

EXHIBIT "C"

Initial Rules and Regulations

The following restrictions shall apply to all of the Farm at Carolina Forest until such time as they are amended, modified, repealed, or limited pursuant to Article IV of the Declaration:

1. General. The Farm at Carolina Forest shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for Declarant to assist in the sale of any property or portion thereof as described in Exhibit "A" or "B," offices for any property manager retained by the Association, and business offices for Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Farm at Carolina Forest unless expressly authorized by, and then subject to such conditions as the Board may impose:

(a) Parking Regulations/ Prohibited Vehicles. There shall be no outside storage or parking upon any portion of the Properties of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than personal use pick-up trucks and sport utility vehicles), commercial vehicle, camper, motorized camper or trailer, boat or other watercraft, boat trailer, motorcycle, motorized go-cart or other related forms of transportation devices or unless otherwise permitted in writing by the HOA or the Association. For purposes of this Declaration, "Commercial Vehicle" shall be deemed to include cars, pick-up trucks and vans in styles normally used for private purposes containing visible commercial materials, cargo, tools or equipment on the exterior of the vehicle or that extend beyond the length or width of the vehicle. No oversized/commercial vehicles (a vehicle wider and/or longer than a standard parking space, 19 feet maximum, any vehicle that has more than two (2) axles, or those vehicles greater than 7,000 pounds) may park on the premises. Police cars or other cars which are owned by or contain the logo of a County emergency service provider shall not be considered a commercial vehicle under this definition. No owners or other occupants of any portion of the Properties shall repair or restore any vehicle of any kind upon or within a property subject to this Declaration except (i) within enclosed garages, or (ii) for emergency repairs and then only the extent necessary to enable the movement thereof to a proper repair facility. Violators of the prohibitions contained in the Section shall be subject to having their vehicles towed at the Owner's expense, by or at the direction of the Association. This provision shall not preclude commercial vehicles from being on the property temporarily (less than 24 hours) to provide services to the Association or a resident. Rules and regulations regarding use, repair, parking and storage of vehicles in the property may be modified from time to time by the Board.

(b) Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats (the combined number of dogs and cats not to exceed three), or other usual and common household pets may be permitted in a Unit; however, those pets which are permitted to roam free, or, in the Board's sole discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units, shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board.

whenever outside the dwelling. Owners shall clean up behind any Pet while walking such Pet on any Common Property. Pets shall be registered, licensed, and inoculated as required by law;

(c) Any activity that emits foul or obnoxious odors outside the Unit or creates noise or other conditions, which tend to disturb the peace or threaten the safety of the occupants of other Units;

(d) Any activity that violates local, state, or federal laws or regulations; provided, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities, which tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit;

(f) Any noxious or offensive activity (including, without limitation, barking dogs) which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

(g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;

(i) Use and discharge of firecrackers and other fireworks;

(j) Dumping grass clippings, leaves, or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Farm at Carolina Forest, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and Declarant and builders may dump and bury rocks and trees removed from a building site on such building site;

(k) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers. Such containers shall be either screened from view or kept inside, except as reasonably necessary for garbage pick ups;

(l) Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(m) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and recorded, except that Declarant shall be permitted to subdivide or replat Units it owns;

(n) Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams, or other bodies of water within the Farm at Carolina Forest, except that fishing from the shore shall be permitted with appropriate licenses. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams, or other bodies of water within or adjacent to the Farm at Carolina Forest;

(o) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program;

(p) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(q) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;

(r) Any business, trade, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Farm at Carolina Forest; (iii) the business activity does not involve door-to-door solicitation of residents of the Farm at Carolina Forest; (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked within the Farm at Carolina Forest which is noticeably greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents within the Farm at Carolina Forest, as may be determined in the Board's sole discretion.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

Leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a builder approved by Declarant with respect to its development and sale of the Farm at Carolina Forest or its use of any Units which it owns within the Farm at Carolina Forest;

(s) Capturing, trapping, or killing of wildlife within the Farm at Carolina Forest, except in circumstances posing an imminent threat to the safety of persons using the Farm at Carolina Forest;

(t) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Farm at Carolina Forest;

(u) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article V;

(v) Operation of motorized vehicles on pathways or trails maintained by the Association;

(w) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article V of the Declaration. This shall include, without limitation, landscaped or grassed areas; signs; basketball hoops, swing sets, and similar sports and play equipment; clotheslines; garbage cans; woodpiles; docks, piers, and similar structures; and hedges, walls, dog runs, animal pens, or fences of any kind. Under no circumstances shall the ARC approve the replacement of all or a majority of the grassed area of a Unit with mulch or stone; and

(x) Winter holiday lights may be erected the Saturday prior to Thanksgiving and must be completely removed by January 15. All other holiday displays are limited to 7 days prior to the holiday, through the weekend of the holiday. If a holiday light display creates significantly increased traffic flow with the Community, the Unit's owner or occupant responsible for such display shall remove it upon request of the Board. If the Owner or occupant does not remove such display within a reasonable time, the Board may remove the display. The Owner will be responsible for the cost of the removal.

3. Prohibited Conditions. The following shall be prohibited within the Farm at Carolina Forest:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Farm at Carolina Forest;

(b) Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair;

(c) Installation of any sprinkler or irrigation systems or wells of any type, other than those initially installed by Declarant or a Declarant approved builder, which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Farm at Carolina Forest, except that Declarant and the Association shall have the right to draw water from such sources;

(d) Antennas and similar devices for the transmission of television, radio, satellite or other signals of any kind, except that Declarant and the Association shall have the right without obligation to erect or install and maintain any such apparatus for the benefit of all or a portion the Farm; and (i) satellite dish designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming serviced via multi point distribution services which are one meter or less in diameter or diagonal measurement or (iii) antennas designed to receive television broadcast signals, (i), (ii) and (iii) collectively, "Permitted Devices" shall be permitted. ; and

(e) Installation of exterior decorative items, including but not limited to statuary, fountains or wishing balls, but not including flags which are displayed on a flagpole.

4. Leasing of Units. "Leasing," for purposes of this Paragraph, is defined as regular, exclusive occupancy of a Unit by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term; however, in no case shall such term be shorter than six (6) months. A copy of the lease, name and telephone numbers of all tenants shall be given to the Board or management agent by the Unit Owner within ten (10) days of execution of the lease. The Owner shall make available to the lessee copies of the Governing Document. All lessees shall adhere to these rules and restrictions including those contained in the Declaration.