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STATE OF SOUTH CAROLINA)
COUNTY OF LEXINGTON)
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS--
MALLARD LAKES POND #2

THIS DECLARATION, made on the date hereinafter set forth by
THREE SEVENTY-EIGHT CO., INC., a South Carolina Corporation
hereinafter referred to as "Declarant,"

WITNESSETH THAT:

WHEREAS, the Declarant is the owner of certain property
Lexington, County, South Carolina, more particularly described as
follows:

All those certain pieces, parcels or lots of land, lying, being
and situate in the Town of Lexington, County of Lexington, State
of South Carolina, shown and designated on a Bonded Plat of Site
Improvements for Mallard Lakes Phase I, prepared by B. P. Barber
& Associates, Inc., dated June 2, 1987, and recorded June 22,
1987; in Plat Book 216-G at page 184 in the Office of the
Register of Mesne Conveyances for Lexington County as Lots 40,
41, 42, 43, 44, 52, 53, 54 and 55 in Block "A" and Pond #2, all
of which are more specifically described, in the aggregate, as
follows:

Commencing at an iron in the southwestern corner of the intersec-
tion of Mallard Lakes Court and Mallard Lakes Drive and running
therefrom S 02° 52' 10" E for a distance of One Hundred Sixty-
five (165.0) feet to an iron; thence continuing along said same
bearing a further distance of Ninety and Two Tenths (90.20) feet
to an iron; thence turning and running S 08° 46' 49" E a distance
of Seventy-eight and Twenty-six Hundredths (78.26) feet to an
iron; thence turning and running N 71° 41' 23" W a distance of
Fifty-six and Fourteen Hundredths (56.14) feet to an iron; thence
turning and running S 67° 17' 03" W a distance of Twenty-five
(25.0) feet to an iron; thence turning and running
N 85° 14' 55" W a distance of Forty-three and Forty-four
Hundredths (43.44) feet to an iron; thence turning and running
N 78° 34' 06" W a distance of Seventy-one and Seventy-nine
Hundredths (71.79) feet to an iron; thence turning and running
N 87° 20' 10" W a distance of Seventy (70.00) feet to an iron;
thence turning and running N 58° 07' 35" W a distance of Sixty
(60.00) feet to an iron; thence turning and running
N 53° 28' 03" W a distance of Seventy (70.0) feet to an iron;
thence turning and running N 62° 06' 00" W a distance of Seventy
(70.00) feet to an iron; thence turning and running
N 57° 28' 32" W a distance of Seventy (70.00) feet to an iron;
thence turning and running N 68° 19' 38" W a distance of Sixty-
five (65.00) feet to an iron; thence turning and running
N 20° 24' 32" W a distance of Seventeen (17.00) feet to an iron;
thence turning and running S 79° 51' 47" W a distance of One
Hundred Fifty-six and Fifty-four Hundredths (156.54) feet to an
iron; thence turning and running N 08° 06' 52" E a distance of
One Hundred Sixty-three and Twenty-three Hundredths (163.23) feet
to an iron; thence turning and running along the curve of West
Sparrowood Run Thirty and Forty-seven Hundredths (30.47) feet,
the chord of which runs N 73° 04' 46" E a distance of Thirty
(30.0) feet to an iron; thence continuing along said same curve a
distance of Forty-six and Sixty-eight Hundredths (46.68) feet,
the chord of which runs N 28° 52' 41" E a distance of Forty-five
(45.0) feet to an iron; thence turning and running
N 62° 08' 04" E a distance of Forty-eight (48.00) feet to an
iron; thence continuing along said same bearing a further

for Supplement #1, relative to northern see record BK 1027 pg 80

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LEXINGTON COUNTY, S.C.

distance of Sixty-nine (69.0) feet to an iron; thence continuing along said same bearing a further distance of Sixty-nine (69.0) feet to an iron; thence turning and running S 24° 41' 50" E a distance of One Hundred Twenty and Nineteen Hundredths (120.19) feet to an iron; thence turning and running S 80° 55' 02" E a distance of Two Hundred Thirteen and Sixteen Hundredths (213.16) feet to an iron; thence turning and running along the curve of Mallard Lakes Court a distance of Thirty-five (35.0) feet, the chord of which runs S 04° 59' 05" W a distance of Thirty-four and Twenty-nine Hundredths (34.29) feet to an iron; thence continuing along said same curve a distance of Forty (40.0) feet, the chord of which runs S 37° 59' 10" E a distance of Thirty-eight and Ninety-four Hundredths (38.94) feet to an iron; thence continuing along said same curve a further distance of Forty (40.0) feet, the chord of which runs S 83° 49' 13" E a distance of Thirty-eight and Ninety-four Hundredths (38.94) feet to an iron; thence continuing along said same curve a further distance of Fifty-one and Eight Tenths (51.8) feet, the chord of which runs N 43° 34' 43" E a distance of Forty-nine and Fifty-two Hundredths (49.52) feet to an iron; thence turning and running N 73° 53' 40" E a distance of Twenty-five and Fourteen Hundredths (25.14) feet to an iron; thence continuing along said same bearing a further distance of Sixty-nine and Eighty-six Hundredths (69.86) feet to an iron at the point of commencement, be all measurements a little more or less.

This being a portion of the property heretofore conveyed to Three Seventy-Eight Co., Inc., by Deed of Sun Properties of Columbia, Inc., dated February 6, 1986, and recorded February 7, 1986, in Deed Book 784 at page 166 in the Office of the Register of Mesne Conveyances for Lexington County.

WHEREAS, the Declarant has developed on the property hereinabove described a residential community known as Mallard Lakes, providing well-planned residential, and open spaces, and desires to impose these Covenants, Conditions and Restrictions upon the lots adjoining Pond #2, as shown on said plat,

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

ARTICLE I

Definitions

Section 1. "Association" shall mean and refer to Mallard Lakes Pond #2 Homeowners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

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

Section 3. "Properties" shall mean and refer to that real property hereinabove described, and such additions thereto as may hereinafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to all real property (including the improvements thereon) owned by the Association for the common and exclusive use and enjoyment of the owners and others entitled to the use thereof. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

(See EXHIBIT A.)

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Properties, together with the improvements thereon, with the exception of the roads and Common Area.

Section 6. "Member" shall mean and refer to every person who is a member of the Association.

Section 7. "Declarant" shall mean and refer to Three Seventy-Eight Company, Inc., a South Carolina corporation, or any person or entity who succeeds to the title of Declarant to any portion of the Properties by sale or assignment of all of the interests of the Declarant in the Properties, if the instrument of sale or assignment expressly so provides, or by exercise of a right of foreclosure of a mortgage given by the Declarant or a deed in

lieu thereof. Any such person or entity shall be entitled to exercise all rights and powers conferred upon Declarant by this Declaration, the Articles of Incorporation or Bylaws of the Association.

ARTICLE II

Property Rights

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

(a) The right of the Association to formulate, publish and enforce rules and regulations regarding the use of the Common Area and to charge reasonable admission and other fees for the use of any recreational facilities located thereon;

(b) The right of the Association to suspend the voting rights and right to the use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations; and

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

Section 2. Delegation of Use. Any Owner may delegate in accordance with the Bylaws of the Association, his rights of enjoyment of the Common Area and facilities to members of his family, his tenants, or contract purchasers, provided, however, that each such delegee shall reside upon a Lot of such Owner.

Section 3. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey

fee simple title to the Common Area described herein to the Association, free and clear of all liens and encumbrances, at the time or prior to the conveyance of the first Lot, subject only to the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, and utility and drainage easements specifically reserved or indicated on any recorded plat.

ARTICLE III

Membership and Voting Rights

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

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

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

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

(i) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, or

(ii) On December 31, 1989.

ARTICLE IV

Covenants for Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the

Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(i) Annual assessments or charges, and

(ii) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot and improvements against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the recreation, health, safety and welfare of the residents of the Properties, and in particular for the maintenance of the Common Area, and payment of electric utility charges for streetlights around Tamwood Circle, the payment of any taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws, the establishment of an adequate reserve for the maintenance, repair and replacement of the improvements in the Common Area, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Amount of Annual Assessments. The maximum annual assessment for each Lot in the Properties shall be payable annually, in advance, and the amount thereof shall be determined as follows:

(a) Up to and including January 1, 1988, the maximum annual assessment shall be One Hundred and no/00 (\$100.00) Dollars per Lot.

(b) The maximum annual assessment for the calendar year beginning January 1, 1988, and for each calendar year thereafter, shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed Five (5%) Percent of the maximum annual assessment of the previous year.

(c) The maximum annual assessment may be increased without limit by the affirmative vote of Two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) The Board of Directors may fix the annual assessments at an amount not in excess of the maximum. When the Board of Directors fixes the annual assessments for each calendar year, the Board shall, at the same time and in connection therewith prepare, or cause to be prepared, an annual budget showing the services furnished by the Association and the costs thereof per Lot.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment 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 capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of Two-thirds (2/3) of the votes of each class of members 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 and may be collected on a monthly basis.

Section 5. Notice and Quorum for any Action Authorized under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such

meeting called, the presence of members or proxies entitled to cast Sixty (60%) Percent of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be One-Half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the date set for the preceding meeting.

Section 6. Uniform Rate of Assessments. Both annual and special assessments shall be fixed at a uniform rate for all Lots and shall be collected on a monthly basis, or any other basis approved by the Board of Directors.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment, the Board of Directors shall fix the amount of the annual assessment and give every owner subject thereto written notice of each assessment. Due dates shall be established by the Board of Directors. The Association, upon demand at any time and for a reasonable charge, shall 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 properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any monthly assessment not paid within thirty (30) days after the due date shall bear interest from the due date at that rate which is equal to the rate of interest chargeable by law in the State of South Carolina on money judgments. 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, and, in either event, interest, costs and a reasonable attorneys' fee shall be added to the amount of such assessment. Upon 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 the event of any such foreclosure, the Owner shall be required to pay a reasonable rental for the Lot after commencement of the foreclosure action; the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or by abandonment of his Lot.

Section 9. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to (1) the lien of any first mortgage, and (2) the lien of any unpaid ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure or any proceeding in lieu of foreclosure shall extinguish the lien of such assessments as to the payments which became due prior to such sale or transfer. No such sale or transfer shall release such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Working Capital. Each Owner, upon acquiring title to any Lot, shall be required to pay to the Association a sum equal to one (1) year's assessment, to be maintained in an account for the use and benefit of the Association. Amounts so paid are not be considered as advance payments of regular assessments.

ARTICLE V

Architectural Control

Section 1. Approval Required. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or altera-

tion therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to the surrounding structures and topography by the Board of Directors of the Association or by an architectural committee appointed by the Board. No change shall be made in the color, stain or painting of any structure or door thereof, or balcony or deck thereunto attached, unless so approved.

Section 2. When Approval Deemed Granted. In the event the Board of Directors' said committee shall fail to approve or disapprove such design or location within thirty (30) days after said plans and specifications have been submitted to them, approval shall be deemed granted, and this Article will be deemed to have been fully satisfied, provided, however, that the plans and specifications required to be submitted shall not be deemed to have been received if they contain erroneous data or fail to present accurate information upon which the Board or its committee shall be expected to base its decision.

Section 3. Right to Inspect. The Board or its committee shall have the right, at its election, to enter upon any Lot during the construction, erection or installation of improvements or alterations, to inspect the work being undertaken in order to determine that such work is being performed in conformity with the approved plans and specifications, and in a good and workmanlike manner, approving utilized methods and good quality materials.

ARTICLE VI

Use Restrictions

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each lot and the Common Area. Such rules and regulations, along with all policy resolutions and policy

actions taken by the Board of Directors shall be recorded in a book of resolutions, which shall be maintained in a place convenient to the owners and available to them for inspection during normal business hours.

Section 2. Use of Property. The Properties shall be for the following uses and subject to the following restrictions, and, in addition, to those set forth in the Bylaws:

(a) No Lot shall be used except for private residential purposes of a single family, provided, however, that nothing herein shall prevent Declarant from using any dwelling as a model or sales office. No building shall be erected, altered, placed or permitted to remain on any Lot other than one single-family dwelling;

(b) Nothing shall be kept and no activity shall be carried on in any building or residence or on the Common Area which will increase the rate of insurance applicable to other residential units. No owner shall do or keep anything, or cause or allow anything to be done or kept, in his residence or on the Common Area which will result in the cancellation of insurance on any portion of the Properties, or any contents thereof, or which will be in violation of any law, ordinance or regulation. No waste shall be committed on any portion of the Common Area or facilities situate thereon.

(c) No immoral, improper, offensive or unlawful use shall be made of the Property, or any part thereof, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction shall be observed.

(d) Nothing shall be done in or to any residence or in, to or upon any of the Common Area which will impair the structural integrity of any building, residence or portion of the Common Area, or which would impair or alter the exterior of any building or portion thereof, except in the manner provided in this Declaration.

(e) No industry, business, trade, occupation or profession of any kind, whether commercial or otherwise, shall be conducted,

maintained or permitted on any part of the Properties, except that Declarant or its agents may use any unsold residence for sale or display purposes.

(f) No owner shall display, or cause or allow to be displayed, to public view, any sign, placard, poster, billboard or other identifying name or number upon any residence, building or portion of the Common Area and facilities, except as may be allowed by the Association pursuant to its Bylaws, provided, however, that the Declarant and any mortgagee who may become the owner of any unit, or their respective agents, may place "for sale" or "for rent" signs on any unsold or unoccupied Lot.

(g) No person shall undertake, cause or allow any alteration or construction in or upon any portion of the Common Area or facilities except under the direction of and with the express consent of the Association.

(h) The Common Area and facilities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the residences, subject to any rules and regulations that may be adopted by the Association pursuant to its Bylaws.

Section 3. Docks and Piers. No dock or pier shall be constructed over any part of the Common Area unless the same shall have been approved in writing by the Board of Directors.

Section 4. Quiet Enjoyment. No noxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which is or may be or become a nuisance or annoyance to residents within the Properties.

Section 5. Animals. No animals, livestock or poultry of any kind shall be maintained on any Lot or in any dwelling, except that not more than three (3) household pets (including no more than two (2) dogs) may be kept or maintained, provided they are not kept for commercial purposes, and, provided, further, they shall not constitute a nuisance or cause any unsanitary conditions. Dogs,

cats and other household pets shall be permitted on the Common Area, subject to the rules and regulations of the Association, only if control of such pets is maintained by leashes.

Section 6. Resubdivision. No Lot shall be subdivided or reduced in size without the written consent of the Board of Directors of the Association.

Section 7. Outside Antennas. No outside radio or television antennas shall be erected on the Properties, or dwelling units within the Properties, unless and until permissions for the same has been granted by the Board of Directors of the Association or its architectural control committee.

Section 8. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on the Properties.

Section 9. Parking. All vehicles shall be parked in garages, carports or the driveway area provided on each Lot. No vehicles shall be parked on any street on the Properties except on a temporary basis.

Section 10. Trucks and Similar Vehicles. Parking of trucks, boats, buses, trailers, camping trailers, motor homes and recreational vehicles is prohibited on the Properties or rights-of-way of any public or private street in or adjacent to the Properties.

Section 11. Plants and Trees. Plants and trees now or hereafter located on the Common Area shall be maintained by the Association, may not be removed except by permission of the Board of Directors. No additional plants, trees or shrubs may be planted upon the Common Area without the written approval of the Board of Directors.

ARTICLE VII

Easements

Section 1. Reservation. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plats for use by Declarant, utility companies and

public agencies in connection with this development, including that portion of the property described in Exhibit A attached hereto. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which obstruct or retard the flow of water through drainage channels and the easements. In addition, the Properties shall be subject to a nonexclusive easement in favor of Declarant for construction of improvements on the Properties, and for exhibition and sale of such improvements.

Section 2. Common Areas. The Association shall have the power and authority to grant and establish in, over, upon and across any Common Area conveyed to it such further easements as may be requisite for the convenient use and enjoyment of the property.

Section 3. Encroachments. All lots and the Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, overhanging eaves, gutters, downspouts, exterior storage rooms, walls, fences, streets, and sidewalks. If any encroachments shall occur hereafter as a result of settling or shifting of any improvements, or as a result of any permissible repair, construction, reconstruction or alteration, or as a result of condemnation or eminent domain proceedings, a valid easement is hereby declared to exist for such encroachment and the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of said Lot to its original owner for the purpose of correcting any problems that may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots or as near the original condition as practicable.

ARTICLE VIII

Rights of First Mortgagees

The following provisions, in addition to the provisions set forth elsewhere in this Declaration, shall be applicable to the holders, guarantors or insurers of first mortgages upon Lots subject to this Declaration and any amendments hereto:

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

Section 2. Assessment. Any first mortgagee who obtains title to a Lot pursuant to the remedies provided in its mortgage shall not be liable for unpaid assessments which accrued prior to the acquisition of title to such Lot by the mortgagee.

Section 3. Material Changes. Unless the Association shall have received the prior written approval of at least two-thirds (2/3) of the first mortgagees (who have informed the Association of their addresses in writing and requested to participate in such decisions), the Association shall not be entitled to do any of the following:

(a) By act or omission, seek to abandon, partition or subdivide, sell or transfer the Common Area owned, directly or indirectly, provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area, shall not be deemed a transfer within the meaning of this clause;

(b) Change the method of determining the obligations, assessments, dues or other changes which may be levied against any Lot or the Owner thereof;

(c) By act or omission, change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of residential dwellings, the maintenance of party walls or common fences and driveways, or the upkeep of lawns, plantings and improvements located

in or on the Common Area;

(d) Use hazard insurance proceeds for loss to any Common Area improvements for other than the repair, replacement or reconstruction of such improvements.

Section 4. Taxes and Other Charges. First mortgagees of Lots subject hereto may, jointly and severally, pay taxes or other charges which are in default and which may, or have become, a charge against any of the Common Area, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of such policies for such Common Area, and first mortgagees making such payments shall be immediately reimbursed therefor by the Association.

Section 5. Rights in Insurance Proceeds and Condemnation Award. No provision of the PUD constituent documents gives an Owner or any other party priority over any of the rights of any first mortgagees contained in its mortgage, in or to a distribution to such Owner of insurance proceeds or condemnation award or losses to or a taking of the Common Area or any part thereof.

Section 6. Notice to Mortgagee. A first mortgagee, upon request, is entitled to written notification from the Association of the following: (a) any default in the performance by its borrower of any obligations under the PUD constituent documents which is not cured within sixty (60) days; (b) any condemnation loss or any casualty loss which affects a material portion of the Properties or any of such mortgagee's security; (c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, and (d) any proposed action which would require the consent of a specified percentage of the mortgage holders.

Section 7. Further Rights of Mortgagees. the Association shall make this Declaration, any bylaws or other rules pertaining to the Properties, as well as all books, records and financial statements, available for inspection by any mortgagee during normal business

hours or under other reasonable circumstances. Any mortgagees, upon its request, shall be entitled to a financial statement for the immediately preceding fiscal year.

Section 8. Contract Services. No agreement or lease, entered into on behalf of the Association prior to the termination of Class B membership, as provided in Section 2(b), Article III, shall be binding on the Association, unless the agreement or lease shall permit termination by either party without cause and without payment of a termination fee upon written notice of ninety (90) days or less.

ARTICLE IX

Annexation and Further Development

Section 1. Other Residential Property. Additional residential property and common area may be annexed to the Properties at any time, with the consent of the Owners of two-thirds (2/3) of the lots. So much of the land within the description contained in the Deed found in Deed Book 784 at page 166 in the Office of the Register of Mesne Conveyances for Lexington County, as actually touches the boundary of Pond #2, may be annexed by the Declarant without the consent of members, within one year of the date of this instrument, provided that the FHA and VA determine that the annexation is in accord with the general plan heretofore approved by them.

Section 2. Common Areas. Title to any common areas located within such portions of land annexed by the Declarant as provided in Section 1 may be conveyed to the Association without its consent, or the consent of the Owners, and shall be held, improved and administered in the same manner and for the same purposes, as the land described in Article I, Section 4, hereof.

Section 3. Effect of Annexation. Additional properties and improvements, including common area, so annexed shall be merged with the Properties described herein and with any previously annexed property, and shall be subject to the provisions of this Declaration, the Articles of Incorporation and the Bylaws

of the Association. Annexation as provided in this Article may increase or decrease the benefits which each Owner expects to derive from the Common Area, and may increase or decrease the cost of maintenance and operation thereof; any increase or decrease in such costs may require the Association to change the annual assessments levied in accordance with this Declaration.

ARTICLE X

General Provisions

Section 1. Application. All Owners, employees of Owner and tenants or any other persons who may, in any manner, use the Properties or any portion thereof shall be the subject to the provisions hereof and to the provisions of the Articles of Incorporation and the Bylaws of the Association.

Section 2. Enforcement. The Association or any Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens or charges now or hereafter imposed by the provisions of the 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.

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

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with the land and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time that shall automatically be extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the Owners of not less than ninety (90%) percent of the Lots, and thereafter by an instrument signed by Owners of not less than seventy-five (75%) percent of the Lots; provided, however, that the

Board of Directors may amend this Declaration without the consent of Owners to correct any obvious errors or inconsistencies in drafting, typing or reproduction. All amendments shall forthwith be recorded in any public office where this Declaration may be recorded and shall be effective upon such recordation.

Section 5. Lease of Residence. No residence shall be leased for transient or hotel purposes, nor may any Owner lease less than his entire residence. Any lease must be in writing and provide that the terms of the lease and occupancy of the dwelling shall be subject in all respects to the provisions of this Declaration and of the Bylaws and Articles of Incorporation, and that any failure by any lessee to comply with the terms of such documents shall be in default of such lease.

Section 6. Liability Insurance. The Association shall obtain and maintain a broad form public liability insurance policy covering all of the Common Area and all damage or injury caused by the negligence of the Association or any of its agents, officers or employees in an amount of not less than One Million and no/00 (\$1,000,000.00) Dollars for each occurrence, and such policies shall contain a waiver of the right of subrogation against the Association, its members, officers, agents or employees.

Section 7. Fidelity Bonds. The Association shall maintain, as a common expense of the Association, blanket fidelity bond coverage against dishonest acts by officers, directors, agents and employees and all other persons handling or responsible for funds of or administered by the Association. Such fidelity bonds shall:

- (a) Name the Association as an obligee;
- (b) Be written in an amount equal to at least one hundred fifty (150%) percent of the estimated annual budget of the Association, including reserves;
- (c) Contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expressions, and

(d) Provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least ten (10) days' prior written notice to the Association.

Similar bonds shall be required covering any management agent employed by the Association for such agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

Section 8. 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 breaches which may occur.

Section 9. Conflicts. In the event of any irreconcilable conflicts between this Declaration and the Bylaws or Articles of Incorporation, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between the Articles of Incorporation of the Association and the Bylaws of the Association, the provisions of the Articles of Incorporation shall control.

Section 10. 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 provides or permits.

Section 11. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration.

IN WITNESS WHEREOF, Three Seventy-Eight Co., Inc., a South Carolina corporation, has caused this Declaration to be executed by its duly authorized officers on this the 17th day of June, 1987.

WITNESS:

THREE SEVENTY-EIGHT CO., INC.
(SEAL)

Sheri D. Korn
Henry L. Tucker

By: [Signature]
Its: [Signature]

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me Sheri D. Korn
and made oath that he/she saw the within named THREE SEVENTY-EIGHT
CO., INC., by Woodie R. Smith, its President,
sign, seal and as its act and deed, deliver the above-written
Declaration of Covenants, Conditions and Restrictions for the uses
and purposes therein mentioned, and that he/she with Sherry G.
Tuberille witnessed the execution thereof.

Sheri D. Korn

SWORN to before me this
17 day of June, 1987.

Sherry G. Tuberille (L.S.)
Notary Public for South Carolina
My Commission Expires: 6-18-91

EXHIBIT A

All that certain piece, parcel or lot of land, shown and designated as Pond #2 on a Bonded Plat of Site Improvements for Mallard Lakes Phase I, prepared by B. P. Barber & Associates, Inc., dated June 2, 1987, and recorded June 22, 1987, in Plat Book 214-G at page 184 in the Office of the Register of Mesne Conveyances for Lexington County, together with affiliated dam and spillway, subject to the rights of the public and others entitled thereto in and to the use of the roadway constructed over said dam and to the uses of said property for the installation and maintenance of water, sewer and other utility pipes and lines, said Pond #2 being more particularly described as follows: Commencing at an iron in the western edge of the right-of-way of Mallard Lakes Drive, which iron lies S 02° 52' 10" E of an iron in the southwestern corner of the intersection of Mallard Lakes Court and Mallard Lakes Drive and One Hundred Sixty-five (165.0) feet therefrom, and running from said point of commencement S 02° 52' 10" E a distance of Ninety and Two Tenths (90.20) feet; thence turning and running S 08° 46' 49" E a distance of Seventy-eight and Twenty-six Hundredths (78.26) feet to an iron; thence turning and running N 71° 41' 23" W a distance of Fifty-six and Fourteen Hundredths (56.14) feet to an iron; thence turning and running S 67° 17' 03" W a distance of Twenty-five (25.0) feet to an iron; thence turning and running N 85° 14' 55" W a distance of Forty-three and Forty-four Hundredths (43.44) feet to an iron; thence turning and running N 78° 34' 06" W a distance of Seventy-one and Seventy-nine Hundredths (71.79) feet to an iron; thence turning and running N 87° 20' 10" W a distance of Seventy (70.00) feet to an iron; thence turning and running N 58° 07' 35" W a distance of Sixty (60.00) feet to an iron; thence turning and running N 53° 28' 03" W a distance of Seventy (70.0) feet to an iron; thence turning and running N 62° 06' 00" W a distance of Seventy (70.00) feet to an iron; thence turning and running N 57° 28' 32" W a distance of Seventy (70.00) feet to an iron; thence turning and running N 68° 19' 38" W a distance of Sixty-five (65.00) feet to an iron; thence turning and running N 20° 24' 32" W a distance of Seventeen (17.00) feet to an iron; thence turning and running N 31° 04' 40" E a distance of Thirteen and Ninety-one Hundredths (13.91) feet to an iron; thence turning and running N 50° 06' 18" E a distance of Forty (40.0) feet to an iron; thence turning and running N 80° 41' 07" E a distance of Seventy (70.0) feet to an iron; thence turning and running N 59° 09' 28" E a distance of Seventy (70.0) feet to an iron; thence turning and running S 68° 38' 52" E a distance of Sixty (60.0) feet to an iron; thence turning and running S 30° 50' 23" E a distance of One Hundred Twenty (120.0) feet to an iron; thence turning and running S 78° 54' 39" E a distance of One Hundred Twenty (120.0) feet to an iron; thence turning and running N 86° 50' 56" E a distance of Seventy (70.0) feet to an iron; thence turning and running S 85° 50' 15" E a distance of Thirty-five (35.0) feet to an iron; thence turning and running N 61° 14' 22" E a distance of Thirty-four and Ninety-seven Hundredths (34.97) feet to the point of commencement, be all measurements a little more or less.

This being a portion of the property heretofore conveyed to Three Seventy-Eight Co., Inc., by Deed of Sun Properties of Columbia, Inc., dated February 6, 1986, and recorded February 7, 1986, in Deed Book 784 at page 166 in the Office of the Register of Mesne Conveyances for Lexington County.