the Property shall be held, sold and conveyed subject to the following Covenants all of which are for the purpose of promoting the common good and general welfare of the owners and residents of Newport and thereby enhancing and protecting the value, desirability and attractiveness of the Property. These Covenants shall run with the title to the Properties and shall be binding on all parties having any right, title or interest in the described Property or any part thereof and, subject to the limitations herein provided, shall inure to the benefit of each Owner thereof, his heirs, grantees, distributees, successors, and assigns.

ARTICLE I
DEFINITIONS

The following words when used in this Declaration (unless the context dictates otherwise) shall have the following meaning:

Section 1. "Association" shall mean and refer to Newport Property Owners Association, Inc., a nonprofit South Carolina corporation, its successors and assigns.

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

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

Section 4. "Common Area" shall mean all real property and personal property owned or used

by the Association for the common use and enjoyment of all of the Owners including the roads which shall not be the responsibility of any governmental authority.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded plat of the Property as such maybe conveyed by Declarant from time to time, together with the improvements thereon, with the exception of the Common Areas.

Section 6. "Declarant" shall mean refer to SCN Newport Land Development Company, LLC, a South Carolina limited liability company, its successors and assigns, or any person, firm or corporation that succeeds to the title of the Declarant. Any such person, firm or corporation shall be entitled to exercise all rights and powers conferred upon the Declarant by this Declaration, Articles of Incorporation, or Bylaws of the Association.

Section 7. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions, Easements, liens and Charges of Newport.

Section 8. "Living Unit" or "Unit" shall mean and refer to any portion of the building situated upon the Property assigned and intended for use and occupancy as a residence by a single family as herein provided. Declarant reserves the right to alter the single family requirement on a phase by phase basis.

Section 9. "Board" shall mean and refer to the Board of Directors of the Association.

Section 10. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be determined to be necessary and appropriate by the Board pursuant to this Declaration, the Bylaws, and the Articles of Incorporation.

Section 11. "Committee" shall mean and refer to the Architectural Control Committee as appointed by the Declarant for architectural review within Newport.

Section 12. "Building Cost" shall mean all costs associated with building a Unit, excluding Lot costs.

ARTICLE II
ANNEXATION OF ADDITIONAL PROPERTY AND
DECLARATIONS

Section 1. Annexation. Declarant shall have the unilateral right, privilege, and option, from time to time at any time, to subject to the provisions of these Covenants, and the jurisdiction of the Association all or any portion of any additional real property as proposed by the Declarant. Such annexation shall be accomplished by filing in the public records of Greenwood County, South Carolina, a Supplemental Declaration annexing such property. Such Supplemental Declaration shall not require the consent of voting Members, but shall require the consent of the Owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other person the right, privilege, and option to annex additional property which is herein reserved to Declarant.

Section 2. Acquisition of Additional Common Area. At its sole discretion, Declarant will convey to the Association additional real estate, improved or unimproved, which upon conveyance or dedication to the Association must be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

Section 3. Withdrawal of Property. Declarant reserves the right to amend this Declaration at any time without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Property then owned by the Declarant, its affiliates, or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any change whatsoever in the plans for the Properties desired to be affected by the Declarant, provided such withdrawal in not unequivocally contrary to the overall, uniform scheme of development for the Properties.

Section 4. Additional Covenants and Easements. The Declarant may unilaterally subject any portion of the Property initially or later added subject to these Covenants to additional covenants and easements, including covenants obligating the Association to maintain and insure such property on behalf of the Owners thereof and obligating such Owners to pay the costs incurred by the Association through Neighborhood Assessments. Any such additional covenants and easements shall be set forth in a Supplemental Declaration.

Section 5. Amendment. This Article II shall not be amended without the prior written consent of Declarant.

ARTICLE III
PROPERTY RIGHTS

Section 1. Common Area. Common Areas may continue to be owned by the Declarant or may be conveyed or transferred to the Association, at the Declarant's sole discretion, free and clear of all liens and encumbrances of record, but subject to this Declaration, subsequent to Greenwood County inspection.

Section 2. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in, to, over and through the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- a. The right of the Association to charge reasonable fees for the maintenance of the common Area and any facility situated upon the Common Area;
- b. The right of the Declarant, and of the Association, to dedicate, transfer, or convey all of any part of the Common Area or Limited Common Area, with or without consideration, to any 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 Area by the Members of the Association. The right of the Declarant to dedicate, transfer, or convey all of any part of the Common Area or Limited Common Area, such as but not limited to the roads, to the Association immediately upon approval by the county authority charged with assessing road standards;
- c. The right of the Declarant, and of the Association, to grant and reserve easements and right-of-ways through, under, over, around and across the Lots and Common Areas for the installation maintenance, and inspection of lines and appurtenances for public and private water, electric, drainage, gas, and other utilities and services, including a cable television or community antenna television system, natural or unnatural privacy screens and irrigation or lawn sprinkler systems, and the right of the Declarant to grant and reserve easements and right-of-ways through, over and upon and across the Common Areas for the operation and maintenance of the Common Areas;
- d. The right of the Association to levy and assess fines for an infraction of its published Rules and Regulations and/or to suspend, after notice and hearing before the Board, the voting rights and right to use of the common areas and recreational facilities by an Owner, his family, guest, invitees or tenants for a reasonable period of time; however, the right of an Owner to ingress and egress over the roads and/or parking areas shall not be suspended.

- e. The right of the Association, in accordance with its Articles of Incorporation and Bylaws, to borrow money for the purpose of improving or repairing the Common Area and to execute and deliver a mortgage on the Common Area; however, a decision to borrow money and deliver a mortgage must be assented to by the cumulative total of two-thirds (2/3) of the Class A plus Class B member votes.
- f. The right of the Declarant to place promotional signs and literature in the Common Areas, or any lot owned by Declarant;
- g. The right of the Declarant for ingress and egress over the roads of Newport.
- h. The right of the Association to enact Rules and Regulations to govern the use of the Common Area and Limited Common Area; as approved by the cumulative total of Two-thirds (2/3) of the Class A plus Class B member votes.

Section 3. Delegation of Use. After prior written approval by the Board any Owner may delegate in accordance with the By-laws of the Association, his rights of enjoyment to the Common Area and facilities to the members of his family, who reside on the Property, his tenants, or contract purchasers.

Section 4. Additional Structures. Neither the Association nor any Owner shall, without the prior written approval of the Declarant erect, construct, or otherwise locate any structure or other improvement in the Common Area.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot and the Declarant shall be a member of the Association, and the Membership shall be appurtenant to and may not be separated from ownership of any Lot, provided, however, that any person or entity that holds any interest merely as security for the performance of an obligation shall not be a member excepting Declarant.

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

(a) Class A. Class A members shall be all those Owners of Units as defined in ARTICLE I, Section 2., with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot

in which they hold an interest required for membership. When more than one person holds such interest or interests in any Lot, all such Persons shall be members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

(b) Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to one vote for each Lot in which it holds the interest required for membership plus one vote for each Class A member so long as the Declarant holds an interest in any Lot.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a Deed therefor, whether or not it shall be so expressed in any such Deed or other conveyance, is deemed to covenant and agree to pay to the Association the General Assessments of charges and Special Assessments for capital improvements. Such assessments shall be fixed, established, and collected from time to time as hereinafter provided. The General and Special Assessments together with such interest, costs and reasonable attorneys' fees shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest, costs and attorneys' fees shall also be the personal obligation of the person who was the Owner of such Lot when the assessment fell due. In the case of co-ownership, all such Owners shall be jointly and severally liable for the entire amount of the assessment. The Declarant shall pay to the Association 1/3 of the regular assessments on the unsold Lots until January 1, 2010. The Declarant's obligations hereunder may be satisfied in the form of a cash subsidy or by "in kind" contributions, services or materials, or a combination of these at Declarant's discretion.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combinations of services and materials with Declarant or other entities for the payment of some portion of the Common Expenses.

The Association will be turned over to the property owners no sooner than when the last lot is sold and closed, or ~~April 1, 2012~~, whichever occurs first.

Section 2. Purpose of General Assessments. The General Assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety and welfare of the residents of Newport and in particular for the administration, acquisition, improvement and maintenance of the Properties, services and facilities devoted to this purpose and related to the use and enjoyment of the

Common Area and services to the Owners, including, but not limited to: (1) the cost of public and private utilities; (2) cost of maintaining any property operated by Association under a lease or permit; (3) repairs and replacement of roads within the Properties; (4) repairs, replacements and additions, the cost of insurance, the cost of labor, materials, management, maintenance and supervision, the payment of any taxes assessed against the Common Area and on any Property owned or leased by the Association; (5) payment of charges for garbage services, water and sewer services furnished to the Common Area and the employment of an attorney to represent the Association when necessary and such other needs as may arise.

Section 3. Maximum General Assessment. The initial general assessment shall be Eight Hundred and 00/100 (\$800.00) Dollars per year per Lot with or without a Unit. The General Assessment shall be payable in annual or semi-annual installments. Each installment shall be due by the fifteenth (15th) day of the first and sixth month or on such date as the Board shall establish. The Board shall have the right to establish a payment schedule other than semi-annual.

- (a) Thereafter, for each calendar year or portion thereof, the General Assessment shall be established by the Board and may be increased annually by the Board without approval of the Association Members in an amount not to exceed ten (10%) percent of the maximum annual assessment of the previous year. Failure of the Board to increase the maximum annual assessment in any year shall not be deemed waiver of the Board's right to assess the membership for previous years in future years, and provided that no increase based upon non-assessment from previous years shall be effective unless the majority of the Board finds probable cause in a duly called meeting for such increase.
- (b) Thereafter, the maximum General Assessment may be increased above ten (10%) percent by vote of the cumulative total of two-thirds (2/3) of the Class A plus Class B member votes who vote in person or by proxy at a meeting duly called for this purpose.
- (c) The Board shall, in connection with the fixing of the General Assessment prepare, or cause to be prepared, an annual budget showing the services furnished by the Association and the cost thereof per Lot.
- (d) The Board shall, in connection with the fixing of the general assessments, include an adequate reserve fund for maintenance, repair, and replacement of those elements of the common Area that must be replaced on a periodic basis and are payable in regular installments rather than by special assessments.

Section 4. Special Assessments For Capital Improvements. In addition to the General Assessment, the Association may levy in any assessment year a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a capital improvement upon the Common Area including fixtures and personal property related thereto, provided that any such assessment shall have the consent of the cumulative total of two-thirds (2/3) of the Class A plus Class B member votes who are voting in person or by proxy at a meeting duly called for this purpose. All Special Assessments shall be fixed at a uniform rate for all Lots, excluding the Declarant, and may be collected on a monthly basis or as established by the Board.

Section 5. Working Capital Fund Established. At the time of the conveyance of each Lot, the subsequent owner shall deposit with the Association a sum of money equal to Five Hundred (\$500.00) Dollars, to establish a working capital fund to meet expenditures or purchase any additional equipment or services. The sums paid under this ARTICLE IV, Section 5., shall not be considered as advance payments of the General Assessment. This amount may be amended as set forth in this Declaration.

Section 6. Notice Under Sections 3, 4 and 5 of Article V. Written notice of any meeting called for the purpose of taking any action authorized under section 3, 4, or 5 shall be sent to all members not less than twenty (20) days nor more than sixty (60) days in advance of the meeting. At such meeting called, the presence of members or proxies entitled to cast fifty (50%) percent of all the votes of each class of membership that could vote on the particular action shall constitute a quorum. If the required quorum is not present, another meeting may be called, subject to the same notice requirement, and the required quorum for the subsequent meeting shall be the presence of members or proxies entitled to cast thirty-five (35%) percent of all votes. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. General Assessments and Special Assessments must be fixed at a uniform rate for all Lots to which the particular assessment applies, excepting Declarant's unsold lots, and may be collected on a monthly basis, or any other basis approved by the Board.

Section 8. Date of Commencement of General Assessments.

- (a) Completion of Common Area by Declarant. The Declarant will fulfill all its obligations in accordance with its plan to complete the construction of the improvements in the Common Area; however, after the conveyance of the first Lot the Association will be responsible for

the maintenance, repair, and upkeep of the Common Area, even if the Common Area has not been decided to the Association.

- (b) Due Dates. The Board shall fix the amount of the General Assessment against each Lot and notify Owner at least thirty (30) days in advance of each general assessment increase. Written notice of the General Assessment shall be sent to every Owner subject thereto. The due date of the General Assessment shall be established by the Board. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 9. Effect of Nonpayment of Assessment. If any Assessment (General or Special) is not paid on the date when due, then such Assessment shall become delinquent and shall bear interest at the rate of ~~eighteen (18%)~~ percent per annum after the due date. The cost of collection, including attorneys' fees, shall also be added to the amount due. The Association may bring an action at law or equity against the Owner personally obligated to pay the same or foreclose the lien against the Property and interest, costs, and attorney's fees of any such action shall be added to the amount of such Assessment and Assessments and penalties will continue to accumulate and become a lien against the Lot. The Association reserves the right to file a Notice and Certificate of lien in the appropriate county office where liens are filed, and such lien shall bear interest as set forth in this section. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area, even during suspension periods, or by abandonment of his Lot. Every owner waives any right he may have to a jury trial and to counterclaims in an action for the collection of any Assessment under this Declaration.

Section 10. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage now existing or hereafter placed upon the Lot. No sale or transfer of any Lot shall affect the Assessment liens for relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof except that a holder of a first mortgage that acquires the Lot pursuant to foreclosure of the mortgage or deed in lieu of foreclosure will take the Unit free of unpaid assessments which have accrued prior to the time such holder takes title to the Unit.

ARTICLE VI

LINKS AT STONEY POINT MEMBERSHIP REQUIREMENT

Section 1 Creation of Personal Obligation to Membership. All Owners will be required

to join the LINKS AT STONEY POINT, its successor or assign, at the minimum as a social member. Each Owner shall fulfill this Club membership requirement on, before or within seven (7) days the closing of their Unit or Lot. A copy of the membership requirements as of the date of this Declaration is attached as Exhibit "B," and may be amended from time to time by the LINKS AT STONEY POINT club at its sole discretion.

ARTICLE VII
ARCHITECTURAL CONTROL COMMITTEE

No building, dock, seawall or other structure, including fences or fence like structures and walls, shall be commenced, erected or maintained upon an Lot nor shall any exterior addition to or change or alteration to any Lot or Unit (including changing the exterior paint color) be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same including but not limited to setbacks and curb cuts has been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography and the general development plan by the architectural control committee ("Committee") composed of two or more representatives appointed by the Declarant, or the Association after the turnover described in Article V. Any Lot landscaping or change in landscaping shall be approved by the committee. In the event said Committee fails to approve or disapprove such change, alteration, design or location in writing within forty-five (45) days after said complete written plans and specification have been submitted to it, said request shall automatically be deemed approved. The Committee shall have the authority to adopt specific architectural guidelines, including but not limited to requiring that any plans be prepared and certified by a licensed Architect for the Property and to charge a review fee to cover administrative and enforcement cost and a cash bond. Such fee shall be set by the Board.

ARTICLE VIII
COVENANTS, RESERVATIONS, AND USE RESTRICTIONS

Section 1. Land Use and Building Type. Without prior written approval of Declarant which may be withheld for any reason, (A) no Lot shall be used except for the private residential purposes of a single family, provided, however, that nothing herein shall prevent Declarant from using any dwelling or Unit as a model, sales office, or amenity; (B) not more than one Unit shall be constructed on any Lot. No Lot or Unit may be owned in any timeshare or similar type of ownership without the express written permission of the Declarant or the Association, after turnover described in Article V.

Section 2. Nuisance. No noxious or offensive activity shall be carried on upon any Lot or the Common Area, nor shall anything be done thereon which may be or become an annoyance or nuisance to the other Owners.

Section 3. Animals. No animals, livestock or poultry of any kind shall be raised, kept, bred maintained on any Lot or the Common Area except that a Lot Owner shall be allowed to have no more than two common household pets. Said pets shall be kept on leashes when not confined. If a pet becomes a nuisance as defined by the Association, then the nuisance must be removed immediately upon notification by the Association.

Section 4. Outside Antennas. No outside radio, telephone or television antennas, etc. Including satellite dishes, shall be erected on the Lot or the Common Area without the prior written approval of the Committee.

Section 5. Clotheslines. No clotheslines or other devices for drying clothes, sheets, blankets, laundry or other articles shall be located outdoors upon any Lot or the Common Area.

Section 6. Signs. Nothing shall be hung, painted, or displayed on the outside of the windows, walls or surfaces or outside of any of the Units except for those installed by Declarant or as approved in writing by the Committee. Notwithstanding the foregoing, the Declarant shall have the right to display signs for promotional, sales, exhibit and administrative purposes upon any portion of the Common Area or Lot. No one excepting Declarant shall display a "For Sale" or "For Rent" sign.

Section 7. Structures. No structure of a temporary character shall be placed upon any Lot or the Common Area at any time provided, however, that nothing herein shall prevent a contractor from using a small temporary structure during the course of construction. The structure shall be removed from the Lot or Common Area upon completion of construction.

Section 8. Trailers, Etc. No trailer, tent, barn, tree house, shed, or similar outbuilding shall be placed on any Lot or the Common Area at any time either temporarily or permanently; however, storage buildings of a design and construction similar to the Unit may be allowed subject to the approval of the Committee, but not prior to a Unit being constructed.

Section 9. Commercial Vehicle. No commercial vehicle, construction vehicle or like

equipment or mobile or stationary trailers of any kind shall be permitted on the Lot, Common Area, or roads, except temporarily and solely for purposes of loading and unloading, without prior approval of the Committee. Parking of commercial trucks, boats, buses, trailers, camping trailers, motor homes and recreation vehicles is prohibited on any Lot or Common Area, or the rights of way of any public or private street in or adjacent to the Lots or Common Area except those screened from view within an approved enclosure.

Section 10. Disabled Vehicles. No disabled vehicle, trailer, or other non-operating equipment shall be parked or placed on any Lot, Common Area, or any road within the Property.

Section 11. Outdoor Recreational Equipment. Permanent outdoor recreational equipment including basketball goals, shall not be installed or used on any Lot unless it has been approved by the Committee.

Section 12. Yard and Exterior Maintenance. Plants, grass, trees and improvements now or hereinafter located upon the Common Area shall be maintained by the Association and may not be removed except by permission of Declarant. An Owner shall maintain his Lot and the plants, trees and improvements thereon in accordance with the approved landscape plan and to a level as directed by the Association.

Section 13. Subdivision. No Lot shall be subdivided or its boundary line changed, except with the written consent of the Declarant.

Section 14. Fuel Tanks. No fuel tanks or similar storage receptacles may be installed, unless approved by the appropriate government authority and by the Committee.

Section 15. Unlawful Use. No immoral, improper, offensive or unlawful use may be made of the Property, or any part thereof, and all laws, ordinances, and regulations of any governmental entity having jurisdiction shall be observed.

Section 16. Garbage. Garbage receptacles shall be used upon the Property only in accordance with the guidelines of the Committee or as any governmental entity may direct. If garbage receptacles are required to be placed on the road, the receptacles shall be placed on the road only on the morning of collection and shall be removed from the road the same day that garbage is collected.

Section 17. Mailboxes and Paper Boxes. The Association will have a standard mailbox type for each lot or grouping of lots. They will be provided for a fee. The mailbox or paper box installed with written approval of the Committee.

Section 18. Prohibited Uses. The Association shall have the power to make such Rules and Regulations as may be necessary to carry out the intent of this Declaration and shall have the right to bring a suit at law or in equity by injunction to enforce the Rules and Regulations promulgated by it. The Association shall further have the right to levy fines or violation of such Regulations or violations of this Declaration. For each day a violation continues after notice, it shall be considered a separate violation. Any fines so levied are to be considered an assessment to be levied against the particular Owner involved, and any collection may be enforced by the Association in the same manner as the Association is entitled to enforce collection of the other assessments. Fines may be levied against an Owner's guest, invitee or tenant and the Owner shall be jointly and severally liable with his guest, invitee or tenant for the payment of the same. In the event the Association institutes legal action for the collection of any fines, the Owner shall be responsible for payment of reasonable attorney's fees of the Association plus interest and costs of the suit.

Section 19. Security Gate. The Association will decide when and if the Security Gate is to be manned.

ARTICLE IX
EASEMENTS

Section 1. Construction. A non-exclusive easement in, upon, over, under, through and across the Common Area and each Lot is reserved for the Declarant, which easements shall be for the purpose of construction, installation, maintenance and repair of existing and future structures and appurtenances thereto, for ingress and egress to all Lots and for the use of all roadways, driveways, parking areas, walkways, model homes, golf courses and common area for sales promotion and exhibition.

Section 2. Utilities. A nonexclusive easement is reserved to the Declarant, utility companies, private water and sewer companies, cable television companies, private garbage collectors and public agencies in, upon, over, under, through and across the Lots and Common Area for the purposes of installation, maintenance, repair and replacement of (a) all sewer, water, power and telephone, pipes, lines, mains, conduits, poles transformers, or television facilities and any and all other equipment or machinery necessary or incidental to the proper functioning of any utilities system, whether public or private, serving the Property; or (b) collection of trash and garbage; or (c) any other improvements thereto including the

right of ingress and egress, which easement shall be for the benefit of (i) Declarant, and (ii) the Association in connection with the proper discharge of its responsibilities incurred under the terms of this documents with respect to the Lots or Common Area.

Section 3. Encroachment Easements. During construction of a Unit, every Lot Owner shall have a nonexclusive easement over the neighboring Lot(s) for the construction and or repair of the Unit. Provided, however, that said Lot Owner shall take steps to ensure that said use of neighboring Lot is minimal and each Lot Owner shall be responsible for repairing any damage and restoring the neighboring Lot to its original condition. The Association shall likewise have a nonexclusive easement for the existence, continuances, and maintenance of an encroachment of the Common Area upon any Lot now existing or which may come into existence hereinafter as a result of construction, repair, shifting, settlement or as a result of condemnation or eminent domain proceedings and said encroachment easements will also exist due to the architectural design of the Common Area or the practicality of construction of the Common Area.

Section 4. Ingress and Egress. Every Owner shall have a nonexclusive easement for ingress and egress to his Lot in, upon, over, under, through and across the Common Areas as may be reasonably required for such ingress and egress.

Section 5. Mutual Easements. Every Owner shall have a nonexclusive easement to use and maintain all pipes, wires, ducts, cables, conduits, utility lines, drainage lines, water liens and other common facilities located on any portion of the Property which serve the Lot of an individual Owner. The Association or its representative shall have the right of access to each Unit to inspect same in order to correct any conditions threatening another Unit or to correct the violation of any provision set forth in the Declaration, the By-laws or in any Rules and Regulations promulgated by the Association; provided, however, that a request for entry is made in advance and that any such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate whether the Owner is present at the time or not.

Section 6. Drainage. The Declarant, Association and Owners, shall have a nonexclusive easement in common in, upon, over, under, across and through the Lots and Common Area for surface water runoff, water runoff from roofs, and drainage caused by natural forces and elements, grading and/or improvements located upon the Lots and Common Area. No Owner shall directly or indirectly interfere with or alter the drainage and runoff patterns and systems within the Property.

Section 7. Use of Easement. Subject to all of the other Condition, Covenants and Restrictions contained in this Declaration, each Owner shall have he right to use the portion of his Lot subject to any easement in any manner not inconsistent with the purposes for which such easement is reserved. Except as stated to the contrary in this Declaration, the Owner shall continuously maintain the area within such easement and all improvements within its boundaries, except for such improvements for which a public authority or public utility is or may become responsible for maintenance.

ARTICLE X

GENERAL PROVISIONS

Section 1. Application. All Owners, guests and tenants, shall be subject to the provisions hereof and to the provisions of the Articles of Incorporation and the Bylaws.

Section 2. Enforcement. The Association, Declarant, Committee, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, fines, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall no affect any other provision which shall remain in full force and effect.

Section 4. Agreements. The Association shall be and is hereby authorized to enter into such agreements, including without limitation, management contracts, as it may deem necessary or desirable for the administration and operation of the Common Area and the Lots, if appropriate. Each Owner by acquiring a Lot agrees to be bound by the terms and condition of all such agreements entered into by the Board on behalf of the Association. A copy of all such agreement shall be made available at the office of the Association for review by an Owner; however, any agreement shall provide that the Association shall have the right to terminate, without cause, the contract with the manager at any time after a transfer as provided in ARTICLE III, Section 2(b) herein. The right to terminate shall further provide that a penalty would not be paid by the Association on account of said termination. The manager shall be entitled to a sixty (60) day notice of the Association's desire to terminate the contract.

Section 5. Duration and Amendment. The Covenants of this Declaration shall run with and bind the Property whether or not said restrictions are recited in the Owner's deed or chain of title, and shall

inure to the benefit of and be enforceable by the Association, Declarant, Committee, or any Owner subject to the terms of this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty-five (35) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically extended for successive period of ten (10) years. ~~This Declaration may be dissolved at any time upon the vote of one hundred (100%) percent of the Owners.~~ This Declaration may be amended by a vote of the cumulative total of three-fourths (3/4) of the Class A plus Class B member votes. Said written instrument shall be recorded in the Office of the Clerk of Court for Greenwood County. Until June 1, 2010, Declarant may amend any part of this Declaration, in whole or in part, without a vote, including but not limited to the voting structure and common expense liability allocation.

Section 6. Waiver. No provision hereof shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or reaches which may have occurred.

Section 7. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and nonpersonal entities, as well as the singular and plural wherever the context requires or permits.

Section 8. Books and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, or under other reasonable circumstances, be subject to inspection by any member or by any holder, insurer or guarantor of any first mortgage. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable costs. Upon request, any owner or the holder of any first mortgage on any Lot, shall be entitled to a financial statement showing the statement of operations and the balance sheet of the Association for the immediately preceding fiscal year.

Section 9. Assignment. The Declarant reserves the right to assign all rights, privileges, or benefits reserved in these Covenants.

Section 10. Lender's Notices and Information. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

- (a) Any condemnation loss or casualty loss which affects a material portion of the project or

any Lot on which there is a first mortgage held, insured or guaranteed by such eligible mortgage holder or eligible insurer, or guarantor as applicable;

- (b) Any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor which remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (d) Any proposed action requiring consent of a specified percentage of eligible mortgage holders.

Section 11. Right of First Refusal. In the event the owner or successor-in-title to the owner desires to sell a lot or residential site within Newport together with its improvements, if any, to an unrelated third party by blood, marriage or by law, then the Declarant shall have the option to purchase the property at the same price at which the highest written bona fide offer has been made for the property and submitted to the Declarant for verification. The Declarant shall have fifteen (15) business days, excluding holidays, days to execute its option from the later of: a) the date of such written offer, or b) the date upon which all assessments owed to the Declarant by the owners are paid. Should the Declarant fail or refuse, within fifteen (15) business days, excluding holidays, after receipt of written notice of the price and terms to exercise its option, then the Declarant shall file a Waiver of Repurchase Option to be prepared and executed by the Declarant, and which shall be executed by the owner and prospective purchaser at the closing of the property. The recording expense shall be paid for by the owner. This Waiver of Repurchase Option is to be in recordable form and filed in the Office of the Clerk of Court for Greenwood County, then the owner of the property shall have the right to sell the property subject, however, to all covenants and limitations herein contained, at a price not lower than that at which it was offered to the Declarant.

Should, however, such sale to an unrelated third party, as defined above, not be consummated within three (3) months of the date of the offer transmitted to the Declarant, the terms and limitations of this paragraph shall again be imposed upon any sale by the Owner and Owner must retain another Waiver of Repurchase Option from Declarant.

If the Declarant shall elect to purchase such property, the transaction shall be consummated within thirty (30) days, or as soon as practicable, following delivery of notice by Declarant to the Owner of its decision to purchase.

The option retained by the Declarant shall expire as to all the property described herein at the will

of the Declarant evidenced by a writing filed in the Office of the Clerk of Court for Greenwood County.

The provisions of this paragraph shall not apply to sales under the powers contained in Mortgages and similar security instruments.

IN WITNESS WHEREOF, SCN Newport Land Development Company, LLC, a South Carolina Limited Liability Company has caused this Declaration to be executed this 12 day of October, 2006.

Signed, Sealed and Delivered
In The Presence Of:

SCN Newport Land Development Company, LLC

[Signature]
Witness
[Signature]
Witness

[Signature]
By: Ken Willis
Its: Designated Member

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

PROBATE

PERSONALLY appeared before me [Signature] who, on oath, says that he/she saw the within named SCN Newport Land Development Company, LLC by Ken Willis, its Designated Member, sign the within written instrument, and that he/she with [Signature] witnessed the execution thereof.

SWORN to before me this 12
day of October, 2006.

[Signature]
Witness

[Signature]
Notary Public for South Carolina
My Commission Expires: 7/25/15

EXHIBIT A
LEGAL DESCRIPTION

All that certain piece, parcel or tract of land, lying, situate and being on the waters of Lake Greenwood, in the County of Greenwood, State of South Carolina, and being more particularly shown and designated as 159.57 acres on plat of survey entitled "Boundary Plat of Tigner C. and Jacquelyn Rauton Property located in Greenwood County, South Carolina prepared for SCN Newport, LLC" by Davis & Floyd Engineering of date January 16, 2006. Said plat is entered for record in the Office of the Clerk of Court for Greenwood County in Plat Book 130, at Page 82. According to said plat the within tract is bounded on the North by the 440 contour line of Lake Greenwood; On the West and South by property now or formerly of Fletcher F. Lawrence, Jr.; on the Southeast by property now or formerly of Mark C. Willard, III; on the East by property now or formerly of Robert E. Ellerbe, Sr., Clarence E. Shannon et al., and Ruby F. Shannon. Reference is made to the aforesaid plat for a more full and accurate description.

This property description of 159.57 acres does not include the ___ acres deceded to Richard L. and Angela D. Masters entered for record in the Office of the Clerk of Court for Greenwood County in Deed Book 624 at Page 172.

This conveyance is made subject to easements and restrictions of record or otherwise affecting the property.

The above described property was conveyed to Clarence Tigner Rauton and Jacquelyn Rauton Gregory by deed from the Estate of Virginia A. Rauton entered for record in the Office of the Clerk of Court for Greenwood County in Deed Book 736 at page 48, and by deed of The County Bank as Trustee of Trust B U/W of Nolan J. Rauton of date May 11, 2000, and entered for record in the Office of the Clerk of Court for Greenwood County in Deed Book 621 at Page 80.

ALSO: All that certain piece, parcel or lot of land, situate, lying and being in the County of Greenwood, State of South Carolina, and being more particularly described as the land constituting the 50' right-of-way designated as a "County Maintained Dirt Road" as set forth on the plat entitled "Boundary Survey for Fletcher Lawrence" prepared by John H. Welborn & Company, dated September 23, 1983, revised February 16, 1984, and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 42 at Page 171. For a more complete and accurate description of the acreage, metes, bounds, courses, and distances, reference is made to the aforesaid plat and said plat is expressly incorporated herein and made a part and parcel hereof.

The above described property was conveyed to SCN Newport Land Development Company, LLC, by deed of Clarence Tigner Rauton and Jacquelyn Rauton Gregory entered for record in the Office of the Clerk of Court for Greenwood County in Deed Book 993 at page 162.

Exhibit B

As a property owner within Newport, you are required to be a member of the Links at Stoney Point. The required minimum membership for owners in Newport allows you the use of a wide variety of recreation, dining and fitness opportunities based upon timely payment of your monthly dues.

Currently, the monthly minimum Family Membership dues of \$50. This membership level allows you usage of the tennis courts, current golf clubhouse, fitness room and charging privileges at Bermuda's. Once the new Fitness Center Complex at Stoney Point is completed, your dues are expected to increase to \$75 per month.

With the completion of the Newport Pool Complex, your dues are expected to increase to \$100 per month for a Family Membership.

Single Memberships are available only to unmarried people. The current minimum Single Membership monthly dues of \$25 allow access to tennis courts, current golf clubhouse fitness room and Bermuda's charging privileges. Upon Fitness Center completion, Single Membership dues increase to \$50 per month. Upon Newport facility completion, Single Membership dues increase to \$75 per month.

Full Golf Family and Single Memberships are also available which will offer you access to all the facilities above plus golf so that you can enjoy the full spectrum of amenities at Stoney Point. Full Golf Family Membership monthly dues are currently \$190 and are expected to be increased to \$215 upon completion of Fitness Center and to \$240 upon Newport facility completion. Full Golf Single Membership dues are currently \$140 per month to be increased to \$165 upon Fitness Center completion and to \$190 upon Newport facility completion.

The current Membership Initiation Fee is \$5,000.00 (which is included in the purchase of your lot and is non-refundable). As the total number of memberships increase, the Membership Initiation Fee will be increased accordingly. Should you transfer your property, the new owner will be required to join the club and pay the full Membership Initiation Fee due at that time.

A current and complete schedule of Membership Levels, Dues and Fees is upon request.