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SERENITY BAY SUBDIVISION

DECLARATION OF COVENANTS, RESTRICTIONS, CONDITIONS AND EASEMENTS

AND

BY LAWS FOR

SERENITY BAY ASSOCIATION, INC.

THESE COVENANTS ARE SUBJECT TO ARBITRATION IN ACCORDANCE WITH CHAPTER 48, TITLE 15 OF THE SOUTH CAROLINA CODE OF LAWS

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2013 FEB 26 P 1:12

Prepared by Ross Law Firm
210 WS Broad Street
Walhalla, SC 29691

JANUARY 30, 2006

009744

AS AMENDED

JANUARY 2, 2011
And
APRIL 15 , 2012

Ret: Thomas Watson
42.00 221 Hammetts Glen Way
Greer, SC
29650

By Serenity Bay Association, Inc.

A Lake Keowee Community

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THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS, was made the 30th Day of January, 2006, by Serenity Bay, LLC, and was Amended January 2, 2011 and April 15, 2012 by vote of the Lot Owners of Serenity Bay Association, Inc.

PREAMBLE –STATEMENT OF PURPOSE:

Amended January 2, 2011. The last two paragraphs are added to record the Developer's Surrender of Authority to Serenity Bay Association, Inc. (Change 1a), and provide for recording an updated "As Built" Plot Plan: (Change 1b)

Declarant is the owner of the Property described in this Declaration and as shown by a Plot Plan or Plat by Barry L. Collins, SCPLS # 11903, dated May 24, 2005, last revised, January 30, 2006, filed with Oconee county Register of Deeds in Plat Book B114 at page 5&6 ("Plot Plan").

Serenity Bay is a Patio-Home, Lake-Front Subdivision. Owners of Lots have title to the site where the home is located and the property appurtenant to the Lot as shown by the Plot Plan. All other property is owned by the Serenity Bay Association, Inc. as common property.

The Developer, Donald Payne, Manager of the Serenity Bay LLC, has surrendered all of his rights and powers granted by these Covenants to Serenity Bay Association, Inc., the Lot Owners Management Organization authorized by these Covenants. The Surrender document is recorded with the Oconee County Register of Deeds on September 22, 2009, Plat Book 1738, Pages 74-77. Accordingly, all the rights, powers and authority of the Declarant, Developer or Serenity Bay LLC referred to herein, are hereby assigned to the Board of Directors of Serenity Bay Association as authorized by these Covenants and By Laws.

The Plot Plan referred to in the first paragraph has been updated as of 2/20/13 to show the actual "As Built" description of Serenity Bay Subdivision. This Plot Plan shows the roads and driveways as actually built, the decks attached to the individual units and a new lot designated as 5C, which is jointly owned by the owners of Lots 5A and 5B. This Plot Plan is recorded with the Oconee Register of Deeds, on 5/14/2013, Plat Book B437 Pages 89. All references herein to the "Plot Plan" shall mean this updated Plot Plan once it has been registered.

ARTICLE I.
DEFINITIONS

Amended January 2, 2011. Sections 4 and 7, (Changes 2a & 2b) are amended to delete provisions for transfer of Boatslip leases and construction of additional Boatslips, either of which would in violation of Duke Energy Lake Management Policy; and to add a Section 26 to define the meaning of "Association". (Change 2c).

Amended April 15, 2012. Section 13, (Change 1) is amended to correct the definition of "Lessee" by removing the words "for a period of seven (7) days minimum or more". This correction was overlooked in the January 30, 2011 Amendment, when the seven day minimum on leases or rentals was removed from Article VII; and to add a Section 27 To define the meaning of "Rental Rules"(Change 3).

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Section 1. "Additional Property" shall mean and refer to any additional real estate adjacent of contiguous to the Property which will be shown by a Plot Plan or revised Plot Plan filed with the Oconee County Register of Deeds which is made subject to this Declaration.

Section 2. "Articles of Incorporation" shall mean the Articles of incorporation of Serenity Bay Association, Inc. a not for profit corporation organized under the laws of South Carolina.

Section 3. "Board of Directors" shall mean and refer to the Board of Directors of Serenity Bay Association, Inc.

Section 4. "Boatslip Lots" shall mean and refer to Lots 1A, 1B, 2A, 2B, 3B, 4B, 7B and 8B which have, as an appurtenance to the Lot, the right to use a leased Boatslip.

Section 5. "Boat Ramp" shall mean and refer to the area shown on the Plot Plan as "Boat Ramp".

Section 6. "Bylaws" shall mean and refer to the Bylaws of the Serenity Bay Association, Inc. substantially in the form attached as Attachment "1" incorporated herein by reference.

Section 7. "Common Boatslip(s)" shall mean and refer to the eight Boatslips over the waters of Lake Keowee which are leased to the owners of the eight Boatslip lots specified in Section 4 above.

Section 8. "Common Property" shall mean and include: the Roads, Entrance Monument, Boat Ramp, Community Area shown on the Plot Plan, any other property owned by the Association and the improvements constructed thereon as may be shown by the Plot Plan.

Section 9. "Declarant" or "Developer" shall mean and refer to Serenity Bay, LLC or any person or entity who succeeds to the title of Declarant to any portion or all of the Subdivision by sale or assignment of all of the interests of the Declarant in the Subdivision, 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 rights of the Declarant under these Covenants may be vested in Serenity Bay Association, Inc. by the Declarant. If the Developer for any reason ceases to exist or ceases to function, then the rights of the Declarant under the Covenants shall vest in Serenity Bay Association, Inc. to be carried out as set forth in the Covenants or the Bylaws of the Association as authorized by these Covenants.

Section 10. "DHEC" shall mean the South Carolina Department of Health and Environmental Control.

Section 11. "Duke" shall mean Duke Energy Corporation.

Section 12. "Garage" shall mean a place where vehicles are housed or kept.

Section 13. "Lessee" shall mean any person(s) who has rented or leased a Unit.

Section 14. "Living Quarters" is defined as any space within which one or more persons have facilities for sitting, sleeping, cooking, or eating. If such space contains a bathroom, it is deemed to be "living Quarters."

Section 15. "Lot" shall mean and refer to the numbered areas shown on the Plot Plan for Serenity Bay Subdivision, together with improvements thereon. "Lot" shall not mean any Common Property owned by Serenity Bay Association, Inc. "Lot" shall include areas shown as numbered "Lots" on the Plot Plan, which includes a home-site and appurtenant property and home-sites which do not include appurtenant property.

Section 16. "Lot Owner" or "Owner" or "Homeowner" or "Unit Owner" shall mean the owner(s) of a Lot or Unit. For all purposes of these Covenants each Lot or Unit shall have a single Owner irrespective of how legal title to the Lot is held.

Section 17. "Pier" or "Piers" shall mean and refer to the structure containing the common Boatslips which may be constructed over the waters of Lake Keowee, including the Pier shown on the Plot Plan and any additional Piers which Declarant may cause to be constructed in accordance with these Covenants.

Section 18. "Plot Plan" shall mean the Plot Plan or Plat by Barry L. Collins, SCPLS # 11903, dated May 24, 2005, last revised January 30, 2006, filed with the Oconee County Register of Deeds in Plat Book B114 at page 5 & 6.

Section 19. "Register of Deeds" shall mean the Register of Deeds for Oconee County, South Carolina.

Section 20. "Residence" shall mean house.

Section 21. "Serenity Bay Association, Inc." or "Serenity Bay Association" or "Association" shall mean the organization composed of Unit and Lot owners of Serenity Bay which administers the Subdivision as authorized by the Covenants.

Section 22. "Street Lights" shall mean and refer to any street lights which may be constructed over or in the rights of way of the Subdivision Roads or on Common Property.

Section 23. "Subdivision" shall mean and refer to that real property known and described as "Serenity Bay Subdivision" as shown by the Plot Plan filed with Oconee County Register of Deeds in Plat Book B114 at page 5 & 6.

Section 24. "Subdivision Roads" shall mean and refer to the road(s) in the Subdivision and shown on the Plot Plan to be maintained by the Serenity Bay Association, Inc.

Section 25. "Unit" shall mean the actual home or home-site as numbered as shown on the Plot Plan.

Section 26, "Association" was redundant to section 21 above, and is deleted.

Section27. "Rental rules" shall mean the Serenity Bay Association Rental Rules approved by the Homeowners for use by all Unit Owners who choose to rent or lease their home to others.

ARTICLE II.
PROPERTY SUBJECT TO COVENANTS

Section 1. Property Subject to Covenants. The real property subject to this Declaration of Covenants, Restrictions, Conditions, and Easements is that shown on the Plot Plan, including the common Piers and Boatslips and Docks. Lot 6 as shown by the Plot Plan is excluded from these Covenants.

Section 2. Additions to Property. Declarant may cause Additional Property to be made subject to the terms and scheme of this Declaration by filling one or more Supplemental Declarations in the Office of the Register of Deeds of Oconee County, containing a description of the Additional Property and a statement by the Declarant of its intent to extend the operation and effect of this Declaration to the Additional Property. Notwithstanding the foregoing, the covenants and restrictions established herein as applied to, or imposed upon, the additional property may be altered or modified by the filing on one or more Supplemental Declarations as provided herein.

Section 3. Supplemental Declaration. Any Supplemental Declaration may contain complementary additions to the covenants and restrictions contained herein as may be necessary to reflect the different character of the Additional Property. No Supplemental Declaration shall revoke or modify the covenants and restrictions established with respect to the Property.

ARTICLE III
PROPERTY RIGHTS

Section 1. Ownership of Common Area(s). Serenity Bay Association, Inc. shall own and maintain the Common Property including (i) the common Piers and Boatslips, Boat-launching Ramp; (ii) Entrance Monuments to be located at the entrance to the Subdivision; (iii) Subdivision Roads as reflected by the Plot Plan; and (iv) all other property shown on the Plot Plan except the property shown as Numbered Lots or Units. The Common Property shall be for the use and benefit of all Lot or Unit owners, as provided in the Declaration. Docks constructed and located on the numbered Lots by the respective Lot Owner are not Common Property.

Section 2. Subdivision is Private Property. The recording of the Plot Plan does not indicate a dedication to the general public. The subdivision and all property therein is private property to be held, possessed, used, and conveyed as provided in this Declaration.

Section 3. Owners Rights to Use Common Areas. Each Lot or Unit Owner shall have the non-exclusive easement and right to use the Subdivision Roads, the Boat-launching Ramp, the Community Area and such other Common Property as may be designated and conveyed to the Association, subject to the rules and regulations governing the use of the Common Areas. The Association may suspend the voting rights and the right to use Common Property during any period when the assessment against a Lot is unpaid and may suspend use of the Common Property for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

Section 4. Common Driveway and Parking Space. A common drive shall be provided for each two Units or Lots and sufficient parking shall be provided and designated for two vehicles for each Unit or Lot. Each Unit or Lot shall have the right to use the common driveway and parking space, which shall be appurtenant to the Unit or Lot, and shall attach to and be a part of any

contract of sale, deed, mortgage, lease, assignment, or any conveyance or transfer of any unit or Lot. The common driveway and parking space shall be maintained by the Association.

ARTICLE IV.
EASEMENTS

Amended January 2, 2011. Section 1 is amended to change the responsibility for the cost of Septic System maintenance from the Association to the Lot Owner. (Change 3a) and Section 3 is amended to add the new waterfront lot, Lot 5C.(Change 3b)

Section 1. Septic System. Each unit shall have an easement over the Common Property for the installation and maintenance of a septic tank and drainage field ("Septic System"). The location of the Septic System shall be approved by the Association. The cost of installing and maintaining the Septic System shall be paid by the Unit Owner(s). All Septic Systems shall be maintained in accordance with the Rules established by the Serenity Bay Association, Inc., but in all events shall be maintained so that no Septic System shall cause above ground drainage, or infiltration to Lake Koewee, or cause odor.

Section 2. Driveways. Each Lot or Unit shall have an easement over a driveway which serves two Lots or Units and shall have the exclusive use of a parking space on a common parking space. Each Unit shall have a non exclusive easement over the common property for ingress and egress to each respective Lot or Unit and a non exclusive easement over Subdivision Roads. The Common Property shall be subject to easements for ingress and egress from the Subdivision Roads to each Unit or Lot.

Section 3. Easement for Maintenance and Use. Lots 3A, 4A, 5A, 5C, 7A, and 8A, excluding the Units on each Lot, are subject to an easement to Serenity Bay Association, Inc. to use and maintain each Lot, respectively, and the right to designate and approve any improvement made thereto. The Lots shall be used and maintained as Common Property. The Association shall maintain liability insurance of the areas of the aforementioned Lots over which the Association has an Easement and the liability for same shall be the same as any liability for injuries or damages sustained on Common Property owned by the Association. Notwithstanding the provisions of this Section and any other provisions of these Covenants, the owners of Lots 3A, 4A, 5C, 7A, and 8A shall be entitled to construct a dock on each lot respectively, as approved by Declarant and Duke Power Company; in addition, each Lot Owner shall have the exclusive rights to construct a walkway or path to any dock, pier, or other permitted building constructed on the Lot.

Section 4. Reservation and Encroachments. All property, excluding Units in the Subdivision, shall be subject to an easement to Declarant for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of Lots or Units to the original Owner for the purpose of correcting any problems that may arise regarding grading or drainage. The Declarant, upon making entry for such purpose, shall restore the affected property to the original condition before the work was done in so far as practicable. Easements for installation and maintenance of utilities and drainage facilities are reserved over all property in the Subdivision for use by the Declarant, utility companies, and public agencies for the installation of electricity, water, cable, telephone, natural gas, or other utilities as necessary for the Subdivision.

Section 5. Easement Over Common Property. All Lot and Unit Owners shall have an Easement over the Common Property for the purpose of constructing homes on the Lots or Units including an easement for the storage of materials. When the construction process is complete, the Lot or Unit Owner shall restore the area to its original condition.

ARTICLE V.
ARCHITECTURAL CONTROL

Section 1. Approval required. No building, fence, wall, mailbox, or other structure shall be commenced, erected, maintained, or permitted to remain in the Subdivision, nor shall any exterior addition to or change or alteration 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 by Declarant, or its designee, in writing as to harmony of external design and location in relation to the surrounding structures and topography. No change shall be made in the color, stain, or painting of any structure or any exterior part or component thereof unless approved.

Section 2. When Approval Deemed Granted. In the event the Declarant or its designee shall fail to approve or disapprove such design or location within thirty (30) days after said plans and specifications have been submitted to it, 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 Developer or its designee shall be expected to base its decision.

Section 3. Architectural Control Committee. Declarant may provide by an amendment to this Declaration that an Architectural Control Committee ("ACC") shall administer this Article. Declarant may vest the rights under this Article in the Serenity Bay Association in which event the Board of Directors of the Association shall appoint three (3) Lot Owners to administer the Article. Declarant shall surrender its rights under this Article to the Association by filing such document with the Association in accordance with Article XVII.

ARTICLE VI
CONSTRUCTION PROCESS

Section 1. Storage of Materials. Declarant may establish rules for the storing of construction materials during construction, including the location of storage.

Section 2. Requirements for Construction Process. The Owner of each Lot or Unit shall at all times keep contiguous areas to a construction site free from dirt, mud, garbage, trash, or other debris which is occasioned by the construction or improvements on any Lot. Declarant, or its designee, shall supervise any construction site to insure compliance and shall cite any Owner for the violation of this Section. In the event of the violation of this Section and the failure of the Owner to clean any area off the Lot where mud or any other debris has accumulated, Declarant may have such area cleaned or debris removed and charge the Owner with the cost of such removal or cleaning. Any damage to roads (including the accumulation of mud and/or debris) caused by any Lot or Unit Owner or his agent (contractor) during construction or otherwise shall be repaired and if such Owner fails to repair damage caused, the Declarant or the Association shall be empowered to make such repairs and assess the Owner for all costs associated with the repairs.

Section 3. Right to Inspect. Declarant or its designee shall have the right, at its election, to enter upon any Lot or building site during the construction, erection, or installation of improvements or alterations, or at any other time to inspect the work being undertaken in order to determine that such work is being performed in conformity with these Covenants, the approved plans and specifications, and in good workmanlike manner, utilizing methods and good quality materials.

Section 4. Requirements. No visible walls or foundations shall be constructed so that concrete blocks (with or without stucco) are visible.

Section 5. Completion of construction. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed houses or other improvements shall be permitted to exist on any Lot or common Property, except as necessary for completion. At the time the plans for any improvement are approved by the Declarant a reasonable time for the completion of the improvement shall be established.

Section 6. Approval of builders. The Declarant reserves the right to approve any builder who performs any work within the Subdivision. Before any owner enters into a contract with a builder for the construction of any home or other structure within the Subdivision, the Owner shall first determine if the Builder is approved by the Developer. Developer may require any proposed builder to submit proof that such builder is licensed as a Residential home Builder, has posted a bond as required by law, has sufficient resources to fulfill contracts for the construction of the house and that he follow good practices for the construction of the home.

Section 7. Surrender of Rights. Declarant may vest the Serenity Bay Association, Inc. with the authority to administer the Article.

ARTICLE VII.
USE RESTRICTIONS

Amended January 2, 2011. Section 1., Subsections b. and c. are deleted to remove restrictions on Unit occupancy and rentals or leases under seven (7) days. (Change 4a). Subsection n is amended to revise parking restrictions and to remove restrictions against parking of vehicles other than automobiles and light trucks. (Change 4b & 4c)

Amended April 15, 2012. Subsection h is amended to clarify that only Unit Owners, and not Lessees or Renters, may use the Community Boat Ramp; and to delete the words "Unit Owners may lease their home for a period of not less than seven (7) days, a change overlooked in the January 2, 2011 Amendment. (Change 2). Subsection q is added to incorporate the mandatory use of the Serenity Bay Association Rental Rules by all homeowners who rent or lease their homes to others. (Change 4).

Section 1. Use of Property. The Subdivision shall be for the following uses and subject to the following restrictions.

a. Lots or home sites shall be used only for private dwellings and amenities, provided, however, that nothing in these covenants shall prevent Declarant from using any dwelling as a model or sales office.

b. Deleted.

c. Deleted.

d. No garage or outbuilding shall be used as living quarters.

e. Nothing shall be kept and no activity shall be carried on in any building or residence which will increase the rate of insurance applicable to other residential Lots. No Owner shall do or keep anything, or cause or allow anything to be done or kept, in his residence which will result in the cancellation of insurance on any portion of the Subdivision, or any contents thereof, or which will be in violation of any law, ordinance or regulation.

f. No patently offensive or unlawful use shall be made of the Subdivision, or any part of it, and all laws ordinances, and regulations of all governmental agencies having jurisdiction shall be observed.

g. 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 Subdivision, which interferes with the Subdivision. No business, trade, or professional signs may be displayed. No manufacturing or industrial business may be conducted within the Subdivision. No retail business, including such activities as barber or beauty shops, may be conducted within the Subdivision. No homeowner shall employ agents or employees within the Subdivision except those persons who are engaged in the maintenance or cleaning of Subdivision or Units. Declarant or its agent may use any unsold residence for sale or display purposes. No activity of a business nature shall be conducted unless first approved by the Declarant.

h. Use by Lessees. During the lease period, the Lessee shall have all rights and privileges vested in the Unit Owner, unless use is restricted by the Unit Owner, EXCEPT THAT USE OF THE COMMUNITY BOAT RAMP BY LESSEES (OR RENTERS) IS PROHIBITED. No Lessee may sub-let or lease any Unit or Lot.

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

j. Animals. No Animals, livestock, or poultry of any kind shall be maintained on any Lot or in any dwelling except household pets. No pets may be kept or housed outside the dwelling and no pen, enclosure, or structure shall be constructed on the premises for the purpose of keeping or maintaining animals of any kind.

k. Fowls. No ducks, geese, or any other bird of comparable size shall be fed or encouraged in any manner to come to any Lot or to any Common Property.

l. Outside Antennas. No outside radio or television antennas shall be erected in the Subdivision or on a dwelling within the Subdivision unless and until permission for the same has been granted by the Developer or architectural committee.

m. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors in the Subdivision, except towels which may be exposed for no more than 12 hours.

n. Parking. Each lot shall have assigned a concrete or asphalt parking space which provides space for parking two automobiles off the street and shall be assigned a shared driveway with the adjoining Unit, from the parking space to the Subdivision Road. No truck or commercial vehicle in excess of one ton load capacity shall be permitted to remain parked in or on such space. Boats, boat trailers, motor homes, pop-up campers, personal watercraft, golf carts or similar vehicles may be parked on the Lot Owners' two assigned paved parking spaces as long as desired. However, no trailer, mobile home, recreational vehicle or camper shall be used as a residence. All vehicles shall be parked on the paved parking space so provided on each Lot or in areas designated for parking. All vehicles on any Lot must have a current license plate affixed. In no event shall a disabled vehicle be left on the Subdivision or on any Lot for more than three (3) days. No vehicle shall be parked on any Lot which shall have affixed a commercial advertisement or sign except vehicles actually engaged in maintenance of the Common Areas, a Lot, or the improvements thereon. No Lot Owner or Lessee may park a vehicle in the Common Driveway except in emergencies. No vehicle may be parked on any Driveway or Subdivision Road which will block or restrict traffic. Automobiles, light trucks and golf carts only, may be parked on the roadways for short periods of time as long traffic is not blocked or restricted. Overnight parking of vehicles is permitted in the Boat Ramp Turnaround area but these vehicles must be removed from the Boat Ramp area by 8:00 AM the next morning. Additional vehicle parking is available at All Storage of Koewee & RV Park, 864-888-8009, or at Crooked Creek RV Park, 864-882-5040. Be aware that Septic System drain lines run throughout the mulched and grassy areas around the roads and driveways. Absolutely no parking is permitted in the mulched or grassy areas.
NOTICE: ANY VEHICLES PARKED IN VIOLATION OF THESE RESTRICTIONS SHALL BE TOWED AT THE LOT OWNERS OR VEHICLE OWNERS EXPENSE.

o. Prohibited Work. No Owner shall do any work which would jeopardize the soundness and safety of the Subdivision, reduce the value thereof, or impair any easement or hereditament.

p. Noise. No radios or record players or other music or noise making machines may be used on any Lot that can be heard on an adjoining Lot. Barking dogs shall not be permitted. Any dog which barks more than 5 minutes at any one time , or more than 15 minutes in any twenty four hour period shall be banned from the Subdivision.

q. Rental rules.

(1). All Unit Owners who rent or lease their Unit to others shall submit a signed copy of the Serenity Bay Association Rental Rues to the Board of Directors. This is a one-time requirement. Failure of a Homeowner who rents their home to sign and return copy of the Rental Rules to the Board of Directors shall subject the Homeowner to being assessed a fine of $1000.00. Signed copies should be submitted to the address of the Board Secretary.

(2). The Unit Owner shall be responsible for insuring that Rental Agents (one-time, if employed) and that Renters/Lessees read and sign these Rental Rules each time the Unit is rented or leased. Violation of these rules by a Lessee or Renter, observed and reported by two or more homeowners, shall subject the Homeowner to a fine being assessed by the Board of Directors. Notification of rules violations will be made by a Board Officer to the Homeowner by telephone as soon as reported. Notification of fines assessed by the Board will be made by phone and email within seven (7) days.

(3). Failure of a Homeowner to promptly pay an assessed fine shall be handled by the "Special Individual Assessment" procedure in Article XI, Section 4.

ARTICLE VIII
USE AND MAINTENANCE OF THE COMMON PROPERTY

Section 1. The Common Property shall consist of the area shown by the Plot Plan and as described in Article III. The Common Property shall be maintained and repaired by the Serenity Bay Association, Inc., who shall collect assessments for this purpose as herein provided.

Section 2. The Common Property shall be subject to the following restrictions.

a. No radio, tape player, or other instrument shall be played on the Common Property except with the consent of all Lot Owners.

b. No activity shall be carried on which shall in any manner constitute a nuisance.

c. No user shall leave trash or property on the Common Property.

d. All dogs or cats shall be kept on a leash at all times. Any Lot Owner shall be at all times responsible for his or her animal and shall not permit any animal to mess on any trail or other area frequently used by people.

e. The Boat Ramp, Parking Area, and Community Area shall be restricted to use by Lot Owners, Lessees, residents of the household of Lot Owners, and guests of Lot Owners, provided that guests may not use any common area unless in the company of Lot Owner.

f. No vehicle, boat, trailer, truck, moped, motorcycle, or any machine of any kind shall remain parked on any Common Property or Subdivision Roads within the Subdivision overnight, except as authorized by ARTICLE VII. n., above. (Clarifying note added Apr 15, 2011)

ARTICLE IX
DOCKS – BOATSLIPS

Amended January 2, 2011. Duke Energy Lake Management Policy prohibits transfers of Boatslip leases, and each Boatslip lease is assigned to specific lot. Accordingly, Section 1. and Subsection b. are amended to remove references to transfers and reassignment of Boatslip leases (Changes 5a & 5b). Subsection c. is deleted(Change 5c), and Section 2. is amended to show Lot 5C as the Lot 5 waterfront lot.(Change 5d)

Section 1. Boatslips in a Common Dock. Subject to and contingent upon the approval of FERC, Duke Energy Corporation, and any other regulatory body having jurisdiction, Declarant shall have the exclusive right to construct common Piers and Boatslips (including improvements thereon) over the waters of lake Keowee, which shall be leased to the owners of Lots..

a. Declarant shall lease one (1) Boatslip to an Owner of a Lot, which shall become appurtenant to the lot to which it is leased.

b. The Lot to which a Boatslip Lease is appurtenant shall thereafter be a Boatslip Lot. Once entered into between Declarant and Boatslip Lot Owner, the relevant Boatslip shall not be separated from the Boatslip Lot to which it is appurtenant, but shall run with the title to the Boatslip Lot. Any mortgage, or other encumbrance of the Boatslip Lot shall also encumber the Boatslip appurtenant thereto..

c. Deleted.

d. The Board of Directors shall adopt rules and regulations governing the use of Piers and Boatslips and the personal conduct thereon of the Owners owning Boatslip Lots and their families, lessees, guests, and invitees. Should members owning Boatslip Lots desire to amend such rule and regulations, such amendment shall be in accordance with the Bylaws of the Association but only Boatslip Lot Owners may vote. Any Amendment must be in writing, agreed to by a majority of the Boatslip Lot Owners and filed by the Association with the Oconee county Register of Deeds, Including a record of the vote of each Boatslip Lot Owner, certified by the President of the Association.

e. Piers and Boatslips may be used only by Declarant, Boatslip Lot Owners, their families, lessees, guests, and invitees.

Section 2. The Owners of Lots 3A, 4A, 5C, 7A, and 8A may contract with the Association to maintain the dock located on each lot respectively on such terms as shall be agreed upon.

ARTICLE X
SERENITY BAY OWNERS ASSOCIATION, INC.

Section 1. "Serenity Bay Association, Inc." shall be the governing body for all of the Lot Owners in Serenity bay Subdivision with respect to the administration and regulation of the Subdivision and the maintenance, repair, and replacement of the common Property. The Board of Directors of the Association shall be the form of administration of the Association and of the Subdivision. Whenever this instrument shall call for approval, permission or requirement of the Association, it shall mean the Board of Directors of the Serenity Bay Association, Inc. A copy of the Bylaws of the Association is attached hereto and made a part hereof as Attachment 1 and by reference incorporated herein as if fully set forth herein.

Section 2. The administration of the Subdivision, and the powers and duties coincident thereto, may be delegated by the Association to a Manager, which Manager shall be retained by the Association upon such terms and conditions and for such compensation as it may from time to time determine. The Manager may be a Lot Owner of Serenity Bay.

Section 3. Each Lot Owner shall automatically become and be a member of the Association so long as he continues as a Lot or Unit Owner. Upon the termination of the interest of a Lot Owner, his membership, together with his stock ownership in the Association, shall thereupon automatically terminate and transfer and inure to the new Lot Owner succeeding him in interest.

Section 4. The aggregate number of shares of stock in the Association shall be one hundred (100), which shall be divided, as will the votes relating thereto, among the Lot/Unit Owners in equal shares. It shall not be necessary to issue certificates of stock as evidence of ownership.

Section 5. Boat Ramp and Amenity Area. The Association shall maintain and repair the Common Property and improvements thereon as a common expense for the common use and benefit of the Lot or Unit Owners, their families, lessees, guests and invitees. Provided however, that the maintenance, repair and replacement costs of the common Piers and Boatslips shall be assessed against only the Owners of Boatslip Lots, as set forth in Article XI of this Declaration.

Section 6. Subdivision Roads. The Declarant has constructed roads within the Subdivision in the approximate location shown on the Plot Plan. No structures, planting, or other material shall be placed or permitted to remain within the subdivision roads or which may interfere with the drainage facilities located within or adjacent to the roads.

ARTICLE XI
ASSESSMENTS

Amended January 2, 2011. Section 7, which provided for cancellation and reassignment of Boatslip leases, was in violation of Duke Energy Lake Management Policy and is deleted. (Change 6).

Section 1. Assessments. The Serenity Bay Association, through the Board of Directors, is given the authority to administer the operation and management of the Subdivision, it being recognized that the delegation of such duties to one entity is in the best interests of the Owners of all Lots. To properly administer the operation and management of the project, the Association will incur, for the mutual benefit of all the Owners of Lots or Units, costs and expenses which will be continuing or no-recurring costs, as the case may be, which costs and expenses are sometimes herein referred to as "Common Expense". To provide the funds necessary for such proper operation and management, the Association is granted the right to make, levy, and collect assessments against the Owners of all Lots of Units, including Special Assessments for one-time or unexpected expenses or improvements. In furtherance of said grant of authority to the Association to make, levy, and collect assessments and to pay the costs and expenses for the operation and management of the Subdivision, the following provisions shall be operative and binding upon the Owners of all Lots or Units:

a. Each Lot Owner by acceptance of a deed, or assignment or lease of a Boatslip whether or not is shall be so expressed in such deed or Boatslip assignment, is deemed to covenant and agree to pay to the Association Annual Dues and/or Assessments, Special Assessments, Boatslip Assessments, or Individual Assessments as defined, established, and collected by these Covenants and the Bylaws of the Association, as provided. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and continuing lien upon the Lot, Unit, or Boatslip against which each assessment or charge is made. All sums lawfully assessed by the Association against any Lot, Unit or Boatslip Owner shall, from the time the sums became due and payable, be the personal obligation of the Owner of such Lot or unit or the Lessee of a Boatslip

and shall constitute a lien in favor of the Association against such Lot, Unit, or Boatslip, including any Boatslip appurtenant thereto, prior to all other liens whatsoever, except; (i) liens for ad valorem taxes on the Lot; (11) the lien of any institutional purchase money Mortgage covering the Lot, to the extent that assessments have accrued after the recording of such Mortgage.

b. All assessments levies against the Owners of Lots or Units shall be uniform unless specifically otherwise provided for in theses Covenants or in the Bylaws. Should the Association be the Owner of any Lot or Unit, the assessment which would otherwise be due and payable to the Association by an Owner of such Lot is waived.

c. The assessment levied against the Owner of each Unit shall be payable in annual, quarterly, or monthly installments, or in such other installments and at such times as may be determined by the Declarant or by Board of Directors of the Association when Declarant surrenders its authority.

d. Declarant or the Board of Directors of the Association shall establish an annual budget in advance for each fiscal year, which shall correspond to the calendar year. Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management, and maintenance of the Subdivision., including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income, if any, which is to be applied to reduction of the amount required to be collected as an assessment each year. Upon adoption of such annual budget by the Board of Directors of the Association, copies of said budget shall e delivered to each owner of as Lot or Unit, and the assessment for said year shall be established based upon such budget, although the delivery of a copy of said budget to each owner shall not affect the liability of any Owner for such assessment. Should the Declarant or Board of Directors at any time determine, in the sole discretion of said Declarant or Board of Directors, that the assessments levies are or may prove to be insufficient to pay the costs of operation and management of the Subdivision for the fiscal year or in the event of emergencies, said Board of Directors shall have the authority to levy such additional assessment or assessments as it may deem to be necessary. The Lot Owners shall vote on the budget, in person or by proxy, at the Annual Meeting of the Association. The Budget shall be approved by a vote of a majority of the Owners, provided however, that the budget and the assessments supporting such budget shall be sufficient to maintain the grounds, pay taxes and insurance, make deposit for replacement reserve and otherwise provide for the care and upkeep of the Subdivision. In the event of a tie vote on the budget, then the matter shall be decided by a majority vote of the Board of Directors. Upon accrual in said operating reserve of a sum equal to Fifty (50%) percent of the average of the current annual budget and the two (2) preceding years, no further payments shall be collected from the Owners of Units as a contribution to such reserve, until such reserve shall fall below said Fifty (50%) percent level, in which event, contributions to such operating reserve shall be included in the annual assessment so as to restore said reserve to an amount which will equal Fifty (50%) percent of the current annual amount of said assessment.

e. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Subdivision or to the proper undertaking of all acts and duties imposed upon it by virtue of these Covenants and/or the Articles of Incorporation and Bylaws of the Association. As monies for any assessment are paid to the Association by any Lot or Unit Owner, the same may be co-mingled with monies paid to the Association by other Lot or Unit Owners. Although all funds and common surplus, including other assets of Association and any

increments thereto or profits derived there from, or from the leasing or use of Common Property and Boatslips, shall be held for the benefit of the Association. No member of the Association shall have the right to assign, hypothecate, pledge, or in any manner transfer his membership interest in the monies held or owned by the Association, except as an appurtenance to his Lot. When the Owner of a Lot or Unit shall cease to be a member of the Association by reason of his divestment of ownership of such Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of said Association which may be used in the operation and management of the Association.

f. The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or any installment thereof, is not paid to the Association on or before the due date for such payment. When in default, the delinquent assessment or installment thereof, due to the Association shall bear interest at the pre-judgment rate established by South Carolina law (currently 8.75%) until such delinquent assessment or installment thereof and all interest due thereon, has been paid in full to the Association.

g. The Owner(s) of each Unit or Lot shall be personally liable, jointly and severally, as the case may be, to the Association for the payment of all assessments, regular or special, and all charges against the Owner authorized by these Covenants, which may be levied or charged by the Association while such Owner owns a Lot or Unit in the Subdivision. Such personal debt shall continue to be an obligation of the Owner of such Lot or Unit even if the Owner transfers the Lot or Unit. An Owner who buys a Lot or Unit assumes the debt of any assessment accrued on the Lot or Unit where or not the assessment is then due. If the Association brings an action to collect any delinquent assessment, the Association shall be entitled to collect all costs of the action including a reasonable attorney's fee.

h. No Owner of a Lot or Unit may exempt himself from personal liability for any assessment levied against such Owner or exempt his Lot by waiver of the use or enjoyment of any of the common Property, or by abandonment of the Unit or Lot, by defaulting in local taxes or by any other means. A sale of a Unit or Lot by Oconee County for taxes does not relieve a Lot or Unit owner of his or their liability for assessment(s).

i. The owner of any Lot agrees that the venue for any action brought against him to enforce a lien provided for in the Covenants shall be Oconee County irrespective of the domicile or legal residency or the Lot owner and that all such actions shall be brought in the courts of Oconee County.

Section 2. Purpose of Assessments. Assessments to be levied by the Association against each Lot or Unit shall be used as follows:

a. To repair, maintain, reconstruct (when necessary), Keep clean and free from debris, (and snow and ice when appropriate) the driveways and parking spaces for all Units or Lots, Subdivision Roads as shown on the Plot Plan, the Boat Ramp, the Entrance Monument area, the Community Area, the Lots over which the Association has an Easement (Lots 3A, 4A, 5A, 5C, 7A, and 8A) and any other Property owned by the Association or any property over which the Association has an easement and any improvements located thereon, including but not limited to street lights and landscaping.

b. To pay all costs associated with any lease of street lights; to pay all ad valorem taxes levied against the Common Property Owned by the Association and any improvements located thereon.

c. To pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws; to pay all premiums for insurance carried by the Association pursuant hereto or pursuant to the Bylaws.

d. Each purchaser of a Unit or Lot shall pay an initial Assessment of One Thousand ($1,000) Dollars within thirty (30) days of the purchase of the Lot.

Section 3. Special Assessment for Capital Improvements. In addition to the Annual Assessment, The Association may levy, in any assessment year, a special assessment ("Special Assessment") applicable to that year only for the purpose of defraying in whole or In part, the cost of construction of any Common Property improvement which was not originally constructed by Declarant, or the repair, replacement of the Subdivision Roads, Entrance Monument, Boat Ramp, Street Lights, and any other common Property, provided, that any such assessment must be approved by a vote by the majority of Lot Owners who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4. Special Individual Assessment. In addition to all other Assessments, the Board of Directors shall have the power to levy a special assessment applicable to any particular Lot Owner ("Special Individual Assessment") (i) for the purpose of paying for the cost on any construction, reconstruction, repair or replacement of any damaged component of the common Areas, including the Subdivision Roads, Entrance Monument, Boat Ramp, Community Area, Piers and/or Boatslips or any other common property whether occasioned by any act or omission of such Owner(s),members or such Owner's family, or such Owner's agents, Lessees, guests, employees or invitees and not the result of ordinary wear and tear; or (ii) payment of penalties or other charges imposed against any Owner relative to such Owner's failure to comply with the terms and provisions of the Declaration, the Bylaws or any rules or regulations promulgated by the Association or the Declarant pursuant to this Declaration or the Bylaws. Provided, however, the Declarant shall not be obligated to pay any special Individual Assessment levied pursuant to this section unless agreed to by Declarant. Any Special Individual Assessment shall be established by the Board of Directors of the Association after notice to the Lot Owner of the specific charge against him and after a hearing set by the Board before the Board or before a member of the Association appointed to hear the charges. Within Ten (10) days after any hearing, the Owner will be notified in writing of the findings and conclusion of the hearing panel. The Owner may challenge any finding in writing to the Board of Directors within ten (10) days. After considering the findings of the hearing panel and any response by the Owner, the Board shall establish a Special Individual Assessment and notify the owner thereof within twenty (20) days. Upon the final establishment of a Special Individual Assessment to the affected Owner(s) and notice given to the Owner, the Special Individual Assessment shall be due within thirty (30) days. Any portion of the unpaid Special Individual assessment shall bear interest at the rate for judgments under South Carolina Law.

Section 5. Boatslip Assessments. Assessment of Boatslips in the common Dock.

a. Each Boatslip Lot by entering into a Boatslip Lease in the Common Dock (or accepting an assignment of a Lease) is deemed to covenant and agree to pay to the Association, in addition to all other Assessments; Boatslip, Supplemental Boatslip, and special Boatslip Assessments for maintenance, repair cost of the Piers and Boatslips, including all improvements thereto. The Boatslip Assessment shall be used to clean, maintain, repair, and reconstruct the Piers and Boatslips, including all lighting and other fixtures, wires, railings, and other facilities located thereon; to provide and pay for lighting of, and water service to, the Piers and Boatslips; to pay all ad valorem taxes levied against the Piers and Boatslips; to pay all lease payments, if applicable to Duke Energy Corporation, or any successor manager of Lake Keowee for the Lease of the lake bed on which the Piers and Boatslips are located; to pay all premiums on all insurance carried by the Association in connection with the Piers and Boatslips; to pay all legal, accounting and other professional fees incurred by the Association attributable to the Piers and Boatslips; to maintain contingency reserves; and to provide a reserve fund for the replacement of Piers and Boatslips

b. The initial Boatslip Assessment shall be the sum of Seven Hundred fifty ($750.00) dollars, payable at the time the lease is entered into.

c. Delinquent Boatslip Assessments shall be collected in the same manner as general assessments and shall constitute a lien against the Lot or Unit to which the Boatslip is appurtenant, as well as the Boatslip.

Section 6. Assessment Lien and Foreclosure. Any Assessment provided for in these Covenants which is unpaid for more than sixty (60) days shall be delinquent and a lien may be filed with the Oconee County register of Deeds, which shall then be a lien against the delinquent Lot or Unit and Boatslip, if applicable. A lien against any delinquent Boatslip shall also constitute a lien against the Lot to which the Boatslip is appurtenant. The Board of Directors of the Association may take such action as they deem necessary to collect assessments or charges by personal action or by enforcing and foreclosing the aforesaid lien(s) and may settle and compromise same if in the best interests of the Association. Said lien provided for in the covenants shall be effective as and in the manner provided for by the South Carolina Law, and shall have the priorities established by South Carolina law. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose an assessment lien, and to apply as a cash credit against its bid all sums due the Association covered by the lien enforced.

Section 7. Deleted.

Section 8. Certificate Regarding Assessments. The Association shall, upon request, 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, or if not paid, the amount of assessment then due. Such certificate shall be binding upon the Association as of the date of issuance.

ARTICLE XII
GENERAL PROVISIONS

Section 1. Application. All Owners, future Owners, employees of Owners, tenants, guests, lessees, invitees, and all other persons who may, in any manner occupy a Unit or Lot or use the Subdivision or any portion thereof shall be subject to and bound by these Covenants, the Bylaws adopted pursuant to these Covenants and any Rules or Regulations adopted by the Association in accordance with these Covenants.

Section 2. Enforcement – Remedies. The Declarant or any Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, or reservations, now or hereafter imposed by the provisions of the Declarations. Failure by the Declarant 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. In the event there is a violation of the restrictions and it is necessary to bring an action in law or equity for the correction and enforcement, the person who brings the action shall be entitled to recover the cost of the action, including reasonable attorney's fees shall constitute a lien against the offending Lot.

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

Section 4. Covenants Run With the Land. The provisions of these Covenants, Restrictions, and Easements shall affect and run with the land at law.

ARTICLE XIII
RIGHTS OF MORTGAGEES

Section 1. Approval of Mortgagees. Unless at lease seventy-five (75%) percent of the Mortgagees holding Mortgages on Lots located within the Subdivision then subject to the full application of this Declaration have given their prior written approval, the Association shall not:

a. Except as otherwise specifically provided herein, by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association (the granting or easements for utilities or other purposes and the transfer of Boatslips pursuant to the terms of the Declaration shall not be deemed a transfer within the meaning of this clause);

b. Except as otherwise specifically provided herein, change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner;

c. Fail to maintain fire and extended coverage insurance on insurable improvements in any Common Property in the Subdivision (with the exception of Subdivision Roads) on a current replacement cost basis in an amount not less than 100% of the insurable value;

d. Use the proceeds of any hazard insurance policy covering losses to any part of any Common Property for other than the repair, replacement, or reconstruction of the damaged Common Property or other common amenities.

Section 2. Additional Rights. Any Mortgagee, if it so requests, shall have the following rights, to wit:

a. To be furnished at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year.

b. To be given notice by the Association of the call of any meeting of the Association's membership, and to designate a representative to attend all such meetings;

c. To be given prompt written notice of default under the Declaration, the Bylaws or any rules and regulations promulgated by the Association by any Owner owning a Lot encumbered by a Mortgage held by the Mortgagee, such notice to be sent to the principal office of such Mortgage or the place which it may designate in writing;

d. To be given prompt written notice of any casualty loss to the Common Property , or loss by eminent domain or other taking of (i) the Common Property or (ii) any lot encumbered by a Mortgage held by the Mortgagee;

e. To be given prompt written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

f. To be given prompt written notice of any eminent domain or condemnation proceeding affecting the property; and

g. To be given prompt written notice of any action which requires consent.

Section 3. Reimbursement for Payments for Common Property. A Mortgagee (or other person to whom a debt is due by the Association on account of the furnishing of labor or materials for the improvement of the Common Property) of any common Property may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against the Common Property and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the person, firms, or corporations making such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE XIV
DURATION OF AND AMENDING COVENANTS

Amended January 2, 2011. Section 3. "Amendments by Declarant", is deleted since Donald Payne, Declarant , has surrendered his authority to make changes to the Plot Plan or Covenants, and the Association Board of Directors has no authority to make such changes without approval of the Lot Owners. (Change 7).

Section 1. Duration. The covenants and restrictions of this Declaration bind the land for a term of twenty (20) years from the date this Declaration is recorded after which time they shall automatically be extended for successive periods of ten (10) years.

Section 2. These covenants may be amended at any time with the written agreement of a majority of the Lot Owners. Any amendment shall be certified to by the President and Secretary of the Association that the Amendment has been approved as provided for in this Section and such certification shall be filed with Oconee County Register of Deeds and shall list all Owners and how each voted, along with the Covenants as amended. If the President and/or Secretary do not certify the amendment, any three (3) Lot or Unit Owners may certify the Amendment, citing that they are certifying the Amendment in the absence of the President and/or Secretary.

Section 3. Deleted.

ARTICLE XV
TERMINATION BY UNANIMOUS CONSENT

The Subdivision and these Covenants may be terminated only by the unanimous consent of all the Owners of all Lots and Units and all of the parties holding mortgages, liens or other encumbrances against any of said Lots and/or Units, in which event, the termination of the Subdivision shall be by such plan as may be then adopted by said Owners and parties holding any mortgages, liens or other encumbrances. Such election to terminate the Subdivision shall be executed in writing by all of the aforesaid parties, and such instrument or instruments shall be recorded in the office of the Oconee county Register of Deeds.

ARTICLE XVI
POWERS OF DECLARANT

Notwithstanding any other provision of this Declaration, the Declarant shall have the following powers:

a. To collect all Assessments until the authority to collect Assessments is surrendered to the Serenity Bay Association.

b. To exercise all power to approve construction of any and all buildings, docks, driveways, septic systems, and all other improvements set forth in this Declaration until the authority is assigned to the Serenity Bay Association, Inc.

c. To appoint all members of the Board of Directions of the Serenity Bay Association until the authority is surrendered to the Association.

d. To exercise all powers given to the Declarant or to the Serenity Bay Association until the authority is assigned to the Association. Pending the development of the Subdivision, Serenity Bay, LLC holds title to the common Property in Trust for all lot owners. The Common Property will be transferred to Serenity Bay Association, Inc.

ARTICLE XVII
SURRENDER OF AUTHORITY OF DECLARANT

Declarant shall surrender the rights given to the Declarant or Developer under this Declaration to Serenity Bay Association, Inc. upon the following

a. When all Units in the Subdivision have been sold.

b. When Declarant files a document with the Oconee County Register of Deeds surrendering such rights to Serenity Bay Association.

c. Ten Years after the filing of this Declaration with Oconee County Register of Deeds.

ARTICLE XVIII
ARBITRATION

Section 1. Dispute Among Owners. In the event of a dispute among Owners, it shall be settled by Arbitration in accordance with the South Carolina Arbitration Act, except that one Arbiter shall serve. The parties shall endeavor to agree on a mutually agreeable arbitrator, but if they cannot agree, and Arbitrator shall be appointed by a Circuit Judge serving Oconee County. The Judge may select an arbiter who is common to lists provided by the litigating parties, but is not required to do so. Arbitration may be sought by any Owner who files a written request with the Court, and provided to all other Owners and the Association, in accordance with this provision and the South Carolina Arbitration Act, stating the nature of the dispute.

Section 2. Award by Arbitration Filed as Judgment. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. In the event of litigation or arbitration between the parties, the Arbitrator shall assess costs and expenses, including attorney's fees.

Section 3. Action Against the Association. Any person who brings an action against the Association challenging any provision of these Restrictive Covenants or brings any action relating to Serenity Bay Subdivision shall be settled in accordance with this Article, except that such person shall pay all costs of such action, including attorney's fees, if such action is not successful.

Section 4. Action Against Developer or Contractor. Any action by any Owner or by the Association against the Developer or the original General Contractor shall be settled by Arbitration in accordance with this Article.

ARTICLE XIX
NOTICES

Amended January 2, 2011. This Article is amended to show that the delivery of Notices required by these Covenants or by Laws can now be made by Email. (Change 8).

All Notices required to be made to the Owner of any Lot by these Covenants or by the By Laws shall be made by the use of Email to the Email address provided to the Association by the Lot Owner, unless the Lot Owner provides to the Association written instructions by U. S. Mail that Email delivery of such Notices is not acceptable to that Lot Owner. Any notice by Email shall be effective five (5) days after transmission. Any notice by U. S. Mail shall be effective five (5) days after depositing same into the United States mail, with first class, certified or registered postage attached, and properly addressed. If no address has been filed with the Association and the Owner does not occupy the home, notice may be made by mailing the Notice to the address listed in the office of the Oconee County Treasurer. Notwithstanding any other provision of Notice, delivery of the Notice by the method specified by the South Carolina Rules of Civil Procedure for service of process constitutes proper notice. Notice to the Association required to be made by these Covenants or by the Bylaws may be made by Email to any Director or Officer of the Association or by the method provided by South Carolina Law for service of process on Corporations.

Balance of page is blank – signatures appear on the next page.

IN WITNESS WHEREOF, Declarant has executed these Protective covenants, Restrictions, and Easements, this 30th day of January, 2006.

SERENITY BAY, LLC

By: SIGNED
Donald Payne, Member/Manager

SIGNED
Donald Payne

SIGNED
Matthew Payne

SIGNED
Jason Payne

SIGNED
Rex A. Sparks

SIGNED
Karen Sparks

Witnesses:

SIGNED
Wilma Davis

SIGNED
LOWELL ROSS

STATE OF SOUTH CAROLINA
COUNTY OF OCONEE

I, Lowell Ross, a Notary Public for the State of Sc, do hereby certify that SERENITY BAY, LLC by DONALD PAYNE its member/manager and DONALD PAYNE, MATTHEW PAYNE, JASON PAYNE, REX A.SPARKS AND KAREN SPARKS personally appeared before me this date and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 30th day of January, 2006.

SIGNED Lowell Ross (SEAL)
Notary Public of SC
My commission expires 10/2/2010

CERTIFICATION OF JANUARY 2, 2011 AMENDMENTS TO THESE COVENANTS AS REQUIRED BY THE COVENANTS:

We, the undersigned, hereby certify that these Changes to the Serenity Bay Covenants and By Laws were approved by Email Voting by Lot Owners at the 2011 Annual Meeting on January 2, 2011. There are fourteen eligible (14) voting members of the Association. The Covenants require a simple majority of yes votes to approve proposed changes. All nineteen (19) proposed changes were approved. The results of the voting were as follows:

(CHANGE APPROVED Y=yes O=no N=Did not vote)

CHANGE no: LOT OWNER(S)	1a.	1b.	2a.	2b.	2c.	3a.	3b.	4a.	4b.	4c.	5a.	5b.	5c.	5d.	6.	7.	8.	9a.	9b.
1A: Donald Payne	Did not vote.																		
1B: Sid Rampy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
2A: Russ & Vicki Duffey	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
2B: Edith Nitzsche	Y	Y	Y	Y	Y	Y	Y	0	Y	Y	Y	Y	Y	Y	Y	Y	0	Y	Y
3A: Robin & Kay Green	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
3B: Dick & Shelley Green	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
4A: Kevin & Karen Hollinger	Did not vote																		
4B: Marc & Lisa Coker	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
5A: Debbie Rampy	Y	Y	Y	Y	Y	0	Y	0	0	Y	Y	Y	Y	Y	0	Y	0	Y	Y
5B: Tom & Carol Watson	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
7A: Jeff & Marianne Smith	Did not vote																		
7B: Robert Posener	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
8A: Brian & Susan Smith	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
8B: Tracy & Tammy Clark	Did not vote																		
APPROVAL VOTES NEEDED	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
RECEIVED	10	10	10	10	10	9	10	8	9	10	10	10	10	10	9	10	8	10	10
CHANGE no:	1a.	1b.	2a.	2b.	2c.	3a.	3b.	4a.	4b.	4c.	5a.	5b.	5c.	5d.	6.	7.	8.	9a.	9b.

CERTIFICATION: Page 2 of 4

IN WITNESS WHEREOF, The President and Secretary of the Serenity Bay Association Certify that these Amendments to the Covenants, Restrictions, Conditions and Easements and By Laws for the Serenity Bay Association, Inc. were executed in accordance with the requirements therein.

SERENITY BAY ASSOCIATION, INC.

By: _ _____SIGNED_____
Marc Coker. President

_____SIGNED_____
Thomas Watson

Witnesses

_____SIGNED_____

_____EMMA W MORRIS_____

STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

I, __EMMA W MORRIS _____, a Notary Public for the State of SC, do hereby certify that Marc Coker, President of Serenity Bay Association, Inc., and Thomas Watson, Secretary of the Association, personally appeared before me this date and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal this __4th___ day of _January__, 2011.

_____SIGNED_____(SEAL)
Notary Public of SC
MY commission expires ___2/20/2011__

CERTIFICATION: Page 3 of 4

CERTIFICATION OF April 15, 2012 AMENDMENTS TO THESE COVENANTS AS REQUIRED BY THE COVENANTS:

We, the undersigned, hereby certify that these Changes to the Serenity Bay Covenants and By Laws were approved by Email Voting by Lot Owners between March 21, 2012 and April 15, 2012. There are fourteen eligible (14) voting members of the Association. The Covenants require a simple majority of yes votes to approve proposed changes. All four (4) proposed changes were approved. The results of the voting were as follows:

	(CHANGE APPROVED Y=yes O=no			
CHANGE no:	1.	2.	3.	4.
LOT OWNER(S)				
1A: Donald Payne	Did not vote.			
1B: Sid Rampy	Y	Y	Y	O
2A: Russ & Vicki Duffey	Y	Y	Y	Y
2B: Edith Nitzsche	Y	Y	Y	Y
3A: Robin & Kay Green	Y	Y	O	O
3B: Dick & Shelley Green	Y	Y	Y	Y
4A: Kevin & Karen Hollinger	Did not vote			
4B: Marc & Lisa Coker	Y	Y	Y	Y
5A: Debbie Rampy	Y	Y	Y	Y
5B: Tom & Carol Watson	Y	Y	Y	Y
7A: Jeff & Marianne Smith	Y	Y	Y	Y
7B: Robert Posener	Y	Y	O	O
8A: Brian & Susan Smith	Y	Y	Y	Y
8B: Tracy & Tammy Clark	Y	Y	Y	Y
APPROVAL VOTES				
NEEDED	8	8	8	8
RECEIVED	12	12	10	9
CHANGE no:	1.	2.	3.	4.

CERTIFICATION: Page 4 of 4

IN WITNESS WHEREOF, The President and Secretary of the Serenity Bay Association Certify that these Amendments to the Covenants, Restrictions, Conditions and Easements and By Laws for the Serenity Bay Association, Inc. were executed in accordance with the requirements therein.

SERENITY BAY ASSOCIATION, INC.

By: Marc Coker
Marc Coker, President

Thomas C Watson
Thomas Watson, Secretary

Witnesses
Emma W. Morris
Janice C Lewis

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2013 FEB 26 P 1:12

STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

I, Janice C Lewis, a Notary Public for the State of SC, do hereby certify that Marc Coker, President of Serenity Bay Association, Inc., and Thomas Watson, Secretary of the Association, personally appeared before me this date and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal this 25th day of Jan., 2013.

Janice C Lewis (SEAL)
Notary Public of SC
MY commission expires 8/15/21

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2013 FEB 26 P 1:12

BYLAWS OF
SERENITY BAY ASSOCIATION, INC.

ARTICLE I
Name and Location

The name of the Association is Serenity Bay Association, Inc. Its principal office is located in Oconee County, South Carolina.

ARTICLE II
Purpose

The purpose of this Association is to act on behalf of its members collectively as their governing body with respect to the administration, maintenance, repair, and replacement of that certain property which is common property of the Lot Owners of Serenity Bay.

ARTICLE III
Membership

Section 1. Members. The members shall consist of all of the owners of that property located in Seneca, Oconee County, South Carolina, know as Serenity Bay.

Section 2. Transfer. Except as provided herein, membership shall not be transferable. The membership of each Lot Owner shall terminate upon a sale, transfer, or other disposition of his ownership interest in the property, and thereupon the membership shall automatically transfer to and be bested in the new Owner succeeding to such ownership interest.

ARTICLE IV
Member's Meetings

Section 1. Annual Meeting. The annual members' meeting shall, except as set forth in Section 8 of this Article, be held at a suitable place at 10:00 o'clock a.m. on the first Saturday of January of each year for the purpose of electing directors and transacting any other business authorized to be transacted by the members. If that day is a legal holiday, the meeting shall be held at the same hour on the next day.

Section 2. Special Meetings. Special members' meetings shall be held whenever called by the President and Vice-President or by a majority or the board of directors, and must be called by such officers upon receipt of a written request from members entitled to cast one-third (1/3) of the votes of the entire membership.

Section 3. Notice. Notice of all members' meetings, stating the time and place and the objects for which the meeting is called, shall be given by the President or Vice-President or Secretary, unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the association and shall be mailed not less than ten (10) day nor more

than sixty(60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings may be waived before or after meeting.

Section 4. Quorum. A quorum at members' meeting shall consist of three (3) Lot Owners. If any meeting of the members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting for at least ten (10) days, and adequate notice of the new date shall be given as described in Section 3 of this Article.

Section 5. Voting. Each Lot shall have one vote irrespective of how many persons own the Lot.

Section 6. Majority. The vote of the majority of the ownership interests present or represented by proxy at a meeting at which a quorum is present is necessary for the adoption of any matter voted upon by the members.

Section 7. Proxies. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote. A proxy shall be valid only for the particular meeting designated and must be filed with the Secretary before the appointed time of the meeting.

Section 8. Meetings Prior to Completion of subdivision. Until Developer has completed and sold all of the Lots from time to time constituting Serenity Bay or until the Declarant elects to terminate its control of the Subdivision, whichever shall first occur, there shall be no meeting of members of the Association unless a meeting is called by Declarant.

ARTICLE V
Board of Directors

Amended January 2, 2011. A new Section 10 is added that states persons charged with or convicted of a felony or misdemeanor may not serve on the Board of Directors. (Change 9a)

Section 1. Function. The affairs of this Association shall be managed by a Board of three (3) Directors elected by the members at their annual meeting, who shall hold office for one (1) year and until their successors are elected and qualified. After completion of the project, each member of the Board of Directors shall be either the Lot Owner, have an interest therein, or in the event of corporate ownership, be a designated agent of the corporation.

Section 2. Vacancies. Except as to vacancies provided by removal of directors by members, vacancies in the Board of Directors occurring between annual meeting of members shall be filled by the remaining Directors.

Section 3. Removal. Any Director elected by the members may be removed by concurrence of two-thirds (2/3) of the votes of the entire membership by a written agreement or at a special meeting of the members called for that purpose. The vacancy in the Board of directors so created shall be filled by the members of the Association within ten (10) days of the execution of the written Agreement or the special meeting.

Section 4. Initial directors. Until the Developer has completed and sold all of the Lots, or until the Declarant elects to terminate its control of the Subdivision, whichever shall first occur, the initial Board of Directors of Association shall be appointed by the Declarant, who shall serve, and in

the event of vacancies the remaining Directors shall fill the vacancies, and if there are no remaining Directors, the vacancies shall be filled by the Declarant. The initial Directors may be persons who do not own a Lot or Unit in the Subdivision.

Section 5. Organizational Meeting. The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected and no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.

Section 6. Regular Meetings. Regular meetings of the Board of directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director personally or by mail, telephone, or fax at least three (3) days prior to the day named for such meeting.

Section 7. Special Meetings. Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of two thirds (2/3) of the Directors. Notice of the meeting shall be given personally or by mail, telephone, or fax at least three (3) days prior to the day named for such meeting, which notice shall state the time, place and purpose of the meeting.

Section 8. Waiver of Notice. Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

Section 9. Quorum. A quorum at Directors' meetings shall consist of a majority of the entire board of directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of Directors is required by the Declaration, or these Bylaws. If at any meeting of the board of Directors less than a quorum is present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

Section 10. No person shall serve on the Serenity Bay Association, Inc. Board of Directors if they are currently or have ever been charged with or convicted of a felony or misdemeanor including but not limited to: Forgery, Larceny, Embezzlement, False Pretenses, Cheats, Burglary, Robbery, Fraud, or Misrepresentation.

ARTICLE VI
Powers and Duties of the Board of Directors

Section 1. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, by the Declaration or by these Bylaws directed to be exercised and done by the Owners.

Section 2. Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the board of directors shall be responsible for the following:

a. Care, upkeep and surveillance of the project and the common areas and facilities.

b. Collection of assessments from the Owners.

c. Designation and dismissal of the personnel necessary for the maintenance and operation of the project and the common elements and facilities.

Section 3. Manager or Management Agent, Employees, Generally. The Board of Directors may employ for the Association a management agent or manager, at a compensation established by the Board, to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 2 of this Article. The duties conferred upon the management agent or manager by the Board of directors may be at any moment revoked, modified, or amplified by the majority of Owners in a duly constituted meeting. The Board of Directors may employ any other employee or agent to perform such duties and at such salaries as the Board of directors may establish.

ARTICLE VII
Officers

Section 1. Positions. The principal officers of the association shall be a President, and a Vice-President, Secretary and Treasurer, who shall be appointed by and from the Board of directors. Officers may hold more than one office so that the Secretary may also be the Treasurer or the Vice-President may also be the Secretary, etc.

Section 2. Appointments. The officers of the Association shall be appointed annually by the Board of Directors at the organizational meeting of each new Board and shall hold office for one (1) year and until their successors are appointed and qualified.

Section 3. Removal. Upon an affirmative vote of a majority of the members of the Board of directors, any officer may be removed either with or without cause, and his successor appointed at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the Owners from time to time as he may In his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. In the absence of the president or in the event of his death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such duties as are from time to time assigned to him by the President or Board of Directors.

Section 6. Secretary. The Secretary shall:

a. Keep the minutes of the proceedings of the Members' Meetings and of the board of Directors in one or more books provided for that purpose.

b. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

c. Be custodian of the records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized.

d. In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 7. Treasurer. The Treasurer shall:

a. Have charge and custody of and be responsible for all funds, books and accounts of the Association.

b. Have charge and be responsible for the collection of assessments as set forth in Article VIII of these Bylaws.

c. In general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 8. Salaries. No Lot Owner who serves as a member of the Board of Directors or as an officer shall be compensated.

ARTICLE VIII
Fiscal Management

Amended January 2, 2011. Section 13. Reserve Fund, is amended to change the time period for accumulating the initial Reserve Fund from three (3) years to five (5) years. (Change 9b)

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January of each year, except the first fiscal year of the Association shall begin at the date of organization.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with customary accounting principles and practices. Within a reasonable time after the close of each fiscal year, the Association shall furnish its members with a statement of the income and disbursements of the Association for such prior fiscal year.

Section 3. Assessments. With respect to each fiscal year, the Board shall estimate the amount required by the Association to meet its expenses for such year, including but not limited to the following items;

a. Management and administration expenses.

b. The estimated cost of repairs, maintenance and replacements of improvements to Common Property.

c. The cost of such utilities as may be furnished by the Association.

d. The amount of such reserves as may be reasonably established by the Board, including general operating reserves, reserves for contingencies and reserves for replacements.

e. Such other expenses of the Association as may be approved by the Board of Directors including operating deficiencies, if any, for prior periods.

f. Within ninety (90) days before the commencement of each fiscal year, the Board shall cause an estimated annual budget to be prepared based on its estimation of annual expenses and membership assessments, and copies of such budget shall be furnished to each member.

g. On or before the first day of each month of the fiscal year covered by such estimated annual budget, each member shall pay as his respective monthly assessment one-twelfth (1/12) of his proportionate share of the amount designated in the estimated annual budget as membership assessments. At the discretion of the Board of Directors, such payments may be made in quarterly or annual installments. Each member's proportionate share of membership assessments shall be the same as his respective percentage ownership in the common Property.

h. Until the annual budget for a fiscal year is sent to each member by the Board, the member shall continue to pay that amount which had been established on the basis of the previous estimated annual budget.

i. If any member shall fail or refuse to make payment of his proportionate share of the common expenses when due, the amount thereof shall constitute a lien on the interest of such member in the property. The Association and the Board shall have the authority to exercise and enforce any and all rights and remedies provided in this instrument or these Bylaws, or which are otherwise available at law or in equity for the collection of all unpaid assessments.

j. Upon the sale or conveyance of a Lot, all unpaid assessments against a Lot Owner for his pro-rated share of the expenses as referred to in these Bylaws shall first be paid out of the sales price or by the acquired in preference over any other assessments or charges of whatever nature except for unpaid taxes or liens payable under mortgage instruments.

Section 4. Revised Assessments. If at any time during the course of any fiscal year, the board shall deem the amount of the membership assessments to be inadequate by reason of a revision in its estimate of either expenses or other income, the Board shall prepare and cause to be delivered to the members a revised estimated annual budget for the balance of such fiscal year and thereafter monthly assessments shall be determined and paid on the basis of such revision.

Section 5. Developer's Assessments. With respect to any Lots which have not been sold by the Developer and which the developer continues to own, the Developer shall pay to the

Association the aggregate amount of the actual operating expenses from time to time required to be paid with respect to the cost of maintaining the Common Property, less the assessments which have been imposed on the lots which have been sold.

Section 6. Assessment Lien and Foreclosure. The Board of Directors of the Association may take such action as they deem necessary to collect assessments or charges by personal action or by enforcing and foreclosing the aforesaid lien(s) and may settle and compromise same if in the best interests of the Association. Said lien shall be effective as and in the manner provided for by the South Carolina Law, and shall have the priorities established by South Carolina Law. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose an assessment lien, and to apply as a cash credit against its bid all sums due the Association covered by the lien enforced.

Section 7. Mortgages. Where the mortgagee of an institutional first mortgage of record, or other purchaser of a Lot obtains title to a Lot as a result of foreclosure of the institutional first mortgage, or when an institutional first mortgagee of record accepts a deed to said Lot in lieu of foreclosure, or other purchaser obtains title to a Lot as a result of foreclosure of the aforesaid lien, such acquirer of title, his grantees, heirs, successors and assigns, shall not be liable for the share of common expenses or assessments by the debtor pertaining to such Lot, or chargeable to the former Lot owner of such Lot, which became due after the recording of such mortgage but prior to acquisition of title as a result of the foreclosure or the acceptance of such deed in lieu of foreclosure. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Lot Co-Owners in the Subdivision, excluding such acquirer, his grantees, heirs, successors and assigns.

Section 8. Prior Owner. The prior Owner of the lot shall not be relieved of his personal obligation for all assessments due while he owned the Lot. This section shall not exempt any individual who holds a mortgage on a Lot and shall apply to any purchaser of a Lot and such individual mortgagee or purchaser shall take title to any Lot subject to all debts, charges, assessments, or liabilities due to the Association.

Section 9. Assessments Paid Before Occupancy. Any person who acquires an interest in a Lot, except through foreclosure of an institutional first mortgage of record, or deed in lieu thereof, as specifically provided hereinabove, including without limitation, persons acquiring title by operation of law, including purchasers at judicial sales, or tax sales shall not be entitled to occupancy of the Lot/Unit or enjoyment of the Common Property until such time as all unpaid assessments due and owing by the former Lot Owners have been paid.

Section 10. Grantees of Lots Liable for Assessments. In any voluntary conveyance of a Lot, the grantee shall be jointly and severally liable with grantor for all unpaid assessments against grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of grantee to recover from grantor the amounts paid by grantee therefor, except as to an institutional mortgagee taking deed in lieu of foreclosure and as to a mortgagee's subsequent grantee, and as to any person who acquires a Lot through foreclosure of an institutional mortgage including said institutional first mortgagee, its grantees, successors and assigns.

Section 11. Litigation Does Not Waive Foreclosure. Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent the Association thereafter seeking enforcement of the

collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of suit at law to attempt to effect such collection of any sum then remaining owing to it.

Section 12. Escrow Account for Insurance. The Board of Directors may, but it shall not be required to, establish and maintain in a local, national, or state savings and loan association, an interest bearing savings deposit account, in order to accumulate sufficient monies to pay insurance premiums which the Association is required to pay.

Section 13. Reserve Fund. The Association shall include in the Assessments such amount as shall accumulate a Reserve Fund which shall equal the annual operating budget. The initial Fund shall be accumulated over a five year period commencing with the 2011 Budget. Such fund shall be maintained in a banking institution by the Treasurer of the Association.

ARTICLE IX
Dissolution

Section 1. In the event of dissolution, the residual assets of this organization shall be distributed to the members of the Association in equal shares.

Section 2. Notwithstanding any other provision of these Bylaws, Association shall not carry on any other activities not permitted to be carried on by the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal Revenue Law.

ARTICLE X
Amendments

These Bylaws may be amended or modified as provided for in the covenants. The Bylaws affecting the rights or interest of the Declarant shall not be amended or modified without its written consent. This Article shall not abridge, amend or alter the rights of institutional mortgagees without prior written consent of such institution.

ARTICLE XI
Parliamentary Rules

Roberts Rules of Order (latest edition) shall govern the conduct of the meetings when not in conflict with the Bylaws and Statutes of South Carolina.