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Office of REGISTER OF DEEDS, SPARTANBURG, S.C.
Ashley B. Williams, Register Of Deeds

COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR MILL WOOD
COTTAGES SUBDIVISION

WHEREAS Declarant is the developer of a certain tract of land located near Belcher Road in Spartanburg County known as Millwood Cottages Subdivision, containing 45.7 acres, more or less, shown on a plat for Millwood Venture, LLC made by Precision Land Surveying, Inc., dated SEP 3, 2024 and recorded in Plat Book 105 at Page on 949-953 in the Office of the Register of Deeds for Spartanburg County, South Carolina (said plat along with any amendments or modifications thereto shall be referred to herein as the "Plat") and reference to which Plat is hereby craved for a complete metes and bounds description.

WHEREAS, the Declarant desires to impose certain restrictive covenants upon the Property in order to ensure its use for residential purposes, to prevent impairment of the attractiveness of the Property, and to maintain the desired quality of the Subdivision with no greater restriction on the free and undisturbed advantages to the other Lot owners;

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, sold, conveyed, and used subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the title to the Property and be binding on all parties having any right, title, or interest in the Property or any part thereof, their heir's, successors, and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I-DEFINITIONS

Section 1. "Additional Property" shall mean and refer to any additional real estate that is or may become contiguous, adjacent to, or neighboring the Proper, all or a portion of which may be made subject to the terms of the Declaration in accordance with the provisions of this Declaration.

Section 2. "Annual Assessment" shall have the meaning set forth in Article IV, Section 4 of the Declaration.

Section 3. "Approved Builder" shall mean and refer to those builders which have been selected by Declarant to construct homes for sale in the Subdivision.

Section 4. "Articles of Incorporation" shall mean and refer to the articles of incorporation of the Association filed with the Secretary of State of South Carolina, as amended and modified from time to time.

Section 5. "Association" shall mean and refer to Millwood Cottages Homeowners' Association, a South Carolina non-profit corporation, its successors and assigns.

Section 6. "Board of Directors" or "Board" shall mean and refer to the body responsible

for administering the Association, selected as provided in the Bylaws and serving the same role as the board of directors under South Carolina corporate law.

Section 7. "Bylaws" shall mean and refer to the bylaws of the Association, attached hereto as "Exhibit A", and any amendments or modifications thereto.

Section 8. "Common Area" shall mean and refer to those portions of the Property that are designated on the Plat as "Common Area" including but not limited to, any real property or easements owned by the Association for the common use and enjoyment of the Owners together with any other portions of the Property or any Additional Property that shall be designated by Declarant or the Association (as the case may be) as "Common Area" in a recorded amendment to this Declaration or in some other recorded document.

Section 9. "Declarant" shall mean and refer to Millwood Venture, LLC, a SC Limited Liability Company, and its successors and assigns to whom the rights of Declarant are specifically assigned as evidenced by an instrument signed by Declarant and recorded with the Office of the Register of Deeds for Spartanburg County, South Carolina. Declarant may, at its option, assign only a position of its rights hereunder, or all of such rights in connection with the appropriate portions of the Property. In the event of such partial assignment, the assignee shall not be deemed to be the Declarant, but may exercise those rights assigned to it by the Declarant. Any such assignment may be made on a non-exclusive basis. At such time as Declarant no longer is the Owner of a Lot in the Subdivision, the rights of Declarant under this Declaration shall inure without further action to the Association.

Section 10. "Declaration" shall mean and refer to the Covenants, Conditions and Restrictions for Millwood Cottages Subdivision, as it may be amended or supplemented from time to time.

Section 11. "Director of Public Works" shall mean and refer to the Spartanburg County Assistant Administrator for Public Works or any of that person's duly authorized representatives.

Section 12. "Initiation Fee" shall have the meaning set forth in Article IV, Section 3 of the Declaration.

Section 13. "Lot" shall mean and refer to any number plot of land shown on the Plat, excluding the Common Area.

Section 14. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

Section 15. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including Declarant if it owns a Lot and any Approved Builder that owns a Lot, but excluding those persons having such interest merely as security for the performance of an obligation.

Section 16. "Plat" shall mean and refer to: (i) the plat of record of aforementioned Subdivision recorded immediately preceding these Covenants, Conditions and Restrictions (ii) any revisions, supplements, or amendments thereof, and (iii) subsequent plats of Millwood Cottages Subdivision hereafter recorded by Declarant in the Office of the Register of Deeds for Spartanburg County, and any revisions, supplements, or amendments thereto.

Section 17. "Property" and "Properties" shall mean and refer to the real property shown on the Plat(s) including the Common Area and Lots, and such Additional Property as may hereafter be annexed into the Subdivision as hereinafter provided.

Section 18. "Special Assessment" shall have the meaning set forth in Article IV, Section 5 of the Declaration.

Section 19. "Special Individual Assessment" shall have the meaning set forth in Article IV, Section 5 of the Declaration.

Section 20. "Storm Water Management Facility" shall mean any structural storm water management measure used to treat storm water runoff including, but not limited to basins, ponds, proprietary devices, low impact development features, water quality buffers, filtration and/or other treatment devices.

Section 21. "Subdivision" shall mean and refer to the Property commonly known as Millwood Cottages Subdivision as the same is shown on the Plat including the Common Area(s), Open Space(s), Amenity Area(s), if any.

Section 22. "Open Space" shall mean and refer to those portions of the Property that are designated on the Plat as "Open Space" including but not limited to, land areas that are not occupied by buildings, structures, parking areas, streets, alleys, or required yards. Open space shall be permitted to be devoted to landscaping, preservation of natural features, and recreational areas and facilities.

ARTICLE II-PROPERTY RIGHTS

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

(a) The right of the Association to charge reasonable fees for the maintenance and lighting of entrances, the Common Area, amenities in the Amenity area, fences, landscaping, sprinkler systems, light fixtures and related bulbs and other reasonable expenses.

(b) The right of the Association and Declarant to suspend the voting rights of an

Owner for any period not to exceed sixty (60) days for any infraction of the Association's published rules and regulations and the right of the Association to impose a Special Individual Assessment for such infractions;

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency or authority. Except as provided otherwise herein, no such dedication or transfer by the Association shall be elective unless an installment agreeing to such dedication or transfer is signed by two-thirds (2/3) of each class of members and has been recorded with the Office of Register of Deeds for Spartanburg County, South Carolina;

(d) The right of the Association, in accordance with the Articles of Incorporation and its Bylaws, to impose regulations for the use and enjoyment of the Common Area / Amenity Area and improvements thereon, which regulations may further restrict the use of the Common Area/ Amenity Area;

(e) The right of the Association, in accordance with its Articles of Incorporation and its Bylaws, to borrow money for the purpose of improving the Common Area and facilities thereon. No such mortgage of the Common Area shall be effective unless an instrument agreeing to such mortgage of the Common Area is signed by two-thirds (2/3) of each class of members; and

(f) The right of the Association to exchange portions of the Common Area with the Declarant for substantially equal areas of the properties for the purpose of eliminating unintentional encroachments of improvements onto portions of the Common Area or for any other purpose or reason.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his or her rights of enjoyment of the Common Area to the members of his or her immediate family and their guests, tenants, or contract purchasers who reside on the Lot of such Owner.

Section 3. Leases of Lots. Any lease agreement between an Owner and a lessee for the lease of such Owner's residence on its Lot shall (i) provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation, and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease, (ii) be for a term of no less than one (1) year, and (iii) be in writing. No lot shall be used for transient, hotel, or other short-term rental use.

Section 4. Declarant's Covenant to Convey Title to Common Area. Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to its property designated herein as Common Area to the Association any time before such time as the Declarant conveys the last Lot to some person other than Declarant. Additionally, if Storm Water Management Facilities are located within the Common Area, the Declarant shall take the following actions at or prior to the time in which the Subdivision is fifty (50%) percent built: (1) convey fee simple title to the applicable Storm Water Management Facilities to the Association, and (2) file any and all necessary

documentation defining the responsible party for maintaining the Storm Water Management Facilities with the Director of Public Works. The Common Area shall be free from any monetary liens but subject to easements of record, including any easements established by this Declaration. The Association shall accept the conveyance of all such Common Area and Storm Water Management Facilities pursuant to this Section. Similarly, Declarant will convey to the Association such additional Common Area as is annexed in the future, immediately following its annexation pursuant to the terms of this Declaration. The Association shall accept the conveyance of all such additional Common Area pursuant to this Section.

ARTICLE III- MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

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

Class A Members. "Class A Members" means all Owners, with the exception of the Declarant and Approved Builder(s), and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as the owners of the specific Lot determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B Members. "Class B Members" means the Declarant and any Approved Builder(s) who own a Lot within the Subdivision, and shall be entitled to three (3) votes for each Lot owned by Declarant or Approved Builder(s), respectively.

The Class B Membership shall cease and be converted to Class A Membership when Declarant and any Approved Builder(s) elect by written notice to the Association to convert their Class B Membership to Class A Membership or when the last Lot in the Subdivision is transferred by deed to an entity or individual other than the Declarant or an Approved Builder.

ARTICLE IV-COVENANT FOR MAINTENANCE AND ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot (except for Declarant and Approved Builder(s)) 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: (1) a one-time Initiation Fee, (2) annual assessment or charges, and (3) special assessments for capital improvements, such assessments to be established and collected as herein provided. The "Initiation Fee" shall be a charge collected at the initial closing of a Lot to an entity other than the Declarant or an Approved Builder, and again each time the subject Lot is transferred of record. The Annual Assessments, Special Assessments, and Special Individual Assessments (collectively "Assessments" and individually an "Assessment") together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made as of that date upon which such Assessment is made and continuing until paid. Each such fee and Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such

lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to such Owner's successors in title unless expressly assumed by them but shall remain a lien upon the transferred lot.

Section 2. Purpose of Assessments.

(a) The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Subdivision and in particular for the improvement and maintenance of services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including, but not limited to:

- (i) the costs of repairs, replacements and additions, labor, equipment, materials management and supervision of the Common Area;
- (ii) the payment of taxes assessed against the Common Area;
- (iii) the maintenance of water and sewer mains in and upon the Common Area;
- (iv) the maintenance of open spaces and streets which have not been accepted for dedication by a public authority, drives and parking areas within the Common Area,
- (v) the procurement and maintenance of insurance in accordance with the Bylaws;
- (vi) the maintenance of lakes, ponds, retention areas or other bodies of water located within the Common Area or open space, if any, as well as the maintenance of dams and areas surrounding such water;
- (vii) the maintenance of any "sign easement" areas located on any Lot, as shown on the Plat;
- (viii) the maintenance of entranceways, landscaping and lighting of the Common Area, and the lighting of streets (whether public or private);
- (ix) the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Area;
- (x) the costs associated with duties of the Architecture Review Committee;
- (xi) the employment of attorneys and other agents to represent the Association when necessary;
- (xii) the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the Subdivision which the Association may be obligated to maintain. Such reserve fund is to be established out of the Annual Assessments or Special Assessments for common expense.

(c) 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 this Declaration, the Articles of Incorporation and the Bylaws. When a Lot Owner shall cease to be a member of the Association by reason of his divestment of ownership of his 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, 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 the Association which may be used in the operation and management of the Subdivision.

(d) The Declarant and the Association shall be responsible for maintenance and repair of the Storm Water Management Facilities until title to the Storm Water Management Facilities is transferred to the Association, at which time the Association shall be solely responsible for the maintenance and repair thereof. Maintenance and repair of the Storm Water Management Facilities is mandatory per local, state, and federal regulations. In addition to, or in lieu of criminal penalties authorized by the Spartanburg County Revised Storm Water Management Ordinance No. 4281, Spartanburg County has the authority to assess a civil penalty of not more than seven thousand five hundred dollars (\$7,500.00) per violation against any person who has violated any provisions of this ordinance.

(e) Funds for storm water management will be kept separate from other funds as a line item in the Association's overall budget.

(f) The Association shall Maintain the Lot Landscaping as determined by the Board in the front, side and back yards of all lots in a neat, orderly and attractive manner. The Association shall not be obligated to Maintain any Lot Landscaping within any enclosed or fenced areas on a Lot. Nor shall the Association be required to perform Lot Landscaping when an unsafe condition exists on a Lot, including a loose animal. The Maintenance of the Lot Landscaping may include, but shall not necessarily be limited to: the cutting or trimming of grass, trees and shrubs; the re-seeding, re-sodding or replanting of grass; the replanting trees or shrubs; the re-mulching and weeding of mulched areas, the repair and replacement of Lot irrigation installed by the Approved Builder(s), the Declarant or the Association; and the routine, customary application of fertilizer, pesticide and algacide or fungicide, if necessary or recommended. The Association shall not be required to Maintain any shrubbery, grass and other landscaping other than the usual and customary landscaping provided by the Approved Builder(s) or the Declarant. The Association shall have the right to remove any Lot Landscaping which becomes a nuisance. The Association shall have the sole discretion to determine the time at which such Lot Landscaping shall take place, the manner and materials to be used. The replacement of Lot Landscaping on any particular Lot, which is necessitated by deterioration of existing materials, shall also be the responsibility of the Association.

Section 3. Initiation Fee. The Initiation Fee shall be assessed in the amount of one-third (1/3) of the Annual Assessment paid by the purchaser of a Lot and shall be paid or transferred to the Association contemporaneously with each transfer of ownership of any Lot to a party other than the Declarant or an Approved Builder. The Initiation Fee shall not be prorated. The Initiation Fee shall be used for common expenses and can be used for unforeseen expenditures

or to acquire equipment or services deemed necessary or desirable by the Board for common Association purposes.

Section 4. Annual Assessment. The initial Annual Assessment shall be set by the Declarant. Once the initial Annual Assessment has been set, the Annual Assessment shall be paid on a calendar year basis unless changed by the Board of Directors.

From and after January 1 of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum Annual Assessment may be increased each year by the Declarant or the Board by not more than ten (10%) percent above the maximum Annual Assessment for the previous year without a vote of the Owners. From and after January 1 of the year immediately following the conveyance of the first Lot to a Class A Member, the maximum Annual Assessment may be increased above ten (10%) percent of the maximum Annual Assessment for the previous year only by an affirmative vote of two-thirds (2/3) of all Owners who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 5. Special Assessments and Special Individual Assessments. In addition to the Annual Assessments, 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 in the Subdivision, or for other special or extraordinary, but not recurring purposes, as identified and approved by the Board, provided that any such assessment shall be approved by an affirmative vote of 2/3 of all Owners who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his lot or otherwise.

In addition to the Annual Assessments and the Special Assessments, the Board shall have the power to levy a Special Individual Assessment applicable to any particular Owner (1) for the purpose of paying the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Area, including the public roads (prior to their acceptance for public maintenance), whether occasioned by an act or omission of such Owner, members of such Owner's family, or such Owner's agents, guests, employees, or invitees and not as a result of ordinary wear and tear, or (2) for the payment of fines, penalties, or other charges imposed against any Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, or any rules and regulations promulgated by the Association or Declarant pursuant to this Declaration or the Bylaws. The due date of any Special Individual Assessment levied pursuant to this Section shall be fixed in the Board's resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner(s) at least ten (10) days prior to the date upon which such Special Individual Assessment shall be due.

Section 6. Notice and Quorum for any Action Authorized under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 or 5 shall be sent to all Owners not less than thirty (30) days and no more than sixty (60) days in

advance of the meeting. At the first such meeting called, the presence of Owners or of proxies entitled to cast thirty (30%) percent of all 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 of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both Annual Assessments and Special Assessments must be fixed at a uniform rate for all Lots.

Section 8. Date of Commencement of Annual Assessments. The Annual Assessments provided for herein shall commence as to all Lots owned by Class A Members as of the filing of this Declaration. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. Subsequent Annual Assessments will be due not more than once in a twelve-month period as determined by the Board. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. 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. Notwithstanding the provisions of this Section 8, Lots owned by Declarant or Approved Builder(s) shall be exempt from the Initiation Fee, Annual Assessments, Special Assessments, and Special Individual Assessments during Declarant's or Approved Builder(s)'s ownership of the Lot(s). The Initiation Fee, Annual Assessments, Special Assessments, and Special Individual Assessments for such Lot(s) shall commence upon the date of sale of the Lot to a Class A Member.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any Initiation Fee, Annual Assessment, Special Assessment, or Special Individual Assessment not paid within thirty (30) days after the due date shall be subject to a \$25 late fee and bear interest from the due date at the rate of fifteen (15%) percent per annum. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same, or foreclose the lien created herein against the Lot subject to the Assessment in the same manner as prescribed by the laws of the State of South Carolina for the foreclosure of mortgages, and interest, costs, and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for payment of the Assessment provided for herein by nonuse of the Common Area or abandonment of his or her Lot nor shall damage to or destruction of any Improvements on any Lot by fire or other casualty result in any abatement or diminution of the Assessments provided for herein.

Section 10. Effect of Default in Payment of Ad Valorem Taxes or Assessments for Public Improvements by Association. Upon default by the Association in the payment to the appropriate governmental authority of any ad valorem taxes levied against the Common Area or assessments

for public improvements to or for the benefit of the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the Subdivision shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments (including any late payment penalties) in an amount determined by dividing the total taxes, assessments, and penalties due the governmental authority by the total number of Lots in the Subdivision. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or in equity or may elect to foreclose the lien against the Lot of the Owner. This Section shall not become applicable until Class B Membership ceases to exist.

Section 11. Subordination of the Lien to Mortgages. The lien of the Assessments against a Lot provided for herein shall be subordinate to the lien of any first mortgage upon such Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such foreclosure sale or transfer. No foreclosure sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

Section 12. Obligation of the Declarant with respect to Maintenance Assessments. So long as the Declarant owns at least one Lot in the subdivision, Declarant may opt to either pay all expenditures in excess of collections (deficit funding) or choose to have its Lots subject to the regular Assessments. After fifty (50%) percent of the Lots are conveyed to Owners other than the Approved Builder (s), any such deficit funding will be considered a loan to the Association and Declarant may require the Association to reimburse Declarant in full prior to the expiration of Class B Membership.

ARTICLE V — COVENANT FOR STORM WATER MANAGEMENT FACILITIES

Section I. Responsibilities and Maintenance of Common Areas. Subject to the provisions of Article II, Section 4 of this Declaration, the Declarant and its successors and assigns, including the Association, will own and maintain the Common Area, Open Space and all Storm Water Management Facilities (structural and non-structural) located within the Common Area or Open Space including but not limited to, structural and non-structural Storm Water Management Facilities, buffers, low impact development and associated elements. Within these areas, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the performance of storm water features, easements, buffer areas or which may change the direction of flow of storm water or drainage channels, or obstruct or retard the flow of water through the storm water features in these areas.

Pet waste signs/stations are to be located in all Common Areas used for recreation to encourage all homeowners to dispose of their pet waste appropriately. The Association will be responsible for maintaining, repairing, and/or replacing the signs/stations.

Section 2. Adherence to Storm Water Plan. The Association shall maintain the Storm Water Management Facilities in accordance with the approved storm water plan and the maintenance requirements for each element of the Storm Water Management Facilities, including manufactured devices.

- (a) The Declarant, its heirs, successors and assigns, will perform the work necessary to keep the Storm Water Management Facilities in good working order as appropriate.
- (b) [Omitted]
- (c) No alterations of the Storm Water Management Facilities and appurtenances thereto will be permitted without prior written consent and approval of the storm water permitting agency.
- (d) All property owners in all phases of development in the Subdivision shall be equally responsible for inspection, maintenance, and repair of all Storm Water Management Facilities in the subdivision in the absence of a homeowner's or property owners association.
- (e) Easements for Storm Water Management: For those Storm Water Management Facilities not located within a Common Area or Open Space owned by the Association, there shall be a non-exclusive perpetual easement upon, over, under and across all portions of the Property utilized for the surface water or storm water management system. Additionally, the Association shall have a perpetual nonexclusive easement for drainage over the entire surface water or storm water management system. No person shall alter the drainage flow of the surface water or storm water management system, including buffer areas or swales, without the prior written approval of the storm water permitting agency.

Section 3. Right of Access. Any authorized agent shall be allowed the right of ingress and egress over the Property and any easement areas, at a reasonable time and in a reasonable manner, for the purpose of operation, maintenance, or repair of the Storm Water Management Facilities, as required.

Section 4. Responsibilities of Owners.

- (a) Lot Development. During the construction or renovation of a dwelling, the Approved Builder shall control erosion and sedimentation during and after construction, stabilize cleared areas, limit stockpiles, protect storm water inlets during construction, remove temporary control systems after construction, and limit the placement of gutters and drains. The Approved Builder shall comply with the local government and the storm water management plan requirements for erosion and sediment control.
- (b) Interference with Storm Water Management System Elements. Owner will not interfere with any storm water management system elements on Owner's Lot so as to preclude the function of the element. This includes low impact design elements, which are incorporated into the storm water management system.

(c) Altering Flow of Surface Water Drainage. Owner will not alter, change or obstruct the flow of any surface water drainage in a storm water management system element on the Owner's Lot.

(d) Use of Area of Lot Subject to Storm Water Management System Easement. Owner may use any portion of Owner's Lot subject to a storm water management system easement so long as Owner's use is not inconsistent with the storm water management system easement.

Section 5. Additional Resources. The Association should work with the Soil & Water Conservation District to be proactive in environmental education (good housekeeping practices) of Owners and residents within the Subdivision to include, but not be limited to: purpose of storm water management & features; car washing; disposal of yard waste; pet waste impact and disposal; use of fertilizers and herbicides; use and proper disposal of oils from cars, motorcycles and lawn mowers, carpet cleaning water and cooking grease.

ARTICLE VI — ARCHITECTURAL CONTROL

Until such time as the Class B Membership expires, Declarant shall annually appoint the members of the Architecture Review Committee which will be comprised of at least three (3) members.

Section 1. Plan of Design Approval. All residences, outbuildings, and other structures initially constructed within the Subdivision by an Approved Builder (collectively, "Initial Improvements") shall be built in accordance with plans and specifications which have been previously approved by Declarant. Under no circumstances shall any additional architectural approval be required as to the Initial Improvements constructed by any Approved Builder. Other than the Initial Improvements constructed by an Approved Builder, no building, fence, wall, porch, deck, or any other structure or improvement (collectively, "Improvements"), including, without limitation, the alteration or painting of the exterior surface of any Improvement, shall be undertaken upon any Lot unless the plans and specifications and location of the proposed Improvement shall have been expressly approved in writing by the Architecture Review Committee. No subsequent alteration or modification of any Improvements or construction, erection or installation of additional Improvements may be undertaken or allowed to remain on any Lot without the review and express written approval of the Architecture Review Committee in accordance with the provisions of this Declaration.

Section 2. Architecture Review Committee. Until such time as the Class B Membership expires, Declarant shall annually appoint the members of the Architecture Review Committee, the exact number of members of the Architecture Review Committee being designated by Declarant from time to time. Each member shall be generally familiar with residential and community development design matters and knowledgeable about the Declarant's concern for a high level of taste and design standards within the Subdivision. In the event of the death or resignation of any member of the Architecture Review Committee, Declarant, for so long as it

has the authority to appoint the members of the Architecture Review Committee, and thereafter the Board, shall have full authority to designate and appoint a successor. Members of the Architecture Review Committee may be removed and replaced at any time with or without cause, and without prior notice, by Declarant, for so long as Declarant has the right to appoint the members thereof, and thereafter by the Board. Subsequent to the expiration of Class B Membership (and earlier if Declarant specifically assigns this right to the Board), the Board shall designate the number of and appoint the members of the Architecture Review Committee on an annual basis. At any time, Declarant may elect not to designate the number of and/or appoint the members of the Architecture Review Committee and may assign this right to the Board. If such appointment to the Board occurs, all references to the Architecture Review Committee shall mean and include the Board.

Section 3. Procedure. No building, fence, wall, or other structure shall be commenced, erected, or maintained upon any Lot or Common Areas, 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 the Architecture Review Committee and approved in writing by the Architecture Review Committee as to harmony of external design and location in relation to surrounding structures and topography.

Section 4. Rejection of Plans and Specifications. The Architecture Review Committee shall have the right to refuse to approve any plans, specifications, and/or plot plans, taking into consideration the suitability of the proposed building or other Improvements, the materials of which it is to be built, whether or not it is in harmony with the surroundings, and the effect it will have on other residences already constructed in the Subdivision.

Section 5. Submittal of Plans to Architecture Review Committee. Prior to the commencement of any construction, other than the Initial Improvements made by the Approved Builder(s), each Owner shall submit to the Architecture Review Committee, in duplicate, plans and drawings, in a one-eighth (1/8) scale or larger, which shall contain, at a minimum:

- (a) front, rear and side elevations;
- (b) floor plans showing major dimensions and openings;
- (c) exterior building material to include color and type of material (vinyl, aluminum, cedar, etc.);
- (d) exterior trim color; roofing material and color;
- (e) other materials necessary to illustrate the character of the proposed construction;
- (f) a statement of the estimated completion dates of all construction and improvements; and
- (g) other standards set forth within this Declaration (and any amendments hereto) or as may be published by the Architecture Review Committee.

These requirements also pertain to any alterations and/or additions to existing structures.

The documents and other information required to be submitted shall be delivered or mailed to the Architecture Review Committee of Millwood Cottages Subdivision or some other

designee as may be appointed by Declarant or the Board. One complete set shall be retained by the Architecture Review Committee and the other complete set shall be returned to the applicant, with the Architecture Review Committee's approval or disapproval clearly noted thereon.

Section 6. Effect of Failure to Approve or Disapprove.

(a) In the event the Architecture Review Committee, or its designated committee fails to approve or disapprove such plans within thirty (30) days after they have been received by the Architecture Review Committee, such approval will be automatic. The terms "Building" or "Improvements" shall be deemed to include the erection, placement, or alteration of any wall, fence driveway, or parking area, or any such activity undertaken subsequent to initial construction.

(b) If an Owner erects any Improvement on a Lot and a suit to enjoin the erection of or to require the removal of such Improvements is not brought by a person or entity having standing to sue within three (3) months from the commencement of construction of such Improvements, then this Article shall be deemed to have been fully satisfied; provided, however, that a Special Individual Assessment may be levied against the Owner for said violations.

Section 7. Hardships. The Architecture Review Committee is authorized to modify or amend, during or before the construction or alteration of any Improvement, the provisions of this Declaration concerning set-back and location and size of Improvements for any particular Lot if in the reasonable opinion of the Architecture Review Committee, such shall be necessary to prevent undue hardship.

Section 8. Enforcement. In addition to the rights of the Declarant and the Association to enforce the provisions of this Declaration as set forth hereinafter, the Architecture Review Committee shall have the specific, nonexclusive right to enforce the provisions contained in this

Article VI and/or to prevent any violation of the provisions contained in this Article VI by a proceeding at law or in equity against the Owner violating or attempting to violate any such provisions contained herein. The Architecture Review Committee shall also have the right to request that the Board levy upon an Owner a Special Individual Assessment for said violations. In the event that the Architecture Review Committee, the Declarant or the Association resorts to litigation to determine the propriety of any constructed Improvement, to remove any unapproved Improvement, or otherwise to remedy a violation of this Article VI, the Architecture Review Committee, the Declarant, or the Association, as applicable, shall be entitled to recover court costs, reasonable attorneys' fees and expenses incurred in connection therewith, which costs, fees and expenses may be levied as a Special Individual Assessment against the offending Owner's Lot.

Section 9. Reservation of Rights by Declarant. The Declarant expressly reserves the right to assign any of the duties, powers, functions, and approval authority set forth in this Declaration to any assignee at Declarant's sole discretion.

Section 10. Exculpation. Neither Declarant, any Approved Builder nor any member of the Architecture Review Committee, shall be responsible or liable in any way for any defects in any plans or specifications approved by the Architecture Review Committee, nor for any structural defects in any work done according to such plans and specifications approved by the Architecture Review Committee. FURTHER, NEITHER DECLARANT, ANY APPROVED BUILDER NOR ANY MEMBER OF THE ARCHITECTURE REVIEW COMMITTEE SHALL BE LIABLE FOR DAMAGES TO ANYONE BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, MISFEASANCE, MALFEASANCE OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS OR THE EXERCISE OF ANY OTHER POWER OR RIGHT OF THE ARCHITECTURE REVIEW COMMITTEE PROVIDED FOR IN THIS DECLARATION. EVERY OWNER WHO SUBMITS PLANS AND SPECIFICATIONS TO THE ARCHITECTURE REVIEW COMMITTEE FOR APPROVAL AGREES, BY THE SUBMISSION OF SUCH PLANS AND SPECIFICATIONS, AND EVERY OWNER OF ANY LOT AGREES, THAT HE WILL NOT BRING ANY ACTION OR SUIT AGAINST THE DECLARANT, ANY APPROVED BUILDER, THE ASSOCIATION, THE BOARD, ANY MEMBERS OR OFFICERS OF THE ASSOCIATION OR OF THE BOARD, OR ANY MEMBER OF THE ARCHITECTURE REVIEW COMMITTEE, TO RECOVER ANY SUCH DAMAGES AND HEREBY RELEASES, REMISES, QUITCLAIMS, AND COVENANTS NOT TO SUE FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

Section 11. Maintenance of Lot. It shall be the responsibility of each Owner of a Lot to prevent the accumulation of litter, trash, packing crates, or any other accumulations which shall create an unkempt condition of the buildings or grounds on a lot and/or which shall otherwise tend to substantially decrease the beauty of the Subdivision as a whole or the specific area. No loose trash will be permitted to be strewn about the Subdivision at any time. Garbage containers must be kept out of sight from the street, except during garbage collection hours. All personal use items shall be stored inside when not in use. These items include, but are not limited to, yard tools, sprinklers, wheelbarrows and children's toys which would create a nuisance for the community. Owners shall follow the requirements for maintenance set forth in any applicable landscaping guidelines provided to the Owners by the Declarant and/or the Association. All Improvements on the lot shall be kept within reasonable neighborhood standards as determined by the Architecture Review Committee. In the event the requirements of this section are not adhered to, the Association shall send written notice to the Owner via certified mail giving an additional period for compliance of ten (10) days, unless a hardship or special circumstance requires additional time. If the violation continues, the Association may at its sole discretion hire contractors or other personnel to correct said violation and bill the Owner for all costs incurred. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right and easement to unobstructed vehicular and pedestrian access over and upon each Lot at all reasonable times to perform maintenance as provided for in this Article. In the event the Association performs such exterior maintenance, repair, or replacement, the cost

of such maintenance, replacement, or repairs shall be assessed to the Owner as a Special Individual Assessment and shall become a lien against the Lot of such Owner.

ARTICLE VII - USES PERMITTED AND PROHIBITED

Section 1. Residential Use of Property. All Lots in the Subdivision shall be used for single-family residential purposes only and no business or business activity shall be carried on or upon any Lot at any time, except with the written approval of the Board; provided however, that nothing herein shall prevent Declarant or any Approved Builder from using any Lot owned by Declarant or such Approved Builder for the purpose of carrying on business related to the development, improvement and sale of Lots in the Subdivision.

Section 2. Use of Outbuildings and Similar Structures. No tent, shack, garage, barn, storage building, or other out-buildings shall be erected upon any Lot without approval from the Architecture Review Committee and, if approved, such structure(s) shall not be used as a residence either temporarily or permanently. No structure of a temporary nature or an unfinished house shall be used as a residence and no house trailer, modular home, manufactured home or mobile home shall be placed on any Lot either temporarily or permanently.

Section 3. Trailers, Boats, Boat Trailers. Any boat or boat trailers, camping trailer, recreational vehicle, utility trailer and/or similar equipment used for the personal enjoyment of a resident of a Lot shall at all times be garaged on the Lot or stored at an off-site facility. The Association may ask that such equipment be removed at any time it is deemed to be a nuisance by the Board. A Special Individual Assessment will be imposed for all costs and expenses incurred by the Association in connection with any violation of this Section. The foregoing notwithstanding, any boat or boat trailer, camping trailer, recreational vehicle, utility trailer, and/or similar equipment may be stored or parked off street while in use or for the purpose of preparation, cleaning, loading and unloading, or similar purposes, for a period not to exceed forty-eight (48) hours. In no event shall maintenance or repairs of any such equipment be conducted outside of a garage, nor shall any recreational vehicle or camping trailer be used as a permanent or temporary dwelling place on any Lot or the street, or in any Common Area.

Section 4. Offensive Activities. No obnoxious or offensive activity shall be permitted anywhere on a Lot or Common Area(s) nor shall anything be done which may become an annoyance, nuisance, or menace to the Subdivision. No Lot or any part thereof shall be used for any business, commercial, or public purpose, except as set forth in Article VII, Section 1 above.

Section 5. Livestock. No animals shall be kept, maintained, or quartered on any Lot or tract in the Subdivision except that cats, dogs, rabbits, hamsters, or caged birds may be kept in reasonable numbers as pets for the pleasure of Owners so long as said animals do not constitute a nuisance or menace to the neighborhood.

Section 6. Aesthetics, Natural Growth, Screening. Tall shrubbery or hedges shall be trimmed to reasonable limits where traffic hazards may be created. Further, all Owners shall be required to maintain their Lots and any Improvements thereon at all times in a neat, attractive

and presentable manner so as not to detract from the overall appearance of the Subdivision or the surrounding property.

Clotheslines and portable basketball goals shall not be allowed. No bird baths, vegetable gardens, frog ponds, lawn sculpture, artificial plants, birdhouses, rock gardens or similar types of accessories and lawn furnishings, sand boxes or other children's play equipment shall be permitted in the front or side yards of any Lot and the installation or location of a swing set and/or permanent basketball goal on a Lot must receive prior written approval of the Architecture Review Committee.

Section 7. Vehicles. Each Owner subject to these restrictions shall provide space for the off-street parking of automobiles prior to the occupancy of any building or structure constructed on a Lot in accordance with reasonable standards established by the Architecture Review Committee. Vehicles shall not be parked in any front or side yard except in areas designated as a driveway or parking area. Vehicles in disrepair shall not be stored within the Subdivision. No passenger vehicles without current registration and license tags will be allowed in the Subdivision or on any Owner's Lot. Vehicles being repaired out of doors must have work completed within twenty-four (24) hours. Visiting guests only may use paved streets for temporary parking of their vehicles. No commercial vehicles in excess of 10,500 pounds gross vehicle weight may be stored or housed in the Subdivision at any time.

Street parking shall be for temporary parking only and is prohibited as a long-term parking solution. The Board or its designee shall have the specific right to impose Special Individual Assessments for extended on-street parking. Special consideration may be granted by the Board for extenuating circumstances.

Section 8. Garbage and Refuse Disposal. No portion of a Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Trash, garbage or other waste shall only be temporarily stored awaiting pickup and must be kept in adequate sanitary containers. All equipment for the storage or disposal of trash, garbage or other waste shall be kept in a clean and sanitary condition. Any container used to store garbage, refuse and debris until collected by a public or private waste disposal service shall be stored on each Lot so that it shall be out of sight from all streets. All containers shall be removed from the street within twenty-four (24) hours of garbage pick-up.

Section 9. Outdoor Fires. No outside burning of wood, leaves, trash, garbage or other refuse shall be permitted on any Lot, except that an outdoor fireplace or permanent outdoor firepit may be approved by written approval from the Architecture Review Committee as further described herein.

Section 10. Fences and Walls. All fences, walls, and other screens or types of barriers must be approved prior to installation pursuant to Article VI, Section 1. Both material and locations of any fences, walls, and other screens or types of barriers must be expressly approved in writing by the Architecture Review Committee. In no event shall chain link fence of any variety be permitted.

Section 11. Above Ground Pools. No above-ground pool shall be constructed or placed on any Lot, except that inflatable pools for small children are acceptable.

Section 12. Garages. No residence shall be constructed without having at least a one-car garage which will be maintained permanently as a functional garage, with the exception that sales models constructed by Approved Builder(s) are not required to have functional garages while they are being used as sales models; however, there must be space to be converted to functional garage space upon conveyance of the Lot to a Class A Member.

Section 13. Driveways and Entrances to Garages. All driveways and entrances to garages shall be concrete or some other substance approved in writing by the Board or the Architecture Review Committee and of a uniform quality.

Section 14. Signage. No signs shall be permitted on any Lot except that a single sign offering the Lot for sale may be placed on such Lot, provided such sign is approved by the Architecture Review Committee. Further, so long as Class B Membership exists, Declarant or Approved Builder(s) reserves the right to place additional signs as needed within the Subdivision. The Board, through the Architecture Review Committee, reserves the right to allow additional signs as deemed appropriate after Class B Membership ceases.

Section 15. Mailboxes. All residences shall have an assigned mailbox in a Cluster Box Unit (CBU) as required by the USPS. Initial placement of these units shall be determined by the Declarant and/or Approved Builder with maintenance being the responsibility of the Association.

Section 16. General Rules and Regulations. The Board shall have the power to formulate, publish, and enforce reasonable general rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Area(s). Such rules and regulations shall be recorded in the Office of the Register of Deeds in Spartanburg County, and these along with all policy resolutions and policy actions taken by the Board, 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 and with reasonable notice.

ARTICLE VIII — EASEMENTS

Section 1. Easements Along Lot Lines. In addition to other easements shown on the Plat, a five foot easement is reserved over and across each side and rear lot line, and a ten foot easement is reserved over and across the front lot line of each Lot, for drainage, utility, cable television, gas, water, power, sewer, and telephone installation and maintenance; provided that should two Lots be consolidated to support one residence, then and in that event, the easements herein above provided shall apply only with respect to the exterior lines of such consolidated Lot.

Section 2. Reservation of Right to Grant Utility Easements. Declarant specifically reserves the right to grant specific easements to any utility services at any time following the date hereof until any specific Lot shall be conveyed by Declarant. The right is reserved to authorize the laying and placement of sewer, gas, and water pipelines, telephone, cable television, telegraph, and electrical light poles and drainage lines, drop inlets, and culverts on any of the streets and easements shown on the Plat. An easement for the installation and maintenance of utilities and drainage facilities is hereby reserved over all streets and easements.

Section 3. Access Easement. Easements for access to the Subdivision are reserved as indicated on the Plat and in recorded easements. The Declarant hereby grants, gives and conveys to each Owner and Approved Builder(s) a perpetual, nonexclusive easement over public roadways on the Plat for vehicular and pedestrian ingress and egress to and from the Subdivision. The easements granted under this Section are reserved and shall run with the land in perpetuity and be binding upon and inure to the benefit of all persons and entities now owning or subsequently acquiring all or a part of the Subdivision, subject to Declarant's right to amend the Plat in the future. Declarant specifically reserves the right to dedicate or convey any street, road or driveway to any governmental entity at any time following the date hereof without the consent or approval of any Owner or the Association.

ARTICLE IX - SETBACK, LOCATION, AND SIZE OF IMPROVEMENTS

Section 1. Setbacks. No building shall be erected on any Lot nearer to the front lot line or nearer to the side street line than the building setback line shown on the Plat. Any such building shall face toward the front line of the Lot except that buildings to be constructed on corner Lots shall face in the direction designated by the Architecture Review Committee. No building shall be located nearer to any interior side lot line than the distance determined by applicable building codes.

Section 2. Detached Buildings. Detached buildings approved as provided in this Declaration shall be of the same exterior material as the house on the Lot and of a size no greater than 12' x 12' and shall be placed no nearer to any Lot line than the distance determined by applicable building codes. THE LOCATION OF ALL DETACHED BUILDINGS SHALL BE APPROVED IN ADVANCE BY THE ARCHITECTURE REVIEW COMMITTEE.

Section 3. Barriers and Obstructions. No wall, fence, or hedge shall be erected between the street and the front corner of the main body of a house on any Lot. All walls, fences and hedges are subject to approval by the Architecture Review Committee and can be placed no closer to the street than the middle of the house on any Lot. Further, no walls, fences or hedges will be allowed to obstruct views on corner lots and therefore should not extend past side or rear building setback lines on corner lots.

Section 4. No Subdivision of Any Lot. No Lot shall be recut so as to face in any direction other than is shown on the Plat nor shall it be recut so as to make any building site smaller than is provided for on the Plat.

Section 5. Combination of Lot. One or more Lots or parts thereof may be combined with the adjacent Lot(s) to form a single building Lot when (i) such combination is permitted by all applicable laws and regulations and (ii) such combination is approved, in writing, by the Board. In such event, the building line requirements provided herein shall apply to such Lots as combined and side line easements as shown on the Plat(s) shall be moved to follow the new side line so that the easement will run along the newly established side line.

ARTICLE X - GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, any Approved Builder (so long as it owns a Lot), the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration, the Articles of Incorporation, or Bylaws. The Declarant or the Association shall have the right to impose Special Individual Assessments for infractions of such restrictions. In the event that the Declarant, any Approved Builder, any Owner, or the Association resorts to litigation to remedy a violation of this Declaration, such Owner, Declarant, Approved Builder, or the Association, as applicable, shall be entitled to recover court costs, reasonable attorneys' fees and expenses incurred in connection therewith, which costs, fees and expenses may be levied as a Special Individual Assessment against the offending Owner's Lot. Failure by the Declarant, the Association, an Approved Builder, or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Declarant, the Association, the Approved Builder, and any Owner shall have the right to request that law enforcement, public safety and animal control officers come on the Subdivision to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by a judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amplification. The provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws, but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and Bylaws on the other, be interpreted, construed and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, the provisions of this Declaration shall prevail over any inconsistent provision contained in the Articles of Incorporation or Bylaws to the contrary, to the extent permitted by law.

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. Declarant specifically receives the right to amend this Declaration, or any portion hereof, on its own motion without the consent of any other Owners or Members so long as Declarant owns at least one (1) Lot in the Subdivision. After Class B Membership has ceased, this Declaration may

be amended by a recordable instrument signed by Owners representing not less than sixty-seven (67%) percent of the Lots. Any amendment must be recorded with the Office of the Register of Deeds of Spartanburg County, South Carolina. As long as Declarant owns any Lot in the Subdivision, no amendment shall be effective without the written consent of Declarant. Similarly, as long as any Approved Builder owns any lot in the Subdivision, no amendment shall be effective without the written consent of said Approved Builder.

Section 5. Annexation.

Additional Property may be annexed into the Subdivision and made subject to this Declaration by the Declarant by filing a supplemental declaration of record. Subject to subparagraph (b) below, such annexation must be approved by two-thirds (2/3) of each class of members.

Notwithstanding the above, Additional Property may be annexed by the Declarant without the consent of the Class A Members within ten (10) years of the date of this instrument; provided, however, that should Declarant elect to improve and develop all or part of the Additional Property, Declarant shall not have the right to impose covenants and restrictions which materially differ from those contained herein without the written approval of the Association.

Section 6. Notices. All notices, requests, demands, and other communications allowed, made, or required to be made pursuant to the terms of this Declaration shall be in writing and shall be deemed to be given or made when personally delivered (including personal delivery by Federal Express or other nationally recognized oversight private courier service) or the date that is three (3) days after the date of postmark of any notice when deposited with the United States Mail, addressed in any such event to the party to whom such communication is directed at such address as is set forth below or at such other address as may hereafter be designated in writing by the respective parties hereto:

If to Declarant:

Millwood Venture, LLC
P.O. Box 26294
Greenville, SC 29616

If to Owner (other than Declarant or Approved Builder):

at the address of Owner's Lot

If to an Approved Builder:

at the address provided by the Approved Builder to the Declarant or Association

ARTICLE XI-MISCELLANEOUS

Section 1. Notice of Conveyance. The Owner of each Lot shall cause written notice to be delivered to the Association upon the conveyance of any Lot by the Owner, advising the Association of the conveyance.

Section 2. Declarant's Rights. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or in the Bylaws, as applicable. Furthermore, no such transfer shall be effective unless it is in a written instrument signed by both the Declarant and the transferee and duly recorded in the public records of Spartanburg County, South Carolina. Nothing in this Declaration shall be construed to require the Declarant or any transferee to develop any of the property adjacent to or contiguous with the Property.

Notwithstanding any provisions contained in this Declaration to the contrary, so long as construction and initial sales of units shall continue, it shall be expressly permissible for the Declarant and Approved Builders to maintain and carry on upon portions of the Common Area and public streets such facilities and activities as, in the sole option of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such units, including, but not limited to business offices, signs, model units, sales offices, and rental units. The Declarant and Approved Builders authorized by Declarant shall have easements for access to and use of such facilities as well as vehicular access for construction along public streets. The right to maintain and carry on such facilities and activities shall include specifically, without limitation, the right to units owned by the Declarant and any common area or other facilities which may be owned by the Association, as models, sales offices, or rental units.

In addition, notwithstanding any contrary provision of this Declaration, the Bylaws, or any Association rules, the Declarant shall have the right to replat or revise the recorded plats relating to any portion of the Property without the consent of any Owner other than the Owner(s) of the Lots in which the boundaries are altered.

So long as Declarant owns Property within the Subdivision, Declarant may, without the express written consent of any Owner, the Board, the Association or the Architecture Review Committee, include in any contract or deed hereafter executed covering all or any portion of the Subdivision, any additional covenants or restrictions applicable to such lands, so long as they are consistent with and do not lower the standards set forth in this Declaration and do not violate any covenants or restrictions then in effect and recorded against the Subdivision. Further, the Declarant may make any amendments to the Declaration which are necessary to comply with the guidelines established by, or the requirements of, any governmental authority, title insurer or institutional lender without the express written consent of any Owner, the Association, the Board of Directors, or the Architecture Review Committee.

So long as the Declarant continues to have rights under this Article, no person or entity shall record any declaration of covenants, conditions and restrictions, or similar instrument

affecting any portion of the Properties without Declarant's review and written consent. Any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or similar instrument being void and of no force and effect unless subsequently approved by written consent signed by the Declarant and recorded in the public records.

[Signature Page Below]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hands and seals this 21 day of May, 2024.

WITNESSES:

MILLWOOD VENTURE, LLC

[Signature]

By: Eric Hedrick
Print Name: Eric Hedrick
Title: Member

STATE OF SOUTH CAROLINA)
COUNTY OF Greenville)

ACKNOWLEDGEMENT

I, the undersigned Notary, do hereby certify that Eric Hedrick, in his/her capacity as Member of MILLWOOD VENTURE, LLC, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 21 day of May, 2024

[Signature]
Notary Public for South Carolina
My Commission Expires: 3-4-2034

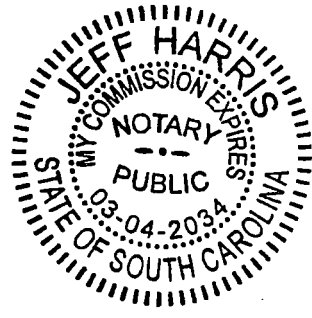


EXHIBIT "A"

Bylaws

[document begins on following page]

BY-LAWS

MILLWOOD COTTAGES HOMEOWNERS ASSOCIATION, INC.

Article I

Name, Principal Office and Definitions

1.1 Name. The name of the corporation is MILLWOOD COTTAGES HOMEOWNERS ASSOCIATION, INC. (the "Association").

1.2 Principal Office. The principal office of the Association shall be located in Greenville County, South Carolina. The Association may have such other offices, either within or outside the State of South Carolina, as the Board of Directors may determine or as the affairs of the Association may require.

1.3 Definitions. The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions.

Article II

Associations: Membership, Meetings, Quorum, Voting, Proxies

2.1 Membership. The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

2.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board, either within the Properties or as convenient as is possible and practical.

2.3 Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held not more than 60 days after the date of which 100% of the Lots have been improved with a dwelling approved for occupancy and have been conveyed to Class "A" Members or when, in its discretion, the Class "B" member so determines. Subsequent regular annual meetings shall be on a date and at a time set by the Board.

2.4 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Members representing at least 25% of the total Class "A" votes in the Association.

2.5 Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than 10 nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at its address as it appears on the records of the Association, with postage prepaid.

2.6 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member or the Member's proxy shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member or proxy specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, Members or their proxies holding a majority of the votes represented at such meeting may adjourn the meeting to a time not less than 5 or more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting after adjournment is not fixed prior to adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members represented at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8 Voting. The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9 Proxies. At all meetings of Members, each Member may vote in person (if a corporation, partnership, or trust, through any officer, director, partner, or trustee duly authorized to act on behalf of the Member) or by proxy subject to the limitations of South Carolina law. All proxies shall be in writing specifying the Lot(s) for which it is given, signed by the Member or its duly authorized attorney-in-fact, dated, and filed with Secretary of the Association prior to any meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of any Lot for which it was given, or upon receipt of notice by the Secretary of the death or judicially declared

incompetence of a Member who is a natural person, or of written revocation, or 11 months from the date of the proxy, unless a shorter period is specified in the proxy.

2.10 Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners, Members, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

2.11 Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence, in person or by proxy, of Members representing 25% of the total Class "A" votes in the Association shall constitute a quorum at all meetings of the Association.

2.12 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13 Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote, if written consent specifically authorizing the proposed action is signed by a Majority of Members entitled to vote thereon. Such consent shall be filed with the minutes of the Association, and shall have the same force and effect as a vote of the Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1 Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Members or Residents; provided no Owner and Resident representing the same Lot may serve on the Board at the same time. A "Resident" shall be any natural person 18 years of age or older whose principle place of residence is a Lot within the Properties. In the case of a Member which is not a natural person, any officer, director, partner, employee, or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

3.2 Number of Directors. The Board shall consist of at least three directors, as provided in Section 3.3. and 3.5 below. No more than one person per household shall be allowed to serve on the Board at the same time. The initial Board shall consist of one to three directors as identified in the Article of Incorporation and will remain as such until such time as the Class "B" membership expires.

3.3 Directors During Class "B" Membership. Subject to the provisions of Section 3.5 below, the directors shall be appointed by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

- (a) 100% of the Lots have been improved with a dwelling approved for occupancy and have been conveyed to Class "A" Members; or
- (b) December 31, 2040; or
- (c) when, in its discretion, the Class "B" Member so determines.

3.4 Nomination and Election Procedures.

(a) Nominations and Declaration of Candidacy. Prior to each election of directors by the Class "A" Members, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bonafide interest in serving as a director may file as a candidate for any position to be filled by votes of Class "A" Members. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner.

Except with respect to directors appointed by the Class "B" Member, nominations for election to the Board may also be made by a Nominating Committee. The Nominating Committee, if any, shall consist of a Chairperson, who shall be a member of the Board, and two more Members or representatives of Members. The Board shall appoint the members of the Nominating Committee not less than 30 days prior to each annual meeting to serve a term of one year and until their successors are appointed, and such appointment shall be announced at each annual meeting.

The Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the Members and to solicit votes.

3.5 Election and Term of Office. Not later than the first annual meeting after the termination of the Class "B" Membership, the Board shall be comprised of at least three directors and an election shall be held. All directors shall be elected by the Class "A" Members. At least one of the directors shall be elected for a term of two years, and the remaining directors shall be elected for a term of one year. Thereafter, all directors shall be elected for a two-year term. Directors elected by the Class "A" Members shall hold office until their respective successors have been elected.

3.6 Removal of Directors and Vacancies. Any director elected by the Class "A" Members may be removed, with or without cause, by Members holding a majority of the votes entitled to be cast for his or her election. Any director whose removal is sought shall be given notice prior to any

meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Class "A" Members to fill the vacancy for the remainder of the term of such director.

Any director elected by the Class "A" Member who has three or more consecutive unexcused absences for Board meetings, or who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director elected by the Class "A" Members, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class "A" Members shall elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by the Class "B" Member or to any director serving as a representative of the Declarant. The Class "B" Member shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class "B" Member.

B. Meetings.

3.7 Organizational Meetings. The first meeting of the Board following each annual meeting of the membership shall be held within ten days thereafter at such time and place as the Board shall fix.

3.8 Regular Meetings. Regular meetings of the Board may be held at such time and place as a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

3.9 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or Vice President or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

3.10 Notice; Waiver of Notice. Notice of the time and place of a regular meeting shall be communicated to directors not less than four calendar days prior to the meeting. Notice of the time and place of a special meeting shall be communicated to directors not less than 72 hours prior to the meeting. No notice needs be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) telecopy transmission or electronic message to the director's home or office, with confirmation of receipt. All such notices shall be given at the director's telephone number, telecopy number, electronic mail address, or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deemed communicated when deposited into a United States mailbox. Notices given by personal

delivery, telephone, telecopy, electronic mail, or other device shall be deemed communicated when delivered, telephones, faxes, or e-mailed.

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at commencement about the lack of adequate notice.

3.11 Telephonic Participation in Meetings. Members of the Board or any committee designed by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12 Quorum of Board of Directors. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13 Compensation. Directors shall not receive any compensation from the Association for acting as such unless approved by a majority of the total Class "A" votes in the Association at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.14 Conduct of Meetings. The President shall preside over all meetings of the board, and the Secretary shall keep a minute book of Board meetings recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.15 Open Meetings. Subject to the provisions of Section 3.16, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such

case, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16 Action without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.17 Powers. The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents and as provided by law. The Board may do or cause to be done all acts and things as are not directed by the Governing Documents or South Carolina law to be done and exercised exclusively by the membership generally.

3.18 Duties. The duties of the Board shall include, without limitation:

(a) Preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses;

(b) Levying and collecting such assessments from the Owners;

(c) Providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;

(d) Designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) Depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) Making and amending use restrictions and rules in accordance with the Declaration;

(g) Opening of a bank account on behalf of the Association and designating the signatories required;

(h) Borrowing money from the Declarant or a financial institution as necessary to fund the Association;

(i) Making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;

(j) Enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association shall not be obligated to take action to enforce any covenant, restriction, or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the board reasonably determines that the Association's position is not strong enough to justify taking enforcement action;

(k) Obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration;

(l) Paying the cost of all services rendered to the Association;

(m) Keeping books with detailed accounts of the receipts and expenditures of the Association;

(n) Making available to any prospective purchaser of a Lot, any Owner, and the holders, insurers, and guarantors of any mortgage on any Lot, current copies of the Governing Documents and all other books, records, and financial statements of the Association;

(o) Permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties; and

(p) Indemnifying a director, officer, or committee member, or former director, officer, or committee member of the Association to the extent such indemnity is required under South Carolina law, the Articles of Incorporation, or the Declaration.

3.19 Right of Class "B" Member to Disapprove Actions. If the Class "B" Member voluntarily terminates its right to appoint the members of the Board or any committee prior to the termination date specified in Section 3.3, the Class "B" Member shall have a right until its right must expire under Section 3.3 to disapprove any action, policy, or program of the Association, the Board, and any committee which, in the sole judgment of the Class "B" Member, would tend to impair rights of the Declarant or Designated Builder under the Declaration or these By-Laws; interfere with development of or construction on any portion of the Properties; or diminish the level of services being provided by the Association.

The Class "B" Member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Section 3.8, 3.9, 3.10, and 3.11 and which notice shall, except in the case of the regular meeting held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting.

The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within ten days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, the Board, or the Association. So long as sufficient funds are available, the Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.20 Management. The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board of Directors may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority, or those duties set forth in Section 3.18(a), 3.18(b), 3.18(f), 3.18(g) and 3.18(i). The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

3.21 Account and Reports. The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) Accounting and controls should conform to generally accepted accounting principles;
- (b) Cash accounts of the Association shall not be commingled with any other accounts;
- (c) No remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of communications, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;

(d) Any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(e) An annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (1) a balance sheet; and (2) an operating (income) statement.

3.22 Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Member approval in the same manner provided for Special Assessments in Section 8.5 of the Declaration if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 10% of the budgeted gross expenses of the Association for that fiscal year.

3.23 Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other owners or residents' associations, within and outside the Properties; provided, any common management agreement shall require the consent of a majority of the total number of directors of the Association.

3.24 Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable monetary fines, which shall constitute a lien upon the Lot of the violator, and to suspend an Owner's right to vote for violation of any duty imposed under the Governing Documents. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than 30 days' delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, tenant, employee, guest, or invitee of a Lot violates the governing Documents and a fine is imposed, the fine shall first be assessed against the occupant; provided, if the fine is not paid by the occupant within the time period set by the Board, the fine shall be assessed against the Lot and the Owner thereof upon notice from the Association. The failure of the Board to enforce any provision of the Governing Documents shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any section hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided, the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted ten-day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or, following compliance with the dispute resolution procedures set forth in Article XIV of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Lot for purpose of exercising this power of self-help shall not be deemed as trespass.

Article IV

Officers

4.1 Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2 Election and Term of Office. The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Members, to serve until their successors are elected.

4.3 Removal and Vacancies. The Board may remove any officer whenever, in its judgment, the best interests of the Association will be served and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4 Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to the respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of

the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5 Resignation. Any officer may resign at any time by giving notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6 Agreements, Contracts, Deeds, Lease, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.7 Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13.

Article V

Committees

5.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless the Board establishes a different fiscal year by resolution.

5.2 Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with South Carolina law or the Governing Documents.

5.3 Conflicts. If there are conflicts between the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of South Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

5.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Lot, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the Restrictions, and Rules, the membership register, annual profit and loss statement, and the minutes of meeting of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Properties as the Board shall designate.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

5.5 Notices. Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, and other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or when sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated, at the address of the Lot of such Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

5.6 Amendment.

(a) By Class "B" Member. Until conveyance of the first Lot to a Person other than a Builder, the Class "B" Member may amend these By-Laws, subject to the approval requirements set forth in Article XII of the Declaration, if applicable. Thereafter, the Class "B" Member may amend these By-Laws if such amendment is specifically required to enable the U.S. Department of Veterans Affairs ("VA"), the U.S. Department of Housing and Urban Development ("HUD"), the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation to make, purchase, insure, or guarantee mortgage loans on the Lots; provided, however, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing. So long as the Class "B" membership exists, any amendments to these By-Laws shall be subject to disapproval by HUD and/or VA if either such agency is insuring or guaranteeing residential loans within the Properties.

(b) By Board or Members. The Board may amend these By-Laws by two-thirds (2/3) vote of the directors to conform this Declaration to the requirements of any governmental agency, federal, state or local, and for the requirements of any mortgage lender or for any reason that the Declarant deems advisable for the orderly development of the Properties. Any such amendment shall require the consent of the Declarant so long as it owns property subject to the Declaration or which may be subjected to the Declaration pursuant to Section 7.1 thereof. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing at least 51% of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists. In addition, the approval requirements set forth in Article XII of the Declaration shall be met, if applicable.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon Recording, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

If a Member consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Member has the authority so to consent provision in any Mortgage or contract between the Member and third party will affect the validity of such amendment.

CERTIFICATION

I, the undersigned, do hereby certify;

That I am the duly elected and acting Secretary of MILLWOOD COTTAGES HOMEOWNERS ASSOCIATION, INC., a South Carolina nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 21 day of May, 2024.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 21 day of May, 2024.

E. Hedrick (SEAL)
Secretary