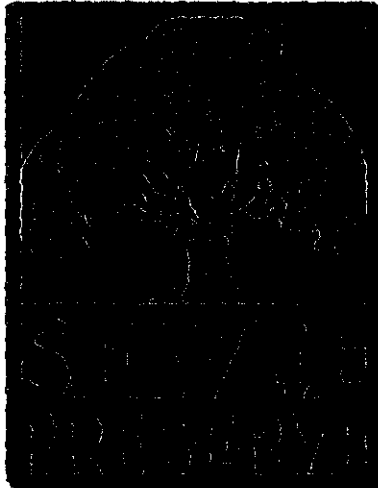


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Declaration Of Covenants, Conditions and Restrictions

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SEWEE PRESERVE

Prepared for Sewee Preserve, LLC

Prepared by:
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SEWEE PRESERVE

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR SEWEE PRESERVE

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SEWEE PRESERVE is made this 31st day of May, 2001, by Sewee Preserve, LLC, a South Carolina limited liability company (the "Declarant");

WITNESSETH

WHEREAS, Declarant is the owner of certain real property located in Charleston County, South Carolina, and more particularly described in Exhibit "A", attached hereto and incorporated herein by this reference; and

WHEREAS, the community of Sewee Preserve is planned to evolve into a residential community under the planning ordinances adopted by Charleston County, South Carolina; and

WHEREAS, Declarant deems it to be in the best interest of the community to be developed within the property more particularly described in Exhibit "A", as it exists today and as it shall evolve in the future, to establish Covenants, Conditions and Restrictions to promote efficiencies and to provide a flexible mechanism for the administration and maintenance of community facilities, amenities and services which are for the common use and benefit of all property owners.

NOW, THEREFORE, Declarant hereby declares that all of the property described in Exhibit "A" and any additional property that may be added by subsequent amendment hereto, in accordance with the terms and conditions hereof, is subjected to this Declaration of Covenants, Conditions and Restrictions for Sewee Preserve, and shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the following easements, restrictions, covenants, charges, liens, and conditions which are for the purpose of protecting the value and desirability of, and which shall touch and concern and run with title to, the real properties subjected to this Declaration and which shall be binding on all parties having any right, title, or interest in the described properties or any portion thereof, and their respective heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1. DEFINITIONS

1.1 Definitions. When used in this Declaration, unless the context shall prohibit or otherwise require, the following words, shall have all the following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

(a) "Act" shall mean and refer to the South Carolina Nonprofit Corporation Act of 1994, South Carolina Code Sections 33-31-101, et. seq.

(b) "Additional Property" shall mean and refer to the real property that may be added pursuant to Section 2.2, and all improvements thereon.

(c) "Architectural Review Committee" shall mean and refer to the board established herein to approve exterior and structural improvements, additions, and changes within the Development as provided in Article 4.

(d) "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Sewee Preserve Property Owners Association as amended from time to time.

(e) "Assessment" shall mean and refer to an Owner's share of the Common Expenses or other charges from time to time assessed against an Owner by the Association in the manner herein provided.

(f) "Association" shall mean and refer to Sewee Preserve Property Owners Association, a South Carolina not-for-profit corporation.

(g) "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

(h) "By-Laws of the Association" or "By-Laws" shall mean and refer to those By-Laws of Sewee Preserve Property Owners Association which govern the administration and operation of the Association, as may be amended from time to time. Upon adoption of the final form of By-Laws by the Association, the same shall be attached to a Supplemental Declaration hereto and filed Of Record in the R.M.C. Office for Charleston County, South Carolina.

(i) "Common Areas" shall mean and refer to all real and personal property now or hereafter deeded or leased to, or which are the subject of a use agreement with, the Association, and wherein the property therein described is specifically denominated to be a part of the Common Areas. Common Areas may include the Association's dock and docking facilities, private roads, streets, road and street shoulders, walkways, leisure trails, bike paths, street lighting, signage, and such maintenance and drainage areas, easements, lagoons, and ponds; and shall specifically include water and sewer lines and facilities located within the Development, other than upon property owned by an Owner, providing for the distribution and transmission of such utility services to the Development as a whole and not maintained by a private or public utility company, and such areas denominated herein or in any license, use agreement, lease or easement agreement as Exclusive Common Area. The designation of any land and/or improvements as Common Areas shall not mean or imply that the public at large acquires any easement of use or enjoyment therein. Subject to the reservations to Declarant set forth herein and the limitations upon use and benefit applicable to Exclusive Common Area set forth herein, all Common Areas are to be devoted to and intended for the common use and enjoyment of the Declarant, Owners, and their respective guests, and invitees and subject to the fee schedules, if any, and operating rules adopted therefor. Any lands which are leased to, or are the subject of a use agreement with, the Association shall lose their character as Common Areas upon the expiration of such lease or use agreement; provided, however, any such lease or use agreement between the Declarant and the Association shall be extended in whole or in part, notwithstanding any termination provisions therein contained, to provide continued ingress and egress over the Association's private streets and roads to an Owner's property, subject to provisions for the payment of fees and costs for the maintenance of roadways by the Association; provided, further, an Owner's access will not be terminated for non-payment, but the Declarant shall have the same rights to file liens and the same remedies as the Association has pursuant to Sections 11.2 and 11.9 with respect to Assessments and Recreational Charges.

(j) "Community Dock(s)" shall mean and refer to the two (2) docks, including related boardwalks, piers, pierheads and floating docks with one being located on a lake and one extending to Whiteside Creek and set aside for the recreational use and benefit of all Owners.

(k) "Covenants" shall mean and refer to these Sewee Preserve Covenants, as amended, from time to time, by any Supplemental Declaration filed Of Record.

(l) "Common Expenses" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves for the maintenance, repair and management of the Common Areas, and for the maintenance, repair and management of other property, whether owned by the Association or not and set forth in these Covenants or incorporated herein by a Supplemental Declaration, for which the Association has responsibility.

(m) "Declarant" shall mean and refer to Sewee Preserve, LLC, or any successor-in-title to the entire interest of such person with respect to the Property and the Additional Property at the time of such transfer to said

successor-in-title, or any party designated Of Record to succeed to the rights of Declarant hereunder as to the matters set forth in such writing.

(n) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, and Restrictions for Sewee Preserve and all amendments and supplements hereto filed Of Record.

(o) "Dependent Children" shall mean and refer to any Person's unmarried, dependent children under the age of twenty-five (25) who are either living at home with such Person or attending school on a full time basis.

(p) "Development" shall mean and refer to the Property and all improvements located or constructed thereon, and being a part of the overall plan, from time to time existing hereunder, for the community known as "Sewee Preserve."

(q) "Exclusive Common Area" shall mean and refer to the portion of the Common Area intended for the exclusive use or primary benefit of one or more, but less than all, Owners.

(r) "Exclusive Common Area Expenses" shall mean and refer to the costs and expenses of owning, maintaining, repairing and restoring an Exclusive Common Area, which shall be levied and assessed as an "Individual Assessment" pursuant to Section 11.8 against the Lots and Owners sharing, exclusively, such Exclusive Common Area.

(s) "Foreclosure" shall mean and refer to, without limitation, the judicial foreclosure of a Mortgage or the conveyance of secured property by a deed in lieu of a judicial foreclosure.

(t) "Institutional Mortgage" shall mean and refer to a Mortgage held by a bank, trust company, insurance company, or other recognized lending institution, or by an institutional or governmental purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.

(u) "Living Space" shall mean and refer to enclosed and covered areas within a single-family, residential dwelling, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyard, greenhouses, atriiums, bulk storage areas, attics, and basements.

(v) "Lot" shall mean and refer to any portion of the Property, whether improved or unimproved, intended for development, use and occupancy as a single-family detached residence. The term shall mean the land as well as any improvements thereon and shall include platted lots which are vacant as well as platted lots upon which single-family detached homes have been constructed.

(w) "Member" shall mean and refer to an Owner who is a Member of the Association as defined in Section 6.1.

(x) "Mortgage" shall mean and refer to a mortgage, security deed, deed of trust, installment lands sales contract, or other similar security instrument granting, creating, or conveying a lien upon, a security interest in, or a security title to a Lot.

(y) "Mortgagee" shall mean and refer to the holder of a Mortgage.

(z) "Occupant" shall mean and refer to any person, including, without limitation, any Owner or any guest, invitee, or family member of an Owner, occupying or otherwise using a single-family, residential dwelling within the Development.

(aa) "Of Record" shall mean recorded in the Register of Mesne Conveyance of Charleston County, South Carolina.

(bb) "Owner" shall mean and refer to one or more persons, including Declarant, who or which owns fee simple title to any Lot, excluding, however, those persons having such an interest under a Mortgage. In the event that there is filed Of Record any installment land sales contract covering any Lot, the Owner thereof shall be the purchaser under said contract and not the fee simple title holder. An installment land sales contract shall be an instrument whereby the purchaser is required to make payment for such property for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to such property until all such payments are made, although the purchaser is given use thereof.

(cc) "Person" shall mean and refer to a natural person, corporation, partnership, association, trust, limited liability company or other legal entity, or any combination thereof.

(dd) "Property" shall mean and refer to those tracts or parcels of land described on Exhibit "A", together with all improvements thereon, and, if and to the extent submitted to the provisions of this Declaration, the Additional Property which may be added pursuant to Section 2.2, or any portion thereof, together with all improvements thereon.

(ee) "Recreational Amenities" shall include such recreational facilities and improvements as are, from time to time, located within and a part of the Common Areas, and as are specifically designated in writing by the Declarant and/or the Association as being Recreational Amenities, including such amenities as parks, open spaces, lagoons, leisure trails, equestrian trails and pasture lands, bike paths, and mini-farms or garden plots, hunting and fishing areas, wildlife observation areas, community docks, boat launch, and such other facilities and services as may be designated by the Declarant and/or the Association from time to time for the use and benefit of the Owners of Lots as set forth in Section 5.3.

(ff) "Recreational Charges" shall mean and refer to all fees, rentals, costs, and other charges which are charged by or to an Owner with respect to his use or the use by his family or guests of the Recreational Amenities or for the purchase of services or goods provided or sold in connection with the Recreational Amenities.

(gg) "Site Plan" shall mean and refer to that certain plat prepared by Seamon, Whiteside & Associates, Inc. dated December 6, 2000 and entitled "SEWEE PRESERVE, CHRIST CHURCH PARISH, CHARLESTON COUNTY, SOUTH CAROLINA" and all modifications, revisions and additions thereto. Further, "Site Plan" shall mean and refer to any subdivision plat of the Property or any portion of the Additional Property as may be submitted to the terms of this Declaration, and as may be placed Of Record in furtherance of the development scheme for Sewee Preserve, as it exists from time to time.

(hh) "Supplemental Declaration" shall mean and refer to any amendment to these Covenants filed Of Record, which subjects Additional Property to these Covenants or which makes any changes hereto.

(ii) "Tenant" shall mean and refer to a Person holding a lease with an Owner of a Lot of twelve (12) months or more, or with respect to which there is a holding over on a month-to-month basis following the expiration of such minimum twelve (12) -month period.

ARTICLE 2. THE GENERAL PLAN FOR SEWEE PRESERVE

2.1 Plan of Development of The Property. The Property shall initially contain thirty (30) platted Lots as shown on the Site Plan, and, except as set forth in Section 4.8.1, no more than two (2) single-family, residential dwelling(s) may be constructed on each such Lot. An improved Lot with a single-family, residential dwelling constructed thereon, shall constitute a Lot hereunder. The Property shall also include the Common Areas, including Recreational Amenities, private roads, utility systems, drainage systems, and other improvements serving the Lots, to the extent the

same are from time to time denominated as such by Declarant on the Site Plan or in any deed, lease, use agreement or memorandum thereof filed Of Record, and are installed and existing. The dimensions of the Lots shall be shown on the Site Plan. All Lots within the Development shall be and are hereby restricted exclusively to single-family residential use, except as set forth in Section 4.9, and shall be subject to the standards and restrictions set forth in Article 4 hereof. Without the consent of any person, Declarant shall have the right, but not the obligation, for so long as Declarant has the right to appoint and remove any members or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1 to make improvements and changes to all Common Areas, Recreational Amenities, and to all such properties owned by Declarant, including, without limitation, (a) installation and maintenance of any improvements, (b) changes in the location of the boundaries of any such properties owned by Declarant, (c) installation and maintenance of any water, sewer, and other utility systems and facilities, and (d) installation of security and/or refuse facilities.

2.2 Additions To Property. Other property may become subject to this Declaration in the following manner:

2.2.1 Additions By Declarant. During the period of development, which shall by definition extend from the date this Declaration is filed Of Record to December 31, 2010, the Declarant shall have the right, without further consent of the Association to bring within the plan and operation of this Declaration, or to consent thereto, the whole or any portion of the property described in Exhibit "B" hereto, whether or not owned by the Declarant ("Additional Property"). Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this subsection shall be made by revising the Site Plan and by filing Of Record a Supplemental Declaration with respect to the Additional Property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such Additional Property, and which, upon filing Of Record of a Supplemental Declaration, shall constitute a part of the Property. Any such Supplemental Declaration may expressly submit the Additional Property or such portion thereof to such other covenants, restrictions, conditions and easements as Declarant, in its sole discretion, shall determine and as are not materially inconsistent with, this Declaration, but such modifications shall have no effect on the Property described in Section 2.1 above.

2.2.2 Other Additions. Upon approval in writing by Members present, in person or by proxy, at a duly called meeting, representing two-thirds (2/3) of the Members, the owner of any property who desires to add it to the plan of these covenants and to subject it to the jurisdiction of the Association, may file Of Record a Supplemental Declaration with respect to the property to be added, which shall extend the operation and effect of the covenants and restrictions of the Declaration to such property, thereafter constituting a part of the Property.

2.3 Conveyances Of Common Areas. All parcels of land referred to herein which are denominated by Declarant as Common Areas shall be deeded, leased, or a use agreement with respect thereto shall be executed, by Declarant to the Association within two (2) years after the Declarant has completed improvements thereon, if such be required. Upon such conveyance, or upon completion of any improvements thereon by the Declarant, if such be required, the Association shall immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Association's Board of Directors. For purposes of measuring the foregoing two (2) -year period, any such improvements shall be deemed completed the later of the date all required certificates or permits of occupancy or use are issued therefor, or the date such improvements may be used in the manner and for the purposes for which they are constructed. It is the purpose of this provision to provide that the Association shall be responsible for all maintenance of Common Areas upon which all improvements required to be made by the Declarant have been completed, notwithstanding the fact that the Declarant is not obligated to deed, lease or execute a use agreement for such properties until two (2) years after such improvements have been completed thereon. Any such conveyance by the Declarant shall be conveyed subject to:

- (a) All restrictive covenants filed Of Record at the time of conveyance; and
- (b) The right of access of the Declarant, its successors and assigns, over and across such property; and

(c) The right of the Declarant, its successors and assigns to approve all structures, construction, repairs, changes in elevation and topography and the location of any object (including vegetation) within the Common Areas prior to the commencement of such activities or location of any object therein;

(d) All utilities and drainage easements; and

(e) All reserved rights set forth in Section 2.1.

In consideration of the benefits accruing to the Association and to the Members under this Declaration and in consideration of the covenants and agreements of the Declarant hereunder, the Association hereby agrees to accept title to any property, or to any interest in property, now or hereafter conveyed to it pursuant to the terms and conditions of this Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance Of Record to the Association, title or such other interest in property conveyed shall vest in and to the Association without the necessity of any further act, deed or approval of any person, including the grantor, lessor and/or Association.

2.4 Owner's Interest Subject to Plan of Development. Every purchaser of a Lot shall purchase such property, and every Mortgagee and lienholder holding an interest therein shall take title, or hold such security interest with respect thereto, with notice of Declarant's development rights as to the Additional Property as herein set forth, and Declarant shall have and does hereby specifically reserve the right to add the Additional Property or any portion or portions thereof to the Development as herein above provided, and, with respect to each Lot located within the Additional Property, to convey to the purchaser thereof the title thereto and its appurtenant membership and voting rights in the Association. Any provision of this Declaration to the contrary notwithstanding, the provisions of the foregoing may not be abrogated, modified, rescinded, supplemented, or amended in whole or in part without the prior written consent of Declarant.

ARTICLE 3. PLAN OF DEVELOPMENT OF CONTIGUOUS MARSH

3.1 Community Dock. The Declarant or the Association may construct a Community Dock extending to Whiteside Creek and set aside for the recreational use and benefit of all Owners. **NO OTHER DOCK SHALL BE ALLOWED WITHIN THE MARSH AREA OR CRITICAL AREA CONTIGUOUS TO LOTS OR COMMON AREAS.** All Owners agree that they shall not apply for or construct a dock of any nature on their Lot or the adjoining marsh or critical areas. **IN NO EVENT SHALL ANY DOCK BE PERMITTED OTHER THAN THE COMMUNITY DOCK(S).**

3.2 OCRM Jurisdiction. The Community Dock shall be built and used on the authority of a permit issued by OCRM. Such permit may be revoked by OCRM at any time in accordance with the terms and conditions thereof and in accordance with applicable law. All activities on or over and all uses of such Community Dock and related Common Areas and other critical areas are subject to the jurisdiction of OCRM, including, but not limited to, the requirements that any activity or use must be authorized by OCRM. Each Owner is liable for any damages to, any inappropriate or unpermitted uses of, and any duties or responsibilities concerning, any submerged property, coastal waters, or any other critical area constituting the whole or any portion of the Common Areas.

3.3 Rules and Regulations. The Declarant and/or the Board of Directors shall be entitled to promulgate reasonable rules and regulations from time to time, which shall be binding on the Association and all Owners and lessees of Owners, their families, invitees and guests, regarding the use and enjoyment of the Community Dock.

3.4 OCRM Critical Line Setback. Each Owner is placed on notice that there shall be a fifty (50') foot setback adjacent to all OCRM Critical Lines within which no permanent structures shall be constructed and within which a natural buffer shall be maintained, and such further setbacks as may be imposed by Charleston County or the Architectural Review Committee. It shall be the responsibility of each Owner to determine the then existing setback

requirement prior to undertaking any planning of improvements to be submitted to the Architectural Review Committee. Upon approval of the Architectural Review Committee, and subject to conforming to all governmental ordinances and permits, if permitted at all, selective clearing of shrubbery, ground cover, and trees less than ten (10) inches in diameter at a height of four (4') feet above the ground level (other than pine trees) shall be permitted within the Critical Line setback area.

ARTICLE 4. ARCHITECTURAL STANDARDS AND USE RESTRICTIONS

4.1 Purpose. In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and aesthetically pleasing design for the Development, and to protect and promote the value of the Development, the Lots, and all improvements located therein or thereon shall be subject to the restrictions set forth in this Article 4. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article 4.

4.2 Architectural Review Committee. The Association shall establish an Architectural Review Committee which shall consist of not more than five (5) nor less than three (3) Members. The regular term of office for each member shall be one year. Any member appointed by the Declarant may be removed with or without cause by the Declarant at any time by written notice to such appointee, and a successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member. Notwithstanding the foregoing to the contrary, any member appointed to the Architectural Review Committee by the Board of Directors upon assignment to the Association of the whole or any portion of Architectural Review Committee functions pursuant to Section 4.2.1 below shall be subject to the prior approval of Declarant until that date which is three (3) years from and after the date on which Declarant's right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1 is terminated. The Architectural Review Committee shall elect a chairman and he, or in his absence, the vice chairman, shall be the presiding officer at its meetings. The Architectural Review Committee shall meet upon call of the chairman, and all meetings shall be held at such places as may be designated by the chairman. A majority of the Architectural review Committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present in person or by proxy at a meeting of the Architectural Review Committee shall constitute the action of the Architectural Review Committee on any matter before it. The Architectural Review Committee is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the Architectural Review Committee in performing its functions set forth herein.

4.2.1 Liability of Architectural Review Committee Members. No member of the Architectural Review Committee shall be liable to any Lot Owner for any decision, action or omission made or performed by such Architectural Review Committee member in the course of his duties unless such member acted in bad faith or in reckless disregard of the rights of any person or of the terms of this Declaration or the By-laws.

(a) Indemnification. Members of the Architectural Review Committee shall be indemnified by the Association pursuant to the provisions of the By-Laws or the Act, whichever shall be applicable.

4.3 Permitted Improvements. No improvements of any nature whatsoever shall be constructed, altered, added to, or maintained upon any part of the Development, except (a) improvements which are constructed by Declarant; (b) such improvements as are approved by the Architectural Review Committee in accordance with this Article 4; or (c) improvements which pursuant to this Article 4 do not require the consent of the Architectural Review Committee. No manufactured housing shall be permitted on any Lot.

4.4 Construction of Improvements.

4.4.1 Siting of Improvements; Setbacks. Since the establishment of standard, inflexible building setback lines for the location of structures tend to force construction of such buildings both directly behind and directly to the side of each other with detrimental effects on privacy, views, preservation of important trees, etc., no specific

setback lines are established by this Declaration, except as otherwise provided in this Declaration or as may be required by the establishment of easements within the Property, and except for the following: (a) no dwelling shall be constructed closer than seventy-five (75') feet from the Lot line adjacent to any right-of-way; (b) no dwelling shall be constructed closer than fifty (50') feet from an OCRM designated critical line, as shown on the Site Plan; and (c) no dwelling shall be constructed closer than twenty-five (25') feet from the side lot line of any Lot. Anything contained herein to the contrary notwithstanding, in the event any of the foregoing setbacks lies within an easement area shown and noted on the Site Plan, construction setback shall be measured by reference to the greater of the foregoing distances or to the most interior line of such Site Plan easement encumbering the Lot. Furthermore, in order to assure that location of structures will be staggered where practical and appropriate so that the maximum amount of view and breeze will be available thereto, that the structures will be located with regard to ecological constraints and topography, taking into consideration the elevations and the location of large trees and similar considerations, the Declarant reserves unto itself, its successors and assigns, the right to control absolutely and solely to decide the precise site and location of any building or other structure upon all properties within the Development. Provided, however, that such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site and provided further, that in the event an agreed location is stipulated in writing by Declarant, the Architectural Review Committee shall approve automatically such location. Anything contained herein to the contrary notwithstanding, in the event Declarant creates any setback lines elsewhere in this Declaration, in the Site Plan, in any Supplemental Declaration, or other writing signed by Declarant, or in any agreement with, or development ordinance adopted therefor by Charleston County, then, in that event, all buildings, structures, or other improvements on or with respect to any Lot covered thereby shall be located only within the setback lines so specified, provided that the Architectural Review Committee shall be empowered to grant variances with respect to such setback lines if so permitted in any such provision of this Declaration, the Site Plan, Supplemental Declaration, or other writing of Declarant; and provided further, however, the Site Plan, Supplemental Declaration, other writing of the Declarant, or the Architectural Review Committee may establish more, but not less, restrictive setbacks than may be established elsewhere.

(a) Buffered Setbacks; Maintenance in Natural Condition. Front and side-lot setback areas shall be maintained in a natural condition, and, where required, shall be supplemented with heavy plantings of shrubs and trees to promote dense buffers between adjoining Lots and between Lots and adjacent roadways. It is the intent that, following any required grow-in period, visibility of adjacent Dwellings and other improvements shall be reduced to the greatest extent feasible under the circumstances. After notice and opportunity to cure, upon the failure of an Owner to maintain such dense buffers as aforesaid, as determined by the Architectural Review Committee in its sole discretion, the Association may, but shall not be required to, provide such necessary plantings and the costs and expenses shall be an individual assessment against the offending Lot pursuant to Section 11.8.

4.4.2 Time of Construction Activities. No construction of improvements on any Lots shall be undertaken or conducted on any Sundays or holidays as established by the Architectural Review Committee, except for (a) construction activities of Declarant, (b) emergency situations involving the potential loss, injury, or damage to persons or property, and (c) as otherwise permitted by the Architectural Review Committee.

4.4.3 Temporary Structures. No structure of a temporary character shall be placed upon any property subject to this Declaration at any time, provided, however, that this prohibition shall not apply to Declarant's sales and construction activities pursuant to Section 4.4.6 or to temporary structures used by the contractor during construction of permanent structures, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the subject property after completion of construction. The design and color of structures temporarily placed by a contractor shall be subject to reasonable aesthetic control by the Architectural Review Committee. The provisions of this Section 4.4.3 shall not prohibit the erection of temporary structures for social functions as may be permitted by rules and regulations promulgated by the Architectural Review Committee.

4.4.4 Construction Debris. During the continuance of construction by an Owner, such Owner shall require its contractors to maintain the property upon which such work is being done in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuse containers.

Upon completion of construction, such Owner shall cause its contractors to immediately remove all equipment, tools, and construction material and debris from the property on which such construction has been completed.

4.4.5 Occupancy. Except as set forth in Section 4.4.3 above, Lots may not be temporarily or permanently occupied until proper and suitable provision has been made for the disposal of sewage by connection with sewer mains, the construction of improvements to the Lot have been completed, and a certificate of occupancy has been issued by both the Architectural Review Committee and by the political subdivision with jurisdiction thereof.

4.4.6 Sales and Construction Activities of Declarant. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant and its agents, employees, successors, and assigns to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the completion, improvement, and sale of the whole or any portion of the Property and the Additional Property, including, without limitation, the installation and operation of sales and construction trailers and offices, signs and model dwellings provided that the location of any construction trailers of any assignees of Declarant's rights under this Section 4.4.6 will be subject to Declarant's approval. The right of Declarant to maintain and carry on such facilities and activities shall include specifically the right to use dwellings as model residences, and to use any dwelling as an office for the sale of Lots and/or dwellings and for related activities.

4.5 Architectural Approval. To preserve the architectural and aesthetic appearance of the Development, no construction of improvements of any nature whatsoever shall be commenced or maintained by the Association or any Owner, other than Declarant, with respect to the construction of any improvement, structure, single-family, residential dwelling or with respect to any other portion of the Development, including, without limitation, the construction or installation of driveways, mail boxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, awnings, walls, fences, exterior lights, garages, guest or servants' quarters, or other outbuildings, nor shall any exterior addition to or change or alteration therein be made (including, without limitation, painting or staining of any exterior surface), unless and until two (2) copies of the plans and specifications and related data showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to the harmony of external design, location, and appearance in relation to surrounding structures and topography by the Architectural Review Committee. One copy of such plans, specifications, and related data so submitted shall be retained in the records of the Architectural Review Committee, and the other copy shall be returned to the Owner marked "approved" or "disapproved". The Architectural Review Committee shall establish a fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms hereof. The fee initially established for such review shall be \$500.00 for each submission, and the Architectural Review Committee shall have the right to increase this amount from time to time. For purposes of such review, if the Architectural Review Committee determines, in its sole discretion, that an Owner has failed to follow the standards of the Board, it may give notice to the Owner that if the Board is required to take up any additional time following its review to take place after such notice, then such later additional time shall be deemed a new submission requiring payment of another review fee as a condition to its taking such additional time. The Architectural Review Committee shall not be limited in the number of such notices it may give or the number of such additional review fees it may collect as a result of Owner's continued failure to follow the standards. Notwithstanding the foregoing requirement of architectural review, an Owner of any enclosed Lot, or other building or structure may make interior improvements and alterations therein without the necessity of approval or review by the Architectural Review Committee; provided, however, such approval shall be required if such interior improvements are made within any garage, underneath parking area or similar area plainly within view of adjacent properties. The Architectural Review Committee shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable to the Association. In connection with approval rights and to prevent excessive drainage or surface water run-off, the Architectural Review Committee shall have the right to establish a maximum percentage of a property which may be covered by buildings, structures, or other improvements, which standards shall be promulgated on the basis of topography, percolation rate of the soil, soil types and conditions, vegetation cover, and other environmental factors. Following approval of any plans and specifications by the Architectural Review Committee, representatives of the Architectural Review Committee shall have the right during reasonable hours to enter upon and inspect any property or improvements with respect to which construction is underway within the Development to determine whether or not the

plans and specifications thereof have been approved and are being complied with. In the event the Architectural Review Committee shall determine that such plans and specifications have not been approved or are not being complied with, the Architectural Review Committee shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In the event the Architectural Review Committee fails to approve or disapprove in writing any proposed plans and specifications within thirty (30) days after such plans and specifications shall have been submitted, such plans and specifications will be deemed to have been expressly approved. Upon approval of plans and specifications, no further approval under this Article 4 shall be required with respect thereto, unless such construction has not substantially commenced within twelve (12) months of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. Refusal of approval of plans and specifications may be based by the Architectural Review Committee upon any ground which is consistent with the objects and purposes of this Declaration, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

4.6 Landscaping Approval. To preserve the aesthetic appearance of the Development, no landscaping, grading, excavation, or filling of any nature whatsoever shall be implemented and installed by the Association or any Owner, other than Declarant, unless and until the plans therefor have been submitted to and approved in writing by the Architectural Review Committee. The provisions of Section 4.5 regarding time for approval of plans, right to inspect, right to enjoin and/or require removal, etc. shall also be applicable to any proposed landscaping, clearing, grading, excavation, or filling. Such plans shall include a calculation of the ratio of the area to be covered by grass lawns versus the area to be left in a natural state, and the Architectural Review Committee shall be entitled to promulgate standards with respect to such ratios. Unless located within ten (10) feet of a building, no Owner, other than Declarant, shall be entitled to cut, remove, or mutilate any trees, shrubs, bushes, or other vegetation having a trunk diameter of ten (10) inches or more at a point of four (4') feet above the ground level (except for pine trees), or other significant vegetation as designated, from time to time, by the Architectural Review Committee, without obtaining the prior approval of the Architectural Review Committee, provided that dead or diseased trees which are inspected and certified as dead or diseased by the Architectural Review Committee or its representatives, as well as other dead or diseased shrubs, bushes, or other vegetation, shall be cut and removed promptly from any property by the Owner thereof. All of the landscaping within a Lot must be completed within ninety (90) days of occupancy or substantial completion of the Lot, whichever date shall first occur.

4.6.1 Applicable Tree Ordinances. Anything contained herein to the contrary notwithstanding, the limitations herein provided are in addition to, and not substitutions for, the ordinances, rules, regulations, and conditions of any political subdivision of the State of South Carolina with jurisdiction of the cutting and removal of trees. In the event of any conflict between the limitations and standards herein provided and those provided in any such ordinance or statute, the more restrictive of the two shall take precedence over the other.

4.7 Approval Not a Guarantee. No approval of plans and specifications and no publication of architectural standards shall be construed as representing or implying that such plans, specifications, or standards will, if followed, result in properly designed improvements. Such approvals and standards shall in no event be construed as representing or guaranteeing that any dwelling or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the Association, nor the Architectural Review Committee shall be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Article 4, nor any defects in construction undertaken pursuant to such plans and specifications.

4.8 Building Restrictions. Except as may be otherwise set forth in this Declaration, in the Site Plan, in any Supplemental Declaration, in any agreement with Declarant, or by specific deed restriction, the following building restrictions shall apply with respect to the properties subject to this Declaration:

4.8.1 Number of Buildings on Lots. On a Lot, no structure shall be constructed other than one (1) principal or primary detached single-family, residential dwelling and such accessory buildings as shall be permitted by zoning, and as shall not overcrowd a Lot and as shall be adequately screened from view of adjacent residences or adjacent residential building sites, which may include a detached private garage, equipment shed, servant's quarters or

pool house, provided the use of such dwelling or accessory building does not overcrowd the site and provided further, that such building is not used for any activity normally conducted as a business. A guest suite or like facility may be included as part of the main dwelling or accessory building, but said suite may not be rented or leased. Furthermore, nothing herein shall be construed as to prohibit the construction of studios, cabins, gazebos, tree houses, guest houses and other similar structures appurtenant to a residence prior to construction of such primary residence, provided the Owner shall not occupy same as a residence, and in the absence of a primary residence, the Owner shall be issued a special use permit therefor by the Architectural Review Committee for no more than an initial five (5) -year period and one five (5) -year renewal period, and shall be subject to the same setbacks and dense screening required of the principal residence pursuant to these Declarations.

4.8.2 Square Footage Requirements. All primary single-family, residential dwellings constructed on Lots shown on the Site Plan shall have a minimum of fifteen hundred (1,500) square feet of Living Space. Owners shall be limited to one (1) primary single-family, residential dwelling per lot in excess of 1,500 square feet of Living Space; any further dwellings, such as guest house or similar structures may not exceed 1,500 square feet of Living Space. Declarant reserves the right to modify, amend or change the within square footage requirement as it may apply to any Lot within the Additional Property and upon the filing of a Supplemental Declaration Of Record; provided, however, upon the failure of Declarant to make specific provision for a minimum square footage of Living Space in any such Supplemental Declaration, the foregoing restrictions shall apply to any single-family, residential dwelling constructed upon a Lot within such Additional Property.

4.8.3 Other Requirement of Residences. In addition, all residential structures constructed on a Lot shall be designed and constructed in compliance with the requirements of applicable Building Codes.

4.9 Use of Lots and Dwellings. Each Lot shall be used for residential purposes only, and no trade or business of any kind may be carried on therein. The use of a portion of a Lot as an office, studio, workshop or other such accessory use by an Owner shall not be considered to be a violation of this covenant if such use does not create regular customer, client, or employee traffic; provided that in no event shall any Lot be used as the office of or storage area for any building contractor, real estate developer or real estate broker, except as may be on a temporary basis, with the express written consent of the Architectural Review Committee, and in accordance with reasonable rules and regulations promulgated by the Architectural Review Committee. Furthermore, the operation of the Recreational Amenities, including, without limitation, the charging and collecting of rentals, fees and charges in accordance with this Declaration shall be expressly permitted within the Development and shall not be deemed to be a violation of the terms of this Section 4.9. Lease or rental of a Lot for residential purposes shall also not be considered to be a violation of this covenant so long as the lease (a) is for not less than the entire Lot and all the improvements thereon, and (b) is otherwise in compliance with rules and regulations as may be promulgated and published from time to time by the Declarant and the Architectural Review Committee. All leases or rental agreements shall be required to be in writing, and upon request, the Owner shall provide the Declarant and Architectural Review Committee with copies of such lease or rental agreement. Any renter, lessee or Tenant shall in all respects be subject to the terms and conditions of this Declaration and the rules and regulations adopted hereunder.

4.10 Exterior Appearance. No chain-link fences shall be permitted within the Development, except with regard to maintenance areas within the Common Areas. Also, any unenclosed garages or carports must be adequately screened from street views. Further, no foil or other reflective materials shall be used on any windows for sun screens, blinds, shades, or other purpose, except as specifically permitted by the Architectural Review Committee, nor shall any window-mounted heating or air-conditioning units be permitted. Except within screened service yards, outside clotheslines or other outside facilities for drying or airing clothes are specifically prohibited and shall not be erected, placed, or maintained, nor shall any clothing, rugs, or other item be hung on any railing, fence, hedge, or wall.

4.11 Signs. Except as may be required by legal proceedings, no signs or advertising posters of any kind, including "For Rent," "For Sale," and other similar signs erected by Owners, the Association, or any agent, broker, contractor or subcontractor thereof, shall be maintained or permitted within any windows or on the exterior of any improvements or on any unimproved portion of property located within the Development. The approval of any signs

and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by the Architectural Review Committee and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions of this Section 4.11 shall not apply to Declarant. In addition, the Board of Directors, on behalf of the Association, shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas and within those easement areas established in Section 5.8 hereof and in accordance with architectural standards adopted therefor by the Architectural Review Committee.

4.12 Lights. The design and location of all exterior lighting fixtures shall be subject to the approval of the Architectural Review Committee. Neither these nor any other illumination devices, including, but not limited to, Christmas ornaments, located anywhere on the structures or grounds of any of the Property shall be located, directed, or of such intensity to affect adversely, in the sole discretion of the Architectural Review Committee, the night-time environment of any adjoining property.

4.13 Antennas. No exterior radio or television transmission or reception towers, antennas or satellite dishes or disks, except for satellite dishes measuring more than one (1) meter [39"] in diameter, shall be placed, allowed or maintained upon any portion of the Development, including any Lot. A satellite dish measuring one (1) meter [39"] or less in diameter may be placed upon a Lot with the prior written consent of the Architectural Review Committee, which consent shall not be withheld upon the Owner complying with such rules of safety, placement and screening adopted by the Architectural review Committee as shall not impair the Owner's installation, maintenance and use thereof in accordance with rules and regulations of the Federal Communications Commission. No radio or television signals, nor any other form of electromagnetic radiation, shall be permitted to originate from any property within the Development which may unreasonably interfere with the reception of television or radio signals within the Development; provided, however, that Declarant and the Association, and their assigns, shall not be prohibited from installing equipment necessary for master antenna, security, cable television, or other similar systems within the Development. **IN NO EVENT SHALL FREE STANDING TRANSMISSION OR RECEIVING TOWERS BE PERMITTED.**

4.14 Pets. No animals, livestock, birds, or poultry of any kind shall be raised, bred, or kept by any Owner upon any portion of the Development except as herein provided and except for such activity conducted upon Common Areas specifically established by the Board therefor; provided, however, a reasonable number of generally recognized house pets may be kept in Lots, subject to rules and regulations adopted by the Association, through its Board of Directors; provided, however, that such pets are kept or maintained solely for the Owner's personal pleasure and not for breeding, sale or any other commercial purpose. No permitted animal shall be allowed to make an unreasonable amount of noise or to become a nuisance. In addition to the foregoing permitted animals, upon the written request of any Owner, the Board of Directors may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Section 4.14, a particular animal is a nuisance, and the Board shall have the right to require the owner of a particular animal to remove it from the Development if it is found to be a nuisance or to be in violation of these restrictions. The Board of Directors shall have the further right, subject to Section 12.2, to fine any Owner (in an amount not to exceed \$50.00 per violation) for the violation of these restrictions by such Owner or an Occupant of his Lot, and an Owner shall be liable to the Association for the cost of repair of any damage to the Common Areas caused by the animal of such Owner or of an Occupant of such Owner's Lot. Any such fine or cost of repair shall be added to and become a part of that portion of any Assessment next coming due to which such Lot and its Owner are subject. The Declarant and/or the Association may develop a program whereby Owners may place up to two (2) horses, on a first-come, first served basis, in a Common Area in a pasture area designated by the Declarant and/or the Association and the Declarant may construct up to two (2) loafing sheds in such area, subject to rules and regulations promulgated by the Declarant and/or the Association.

4.15 Nuisances. No rubbish or debris of any kind shall be dumped, placed, or permitted to accumulate upon any portion of the Development, nor shall any nuisance or odors be permitted to exist or operate upon or arise from the Development, so as to render any portion thereof unsanitary, unsightly, offensive, or detrimental to persons using or occupying any other portions of the Development. Noxious or offensive activities shall not be carried on in any part of the Development, and the Association and each Owner, his family, Tenants, guests, invitees, servants, and agents shall refrain from any act or use which could cause disorderly, unsightly, or unkempt conditions, or which could cause

embarrassment, discomfort, annoyance, or nuisance to the Occupants of other portions of the Development or which could result in a cancellation of any insurance for any portion of the Development, or which would be in violation of any law or governmental code or regulation. Without limiting the generality of the foregoing provisions, no exterior speakers, horns, whistles, bells, or other sound devices, except security and fire alarm devices used exclusively for such purposes, shall be located, used, or placed within the Development, or except as may be permitted pursuant to terms, conditions, rules and regulations adopted therefor by the Architectural Review Committee. Any Owner, or his family, Tenants, guests, invitees, servants, or agents, who dumps or places any trash or debris upon any portion of the Development shall be liable to the Association for the actual costs of removal thereof or the sum of \$250.00, whichever is greater, and such sum shall be added to and become a part of that portion of any Assessment next becoming due to which such Owner and his property are subject.

4.16 Motor Vehicles, Trailers, Boats, Etc. Each Owner shall provide for parking of automobiles off the streets and roads within the Development. There shall be no outside storage or parking upon any portion of the Development of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than pick-up trucks), commercial vehicles of any type, camper, motorized camper or trailer, boat or other water craft, boat trailer, motorcycle, motorized bicycle, motorized go-cart, or any other related forms of transportation devices. Furthermore, gas powered vehicles (other than an automobile or pick-up truck) are expressly prohibited hereby, including, but not limited to, mobile homes, motor homes, campers, trailers of any kind, motorcycles, motorized bicycles, motorized go-carts or scooters, all terrain vehicles (ATVs), and other vehicles, or any of them. Such gas powered vehicles are prohibited from entering and/or being kept, placed, stored, maintained, or operated upon any portion of the Development; however they may be hauled by trailer into the Development and stored wholly within a garage. It is the intention of Declarant that the Architectural Review Committee shall restrict the type and number of automobiles and pick-up trucks allowed within the Development. Such policies may change from time to time with changing technology. The purpose of vehicle restrictions is to minimize the impact of vehicles on the natural environment and roads. No Owners or other Occupants of any portion of the Development shall repair or restore any vehicle of any kind upon or within a property subject to this Declaration except (a) within enclosed garages or workshops, or (b) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility.

Furthermore, in order to protect the natural beauty and water quality of the natural ponds, impoundments, man-made lakes and lagoons, water craft will be allowed to operate in inland ponds, etc., only as designated by the Declarant or the Board of Directors where the operation will not affect the natural environment and outdoor recreation. Permission to operate water craft on the designated water ways shall at the discretion of the Declarant or the Board of Directors which will establish operating rules. To this end, water craft propelled by an internal combustion engine will not be allowed in such waterways except to perform maintenance or other community-related functions with prior Declarant or Board of Directors approval. Nothing contained herein shall preclude the use of small private boats such as canoes, pond boats or floating rafts.

4.17 Multiple Ownership. No Lot or Dwelling may be owned by more than two (2) Owners at any one time. For the purposes of this restriction, a married couple constitutes a single Owner. Furthermore, the Property subject to this Declaration, including any improvements thereon or to be built thereon, shall not be used for or subject to any type of Vacation Time Sharing Plan or Vacation Multiple Ownership Plan as defined by the 1976 Code of Laws for the State of South Carolina, as amended, Section 27-32-10, et. seq., or any subsequent laws of this State dealing with that or similar type of ownership. Notwithstanding the foregoing to the contrary, a Lot may be owned by an Institutional Mortgagee or such corporation or partnership approved by Declarant for such ownership and upon terms and conditions of such approval.

4.18 Fire Breaks. The Declarant reserves unto itself, its successors and assigns a perpetual, alienable and releasable easement and right on and over and under any property to cut fire breaks and other activities which in the opinion of the Declarant are necessary or desirable to control fires on any property, or any improvements thereon. Entrance upon property pursuant to the provisions of this Section shall not be deemed a trespass.

4.19 Bridges. The Declarant expressly reserves to itself, its agents or assigns, any other provisions in this Declaration notwithstanding, the right to build bridges, walkways or fixed spans across any or all natural or man-made canals, creeks or lagoons in the Development. Nothing in this Section shall be construed as placing an affirmative obligation on the Declarant to provide or construct any bridge, walkway or fixed span unless such bridge, walkway or fixed span shall be shown and specifically designated on the Site Plan Of Record and incorporated in the deed of conveyance to the grantee Owner asserting such affirmative obligation by the Declarant.

4.20 Owner's Resubdivision. No Common Area or Lot shall be subdivided, or its boundary lines changed, nor shall application for same be made to any political subdivision with jurisdiction thereof, except with the prior written approval of the Declarant, so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, and thereafter except with the prior written approval of the Board of Directors. However, the Declarant reserves the right to so subdivide pursuant to Sections 2.1 and 5.6, and to take such other steps as are reasonably necessary to make such replatted property suitable and fit as a building site, including, but not limited to, the relocation of easements, walkways, rights-of-way, private roads, bridges, parks, and Common Areas.

4.20.1 Consolidation of Lots. The provisions of Section 4.20 shall not prohibit the combining of two (2) or more contiguous Lots into one (1) larger Lot. Following the combining of two (2) or more Lots into one (1) larger Lot, only the exterior boundary lines of the resulting larger Lot shall be considered in the interpretation of this Declaration. Consolidation of Lots, as described herein, must be approved by the Declarant, so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, and thereafter by the Board of Directors, said approval to be granted in its sole discretion upon such terms and conditions as may be established by it from time to time, including specific provisions for the payment of Assessments.

4.21 Owner Recording Additional Restrictions on Property. No Owner may impose additional restrictive covenants on any lands within the Property beyond those contained in this Declaration without consent of the Declarant, so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, and thereafter without consent of the Board of Directors. The Declarant may impose additional restrictive covenants on property then owned by the Declarant without the consent of any other Owner or the Association.

4.22 Repurchase Option. Except in the case of a proposed conveyance of a Lot to an Owner's spouse or lineal descendants of an Owner, the Association shall have the right and option to purchase any Lot within the Development which is offered for sale by the Owner thereof, such option to be at the price and on the terms and conditions of any bona fide offer therefor which is acceptable to such Owner and which is made in writing to such Owner. The Owner shall promptly submit a copy of the same to the Association and the Association shall have a period of five (5) business days (exclusive of Saturday, Sunday and Federal holidays) from and after the presentation of such offer to the Association within which to exercise its purchase option by giving such Owner written notice of such exercise in accordance with Section 13.17. If the Association fails to respond or to exercise such purchase option within said five (5) -day period, the Association shall be deemed to have waived such purchase option. If the Association responds by declining to exercise such option, the Association shall execute an instrument evidencing its waiver of its repurchase option, which instrument shall be in recordable form. In the event that the Association does not exercise its purchase option and such sale to a third party is not consummated on such terms and conditions set forth in the bona fide offer within six (6) months following the date the offer is transmitted to the Association, or within the period of time set forth in such bona fide offer, whichever is later, the terms and limitations of this Section 4.22 shall again be imposed upon any sale by such Owner. If the Association shall elect to purchase, the transaction shall be consummated within the period of time set for closing in said bona fide offer, or within sixty (60) days following delivery of written notice by the Association to such Owner of the Association's decision to so purchase such Lot, whichever is earlier.

4.23 Trespass. Whenever the Declarant, the Association or the Architectural review Committee is permitted by these Covenants to correct, repair, clean, preserve, clear out or do any action on the property of any Owner, or on the easement areas adjacent thereto entering the property and taking such action shall not be deemed a trespass.

4.24 Assignment of Declarant's Rights to the Association. The Declarant reserves the right to assign to the Association, at its sole discretion, its rights reserved in this Declaration, including all rights set forth in this Article 4. The Association hereby agrees to accept any and all assignments of rights hereunder, and no further action shall be required by it.

4.25 Other Rights and Reservations. **THE OMISSION OF ANY RIGHT OR RESERVATION IN THIS ARTICLE SHALL NOT LIMIT ANY OTHER RIGHT OR RESERVATION BY THE DECLARANT WHICH IS EXPRESSLY STATED IN OR IMPLIED FROM ANY OTHER PROVISIONS IN THIS DECLARATION.**

ARTICLE 5. PROPERTY RIGHTS

5.1 General Rights of Owners. Each Lot shall for all purposes constitute real property which shall be owned in fee simple and which, subject to the provisions of this Declaration, may be conveyed, transferred, and encumbered the same as any other real property. Each Owner shall be entitled to the exclusive ownership and possession of his said property, subject to the provisions of this Declaration, including without limitation, the provisions of this Article 5. If any chutes, flues, ducts, conduits, wires, pipes, plumbing, or any other apparatus or facilities for the furnishing of utilities or other services or for the provision of support to such a property lie partially within and partially outside of the designated boundaries thereof, any portions thereof which serve only such property shall be deemed to be a part of such property, and any portions thereof which serve more than one such property or any portion the Common Areas shall be deemed to be a part of the Common Areas. The ownership of each property subject to this Declaration shall include, and there shall pass with each property as an appurtenance thereto, whether or not separately described, all of the right and interest in and to the Common Areas as established hereunder, and the limitations applicable, which shall include, but not be limited to, membership in the Association. Each Owner shall automatically become a Member of the Association and shall remain a Member thereof until such time as his Lot ownership ceases for any reason, at which time his membership in the Association shall automatically pass to his successor-in-title to his or its Lot, and upon such transfer, the successor-in-title shall automatically succeed to membership in the Association.

5.2 Owner's Easement of Enjoyment. Subject to the provisions of this Declaration and the rules, regulations, fees, and charges from time to time established by the Board of Directors, every Owner, his family, and guests shall have a non-exclusive right, privilege, and easement of use and enjoyment in and to the Common Areas, to the extent so entitled hereunder, such easement to be appurtenant to and to pass and run with title, subject to the rights, restrictions, reservations, covenants, easements and obligations reserved, granted or alienable in accordance with this Declaration, including, but not limited to:

5.2.1 Right Of Association To Borrow Money. The right of the Association to borrow money (a) for the purpose of improving the Development, or any portion thereof, (b) for acquiring additional Common Areas, (c) for constructing, repairing, maintaining or improving any facilities located or to be located within the Development, or (d) for providing the services authorized herein, and, subject to the provisions of Section 10.2, to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association shall be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

5.2.2 Declarant's Reserved Rights and Easements. The rights and easements specifically reserved to Declarant in this Declaration.

5.2.3 Association's Rights to Grant and Accept Easements. The right of the Association to grant and accept easements as provided in Section 5.8 and to dedicate or transfer fee simple title to all or any portion of the Common Areas to any public agency or authority, public service district, public or private utility, or other person, provided that any such transfer of the fee simple title must be approved by a majority of those present in person or by proxy at a duly held meeting of the Association and by Declarant, for so long as Declarant owns any of the Property primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development.

5.2.4 Association's Rights and Easements. The rights and easements specifically reserved in this Declaration for the benefit of the Association, its directors, officers, agents, and employees.

5.2.5 Declarant's Easements for Additional Property. The rights and easements reserved in Section 5.10 hereof for the benefit of the Additional Property.

5.3 Recreational Amenities.

5.3.1 Access and Use of Recreational Amenities. Subject to the terms and provisions of this Declaration and the rules, regulations, and Recreational Charges from time to time established by the Board of Directors, every Owner of a Lot and his family, Tenants, and guests shall have the non-exclusive right, privilege, and easement of access to and the use and enjoyment of the Recreational Amenities. Notwithstanding the foregoing to the contrary, those Owners of Lots, their spouses, and their Dependent Children, paying a Recreational Charge for exclusive use of an Association's use-for-fee facility or service shall have the exclusive use thereof, subject to the payment of Recreational Charges therefor which are from time to time established by the Board of Directors. Such Owners' guests, Tenants, and non-Dependent Children, as well as co-Owners who have not been designated as herein provided, shall have access to and use of the Recreational Amenities subject to rules, regulations, and Recreational Charges, as are from time to time established by the Board of Directors, provided that there shall be no distinction between such co-Owners, guests, Tenants, and non-Dependent Children with respect to Recreational Charges. Notwithstanding the foregoing to the contrary, the Board of Directors shall be entitled, but not obligated, to promulgate rules and regulations from time to time whereby grandchildren of Owners of Lots and non-Dependent Children of Owners of Lots have access to and the use of the Recreational Amenities on the same basis as Dependent Children of Owners of Lots. An Owner of a Lot may assign to the Tenant of his Lot such Owner's rights of access to and use of the Recreational Amenities so that such Tenant, his family and guests shall be entitled to the access to and use and enjoyment of the Recreational Amenities on the same basis as an Owner of a Lot and his family and guests, provided that any such designation may not be changed within six (6) months after such designation is so made. Any Owner of a Lot so assigning such rights to his Tenant shall give written notice thereof to the Board of Directors in accordance with Section 13.17, and after such assignment and notice, such Owner and his family and guests shall thenceforth have access to and use of the Recreational Amenities on the same basis and for the same Recreational Charges as guests of an Owner of a Lot, until such assignment is terminated and the Board of Directors is given written notice of such termination by such Owner. Nothing herein shall be construed as requiring the Board of Directors to establish Recreational Charges for the use of Recreational Amenities, use of which may be, in the sole discretion of the Board of Directors, covered solely by the Annual Assessment under Section 11.3.

5.3.2 Access and Use By Multiple Owners. The Board of Directors may, in its sole discretion, establish a rule that in the event of any multiple ownership of a Lot which is permitted by Section 4.18 hereof, only the Owner of such Lot designated in writing to the Board of Directors by all co-Owners, as well as his spouse and Dependent Children, shall be entitled to the use of the Recreational Amenities without user fees as provided above. The remaining co-Owners of such Lot and their families and guests shall be entitled to access to and use of the Recreational Amenities in accordance with the rules, regulations, fees, and charges relating to Owner's guests, Tenants, and non-Dependent Children which are from time to time established by the Board of Directors. If no such designation is made by such co-Owners, then all such co-Owners shall have access to and use of the Recreational Amenities on the same basis and for the same fees and charges as Owner's guests, Tenants, and non-Dependent Children. Any designation made pursuant to this Section 5.3.2 shall not be permitted to be changed within six (6) months after such designation is so made. For purposes of this Section 5.3.2, multiple ownership shall include ownership of a Lot by a partnership or a corporation,

so that any such partnership or corporation shall designate to the Board one natural person who is a partner or stockholder and who, with his spouse and Dependent Children shall be entitled to access to and use of the Recreational Amenities on the same basis as Owners. In the absence of the establishment of any such rule of access and use by multiple Owners by the Board of Directors, all co-Owners shall have equal access to Recreational Amenities.

5.3.3 Guests and Children Accompanied By Owner. All guests and children of Owners, as well as Tenants of Owners who are not assigned their respective Owners' rights pursuant to the provisions herein above provided, shall at all times when using the Recreational Amenities be accompanied by an Owner or his spouse or by individuals designated by Declarant in accordance herewith or their spouses, provided that a waiver of such requirement may be made at any time in accordance with rules and regulations promulgated by the Board of Directors.

5.4 Access, Ingress and Egress; Roadways. All Owners, by accepting title to property conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such property and acknowledge and agree that such access, ingress, and egress shall be limited to roads, walkways, trails, and waterways located within the Development from time to time, provided that pedestrian and vehicular access to and from all such property shall be provided at all times. There is reserved unto Declarant, the Association, and their respective successors and assigns the right and privilege, but not the obligation, to maintain gates controlling vehicular access to and from the Development, and, to require payment of toll charges for use of private roads within the Development by permitted commercial traffic or by members of the general public, provided that in no event shall any such tolls be applicable to any Owners or their families, Tenants, or guests or to those individuals designated by Declarant pursuant to Section 5.3 above and their families or guests, or to any person who gives reasonable evidence satisfactory to entry guards that their entry into the premises of the Owner is with the specific permission of the Owner, or his duly authorized agent. Neither the Declarant nor the Association shall be responsible, in the exercise of its reasonable judgment, for the granting or denial of access to the Property in accordance with the foregoing.

The Association may adopt reasonable rules and regulations regarding the operation of motorized vehicles within the Property, provided such rules and regulations recognize the character of the Property and the inherent need to provide for the allowed use of farm and maintenance vehicles.

The Declarant, or the Association after title to any private roadways has passed to it from the Declarant, may post "no parking" signs along such private roadways within the Development where it, in its sole discretion, determines appropriate to do so. Violators of said "no parking" signs are subject to having their vehicles towed away and shall be required to pay the cost of such towing and storage before their vehicle may be recovered. The act of towing said vehicles shall not be deemed a trespass or a violation of the Owners' property rights, because the Owner shall be deemed to have consented to such action by accepting the right to use the private roads and streets within the Development.

5.5 Easements for Declarant. During the period that Declarant owns any of the Property for sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, Declarant shall have an alienable and transferable right and easement on, over, through, under, and across the Common Areas for the purpose of constructing improvements in and to the Lots and the Additional Property and for installing, maintaining, repairing and replacing such other improvements to the Property (including the Recreational Amenities and other portions of the Common Areas) as are contemplated by this Declaration or as Declarant desires, in its sole discretion, including, without limitation, any improvements or changes permitted and described by Article 2, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event shall Declarant have the obligation to do any of the foregoing.

5.6 Changes in Boundaries; Additions to Common Areas. Declarant expressly reserves for itself and its successors and assigns, the right to change and realign the boundaries of the Common Areas and any Lots between such adjacent properties owned by Declarant, provided that any such change or realignment of boundaries shall not materially decrease the acreage of the Common Areas and shall be evidenced by a revision of or an addition to the Site Plan which shall be filed Of Record. In addition, Declarant reserves the right, but shall not have the obligation, to convey to the

Association at any time and from time to time any portion of the Additional Property, such real property to be conveyed to the Association as an addition to the Common Areas and subject to the provisions of Section 2.2. Furthermore, Declarant reserves for itself, its affiliates, successors, and assigns the right, but shall not have the obligation, to convey by quit-claim deed to the Association at any time and from time to time, as an addition to the Common Areas any marsh lands owned by Declarant which are located adjacent and contiguous to the Development.

5.7 Easements for Utilities. There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from any public authority or agency, public service district, public or private utility, or other person, upon, over, under, and across (a) all of the Common Areas in accordance with this Declaration; (b) all portions of the Recreational Amenities in which improvements are not constructed or erected; (c) those strips of land, ten (10') feet in width, running adjacent to and parallel with the front lines of Lots, and twenty (20') feet in width running ten (10') feet on either side of the side lot line of each Lot, not to conflict with any drainage easements thereon, and as further shown on the subdivision plats of the Lots; and (d) such other such easement areas shown on any Site Plan or recited in any Supplemental Declaration for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers and drainage systems and electrical, gas, telephone, water, and sewer lines. Such easements may be granted or accepted by Declarant, its successors or assigns, or by the Board of Directors, provided, however, that for so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, the Board of Directors must obtain the written consent of Declarant prior to granting and accepting any such easements.. To the extent practical and economical, in its sole discretion, Declarant shall endeavor to locate utility lines and facilities serving the Development underground. By virtue of any such easement and facilities, it shall be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Development so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to grade, excavate, or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

5.8 Easements for Association. There is hereby reserved a general right and easement for the benefit of the Association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Owner directly affected thereby.

5.9 Easements for Additional Property. There is hereby reserved in Declarant, and its successors, assigns, and successors-in-title to the Additional Property, for the benefit of and as an appurtenance to the Additional Property and as a burden upon the Property, perpetual, non-exclusive rights and easements for (a) pedestrian, vehicular, access, ingress, egress, parking over, across, within, and on all private roads, sidewalks, trails, parking facilities, and lagoons, from time to time located within the Common Areas or within easements serving the Common Areas, (b) the installation, maintenance, repair, replacement, and use within the Common Areas, and those portions of properties encumbered pursuant to Section 5.7 for security systems and utility facilities and distribution lines, including, without limitation, drainage systems, storm sewers, and electrical, gas, telephone, water sewer, and master television antenna and/or cable system lines, and (c) drainage and discharge of surface water onto and across the Property, provided that such drainage and discharge shall not materially damage or affect the Development or any improvements located thereon.

5.10 Maintenance Easement. There is hereby reserved for the benefit of Declarant, the Association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement to enter upon any property subject to this Declaration for the purpose of providing insect and reptile control, mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the Development, provided that such easements shall not impose any duty or obligation upon Declarant or the Association to perform any such actions, or to

provide garbage or trash removal services. Furthermore, it is hereby reserved for the benefit of the Declarant, the Association and their respective agents, employees, successors and assigns, an alienable, transferable, and perpetual right and easement, but not the obligation, to enter upon any unimproved portions of properties subject to this Declaration which are located within twenty (20') feet from the water's edge of any lagoon, pond or other body of water within the Development for the purpose of (a) mowing such area and keeping the same clear and free from unsightly growth and trash, (b) maintaining such bodies of water, such maintenance to include, without limitation, dredging and the maintenance of reasonable water quality standards, and (c) installing, constructing, repairing, replacing, and maintaining bulkheads, provided that the foregoing reservation of easements should not be deemed to and shall not in any way limit the responsibility therefor by Owners under Section 7.1 hereof. The costs thereof incurred as a result of the action or inaction of any Owner shall be paid by such Owner.

5.11 Environmental Easement. There is hereby reserved for the benefit of Declarant, the Association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement on, over, and across all unimproved portions of properties subject to this Declaration for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, and procedures from time to time promulgated or instituted by the Board of Directors, the Architectural Review Committee, or by any governmental entity, such easement to include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides.

5.12 Wells and Effluent. There is hereby reserved for the benefit of Declarant, the Association, and their respective affiliates, agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement (a) to pump water from lagoons, ponds, and other bodies of water located within the Development for the purpose of irrigating any portions of the Development or (b) to drill, install, locate, maintain, and use wells, pumping stations, water towers, siltation basins and tanks, and related water and sewer treatment facilities and systems within the Common Areas.

5.13 No Partition. There shall be no judicial partition of the Development or any part thereof, nor shall any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless the Development has been removed from the provisions of this Declaration.

ARTICLE 6. MEMBERSHIP

6.1 Membership. Every Owner, including the Declarant, of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot and ownership of a Lot shall be the sole qualification for such membership. In the event that fee title to a Lot is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto shall automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee any certificates or other evidences of such membership. The foregoing is not intended to include Mortgagees or any other persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate or otherwise affect an Owner's membership in the Association.

6.2 Voting Rights. The Association shall have two (2) types of voting memberships which are as follows:

TYPE A: Type A Members shall be Owners (including the Declarant) of Lots. The Type A Member shall be entitled to one (1) vote for each Lot owned.

TYPE B: The Type B Member shall be the Declarant or its designated assign. The Type B Member shall be entitled to one (1) vote for each vote held by Type A Members, plus two (2) votes, until the first of the following dates: (i) December 31, 2010; (ii) ninety (90) days after the date on which Declarant's right to appoint and remove any member or members of the

Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1 is terminated; or (iii) the date the Type B Member relinquishes its voting rights as a Type B Member in a Supplemental Declaration filed Of Record. Thereafter, the Type B Member shall exercise votes only as to its Type A Memberships.

Payment of Special Assessments or Emergency Special Assessments shall not entitle Type A Members to additional votes.

6.2.1 Voting By Multiple Owners. When any Lot of a Type A Member of the Association is owned Of Record in the name of two or more persons, other than husband and wife, or entities, in any manner of joint or common ownership, the vote for such Lot shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote shall be exercised by such co-Owner, or his duly appointed proxy, as shall be designated in a writing by all co-Owners recorded in the R.M.C. Office for Charleston County, a copy of which shall be delivered to the Secretary of the Association and shall remain effective for all meetings until revoked by the co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

6.3 Governance. The Association shall be governed by a Board of Directors consisting of Three (3), Five (5), Seven (7), or Nine (9) members. Initially, the Board shall consist of Three (3) members, with the number in subsequent years to be determined by the members of the Board of Directors as provided for in the By-laws of the Association.

6.4 Election of the Board of Directors. Each Member of Types A and B membership classes shall be entitled to as many votes as equals the number of votes he is entitled to, based on his ownership of one or more of the various classifications of property or property interests as computed by the formula set out herein above in Section 6.2. All votes must be cast in whole numbers and not fractions thereof. Members are divided into classes for the sole purpose of computing voting rights and shall not vote as a class.

6.5 Special Meetings of Members. Where specifically provided for herein, or on call of the Board of Directors or the person authorized to do so by the Bylaws, the Association shall hold special meetings of Members to approve or reject such actions proposed to be taken by the Association. The Association shall notify the Members of the date, time and place of such special meeting no fewer than ten (10) not more than sixty (60) days before the meeting date. Such notice shall include a description of the purpose for which the meeting is called and shall provide for voting by proxy.

6.6 Quorum For Meetings. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association shall be as follows:

(a) At any meeting, the presence of Members representing fifty (50%) percent of the votes of all Members, in person or by proxy, shall constitute a quorum for the transaction of business; provided, however, if the required quorum is not present, another meeting may be called, not earlier than sixty (60) days following the first meeting, and the required quorum at the subsequent meeting shall be the Members present, in person or by proxy, and entitled to vote. Unless otherwise provided, any reference hereafter to "votes cast" at a duly called meeting shall be construed to be subject to the quorum requirements established by this Section 6.6, and any other requirements for such duly called meeting which may be established by the Bylaws of the Association. This provision shall not apply when the proposed action is the amendment of this Declaration and the quorum requirement established by Section 13.3 shall govern in that instance.

6.6.1 Notice of Meetings. Notice of any meetings shall be given to the Members by the Secretary. Notice may be given to each Member either personally or by sending a copy of the notice through the mail, postage thereon fully prepaid, to his address appearing on the books of the Association. Each Member shall register his address with the Secretary and notices of meetings shall be mailed to such address. Notice of any meeting, regular or special,

shall be mailed not more than sixty (60) days, and not fewer than ten (10) days in advance of the meeting and shall set forth the date, time and place of the meeting and in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve and be governed by this Declaration or any action for which other provision is made in the Bylaws, notice of such meeting shall be given or sent as herein or therein provided.

6.7 Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing, and in accordance with the By-Laws. Notwithstanding the foregoing, Members shall irrevocably appoint Declarant as their attorney-in-fact pursuant to Section 13.1.1 herein to vote on those matters reserved to and designated for Declarant, as set forth in that Section.

6.8 Voting By Proxy. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the Members and a ballot in the form of a proxy on which each Member may, subject to Section 13.1.1 herein, vote for or against the motion. Each proxy which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 6.6. Provided, however, such proxies shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the proxy.

ARTICLE 7. MAINTENANCE

7.1 Responsibilities of Owners. Unless specifically identified herein as being the responsibility of the Association, all maintenance and repair of Lots, or the marsh and waterfront property adjacent to any such property, together with all other improvements thereon or therein and all lawns, landscaping, grounds trees and shrubs on and within such property shall be the responsibility of the Owner thereof. Each Owner shall be responsible for maintaining his or its property in a neat, clean, and sanitary condition, and such responsibility shall include the maintenance and care of all exterior surfaces of the improvements to all Lots and other structures and all lawns, trees, shrubs, hedges, grass, and other landscaping. As provided in Section 7.2.2 hereof, each Owner shall also be obligated to pay for the costs incurred by the Association for repairing, replacing, maintaining, or cleaning any item which is the responsibility of such Owner, but which responsibility such Owner fails or refuses to discharge. No Owner shall do any work which, in the reasonable opinion of the Architectural Review Committee, would jeopardize the soundness and safety of the Development, reduce the value thereof, or impair any easement or hereditament thereto, without in every such case obtaining the written approval of the Architectural Review Committee and the Owners, and the Mortgagees of property directly affected thereby or benefitting from such easement or hereditament.

7.1.1 Specimen Trees Within Lots. Each Owner shall have the responsibility to maintain and care for specimen trees (trees that are twenty-four (24") inches or more in diameter at a height of four (4') feet above the ground level) located on Lots, and specimen trees within any access easement crossing a Lot. Should such Owner not maintain and care for such specimen tree(s), the Association is hereby granted an easement for access, ingress and egress over the aforesaid Lots for the purpose of conducting such maintenance and care; provided, however, neither the Board nor the Association shall have any liability to the Owners of such Lots resulting from any damage to such trees occasioned by the Association performing or failing to perform such maintenance and care, except such performance or lack thereof as is the proximate result to the Board's gross negligence. The Association shall, in accordance with Article XIII, Section 2 of the By-Laws, and to the extent permitted by the Act, indemnify and hold the members of the Board harmless from and against all such damages, costs and expenses proximately resulting from one or more member's gross negligence.

7.2 Association's Responsibility.

7.2.1 General. Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair all portions of the Common Areas and any easement area encumbering properties of

Owners for which the Association is responsible under this Declaration, including responsibility prior to transfer to the Association in accordance with Section 2.3, or any Supplemental Declaration, which responsibility shall include the maintenance, repair, and replacement of (a) the Recreational Amenities, (b) all drainage, walking, ingress and egress easements shown and noted on the Site Plan, (c) all private roads, road shoulders, walks, trails, lagoons, ponds, lots, landscaped areas, and other improvements situated within the Common Areas or easements, (d) security systems and utility lines, pipes, plumbing, wires, conduits, and related systems which are a part of its said properties and which are not maintained by a public authority, public service district, public or private utility, or other person, and (e) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within or upon its said properties. The Association shall not be liable for injury or damage to any person or property (i) caused by the elements or by any Owner or any other person, (ii) resulting from any rain or other surface water which may leak or flow from any portion of its properties, or (iii) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor shall the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of its properties or any other portion of the Property. No diminution or abatement of Assessments or Recreational Charges shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such Assessments and Recreational Charges being a separate and independent covenant on the part of each Owner.

7.2.2 Work In Behalf of Owners. In the event that Declarant or the Board of Directors determines that: (a) any Owner has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair, or replacement of items for which he or it is responsible hereunder, or (b) that the need for maintenance, cleaning, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his family, Tenant, guests, or invitees, and is not covered or paid for by insurance in whole or in part, then, in either event, Declarant or the Association, except in the event of an emergency situation, may give such Owner written notice in accordance with Section 13.17 of Declarant's or the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement, at the sole cost and expense of such Owner, and setting forth with reasonable particularity the maintenance, cleaning, repairs, or replacement deemed necessary. Except in the event of emergency situations, such Owner shall have fifteen (15) days within which to complete the same in a good, workmanlike and timely manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen (15)-day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, Declarant or the Association may provide (but shall not have the obligation to so provide) any such maintenance, cleaning, repair, or replacement at the sole cost and expense of such Owner and said cost shall be added to and become a part of the Assessment to which such Owner and his property are subject and shall become a lien against such property. In the event that Declarant undertakes such maintenance, cleaning, repair, or replacement, the Association shall promptly reimburse Declarant for Declarant's costs and expenses.

ARTICLE 8. INSURANCE AND CASUALTY LOSSES

8.1 Insurance.

8.1.1 Association's Property Insurance. The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without

depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

8.1.2 Association's Liability Insurance. The Board or its duly authorized agents shall have the authority to and shall obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its Members, its directors and officers, or any of its agents. Such public liability policy shall provide such coverages as are determined to be necessary by the Board of Directors.

8.1.3 Association's Other Insurance. The Board or its duly authorized agents shall have the authority and may obtain (a) worker's compensation insurance to the extent necessary to comply with any applicable laws and (b) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

8.1.4 Association's Policies. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development shall be vested in the Board of Directors; provided, however, that no mortgagee or other security holder of the Common Areas having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law, the Association shall be required to make every effort to secure insurance policies with the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in the State of South Carolina and holding a rating of A-IX or better in such financial categories as established by Best's Insurance Reports, if such a company is available or, if not available, its equivalent rating or the best rating possible.

(b) All property insurance policies shall be for the benefit of the Owners and their Mortgagees as their interests may appear.

(c) All policies shall contain a waiver of the insurer's right to cancel without first giving thirty (30) days' prior written notice of such cancellation to the Association and to any Mortgagee to which a mortgagee endorsement has been issued.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees, and all policies shall contain a provision that the "other insurance" clauses in such policies exclude from consideration policies obtained by individual Owners or their Mortgagees.

(e) All policies shall contain a waiver of subrogation by the insurer as to any claims against the Association, the Association's directors and officers, the Owners, and their respective families, servants, agents, Tenants, guests, and invitees, including, without limitation, the Association's manager.

(f) All policies shall contain a provision that no policy may be canceled, invalidated, or suspended on account of the conduct of one or more of the individual Owners, or their respective families, servants, agents, employees, Tenants, guests, and invitees, or on account of the acts of any director, officer, employee, or agent of the Association or of its manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

(g) All liability insurance shall contain cross-liability endorsements to cover liability of the Association to an individual Owner.

8.1.5 Owner's Insurance. It shall be the individual responsibility of each Owner at his own expense to provide, as he sees fit, public liability, property damage, title, and other insurance with respect to his or its

own property. The Board of Directors may require all Owners to carry public liability and property damage insurance with respect to their respective properties and to furnish copies or certificates thereof to the Association.

8.2 Damage or Destruction to Common Areas. Immediately after the damage or destruction by storm, fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article 8, means repairing or restoring the damaged property to substantially the same condition in which it existed prior to the storm, fire or other casualty. Unless within sixty (60) days following any damage or destruction to all or a part of the Common Areas, Declarant, for so long as Declarant owns any of the Property primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, and the Board acting on the vote of at least seventy-five percent (75%) of the vote of the Members present, in person or by proxy, and entitled to vote at a duly called meeting of the Members, shall otherwise agree, the Association shall restore or replace such damaged improvements. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 11.5.1 hereof, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction. Such a Special Assessment shall be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such Assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and Assessments shall be disbursed by the Association in payment for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association. If it is determined that the damage or destruction for which the insurance proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by storm, fire or other casualty shall be cleared and the Common Areas left in a clean, orderly, safe, and sightly condition.

8.3 Damage or Destruction to Owners' Properties. In the event of damage or destruction by storm, fire or other casualty to any Lot subject to this Declaration, or the improvements thereon, and in the further event that the Owner responsible for the repair and replacement of such property elects not to repair or rebuild, such Owner shall promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such property in a clean, orderly, safe, and sightly condition. Should such Owner elect to repair or rebuild such property or other improvements thereon, such Owner shall repair or rebuild to substantially the same condition as existed prior to such storm, fire or other casualty and in accordance with all applicable standards, restrictions, and provision of this Declaration (including, without limitation, Article 4) and all applicable zoning, subdivision, building, and other governmental regulations. All such work or repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion.

ARTICLE 9. CONDEMNATION

9.1 Condemnation of Common Areas. Whenever all or any part of the Common Areas of the Development shall be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board acting on the approval in writing by Members present, in person or by proxy, at a duly called meeting, representing seventy-five percent (75%) of the Members, and of Declarant, for so long as Declarant owns any of the Property primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, the award or proceeds made or collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed or held as follows:

9.1.1 Common Areas With Improvements. If the taking or sale in lieu thereof involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant, for so long as Declarant owns any of the Property primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, and the Board, acting on the vote of seventy-five percent (75%) of the votes cast by the Members present, in person or by proxy, and entitled to vote at a duly called meeting of the Members, shall otherwise agree, the Association shall restore or replace such improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefore, in accordance with the plans approved by the Architectural Review Committee, and by Declarant, for so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1. If the awards or proceeds are not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 11.5, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction. Such a Special Assessment shall be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. If such improvements are not to be repaired or restored, the award or proceeds shall be retained by and for the benefit of the Association.

9.1.2 Common Areas Without Improvements. If the taking or sale in lieu thereof does not involve any improvements to the Common Areas, or if there are net funds remaining after any such restoration or replacement of such improvements is completed, then such award, proceeds, or net funds shall be retained by and for the benefit of the Association.

9.1.3 Including Owner's Property. If the taking or sale in lieu thereof includes all or any part of an Owner's property and also includes any part of the Common Areas, then a court of competent jurisdiction shall apportion such award or proceeds and such award or proceeds shall be disbursed to the Association and the Owner so affected so as to give just compensation to the Owner for his interest in such property; provided, however, such apportionment may instead be resolved by the agreement of (i) the Board of Directors, and (ii) the Owners of all properties wholly or partially taken or sold, together with the Mortgagees for each such property, and (iii) Declarant, for so long as Declarant owns any of the Property primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development.

9.2 Condemnation of Owners' Properties.

9.2.1 Election Not To Restore. In the event that all or any part of a Lot or any improvements thereon is taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof, and in the further event that the Owner of such property responsible for the maintenance and repair thereof elects not to restore the remainder of such property, then the Owner making such election shall promptly clear away any remaining improvements damaged or destroyed by such taking or conveyance and shall leave such property and any remaining undamaged improvements thereon in a clean, orderly, safe, and sightly condition. In addition, if the size or configuration of such property remaining after such taking or conveyance is insufficient to permit the restoration of the remaining improvements thereon or therein to their condition prior to such taking or conveyance in compliance with all applicable standards, restrictions, and provision of this Declaration and all applicable zoning, subdivision, building, and other governmental regulations, then such Owner shall have the option, after clearing away all remaining improvements or portions thereof and placing the remainder in a clean, orderly, safe, and sightly condition referred to above, of deeding the remaining portion of the property to the Association as a part of the Common Areas, and thereafter any such Owner shall not have any further voting rights or membership rights or privileges in the Association or with respect to the Development and shall not be subject to any further Assessments imposed by the Association and payable after the date of such deeding and attributable to such property deeded to the Association.

9.2.2 Election to Restore. In the event that any part of a property subject to this Declaration, or any improvements thereon, is taken by any authority having the power of condemnation or eminent domain, or is

conveyed in lieu thereof, and if the Owner of such property responsible for the maintenance and repair of property elects to restore the remainder thereof such Owner making such election shall restore such remainder thereof as nearly as practicable to the same condition it was in prior to such taking or conveyance and in accordance with all applicable standards, restrictions, and provisions of this Declaration and all applicable zoning, subdivision, building, and other governmental regulations. All such work of restoration shall be commenced promptly following such taking or conveyance and shall be carried through diligently to conclusion.

ARTICLE 10. FUNCTIONS OF THE ASSOCIATION

10.1 Board of Directors and Officers. The Association, subject to the rights of Declarant and the rights and duties of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in a good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions thereof. Except to the extent otherwise required by the provisions of the Act, this Declaration, the By-Laws, or the Articles of Incorporation, the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the officers of the Association, without any further consent or action on the part of the Owners. As provided in Section 13.1 hereof and notwithstanding any other provision to the contrary contained in any instruments evidencing or establishing the Development, Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association until such time as the first of the following dates: (i) December 31, 2010; (ii) ninety (90) days after the date on which Declarant has conveyed to Owners other than Declarant one hundred (100%) percent of the Lots developed within the Property and the Additional Property and added to this declaration; or (iii) the date the Declarant surrenders the authority to appoint and remove directors and officers of the Association by an express amendment to this Declaration executed and filed Of Record by Declarant. Each Owner, by acceptance of a deed to or other conveyance of a Lot vests in Declarant such authority to appoint and remove directors and officers of the Association as provided by this Section 10.1 and by Section 13.1 hereof.

10.2 Duties and Powers. The duties and powers of the Association shall be those set forth in the provision of the Act, this Declaration, the By-Laws, and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association; provided; however, that if there are conflicts or inconsistencies between the Act, this Declaration, the By-Laws, or the Articles of Incorporation, the provisions of the Act, this Declaration, the Articles of Incorporation, and the By-Laws, in that order, shall prevail, and each Owner of a property within the Development, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association may exercise any other right or privilege given to it expressly by this Declaration or by law, together with every other right or privilege reasonable to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Such powers of the Association shall include, but shall not be limited to, the power to purchase one or more properties subject to this Declaration and to hold, lease, mortgage, sell, and convey the same. Such duties may include, but shall not be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to the Owners, to furnish trash collections, water, sewer, and/or security service for the properties subject to this Declaration. Notwithstanding the foregoing provision of this Section 10.2 or any other provision of this Declaration to the contrary, for so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, the Association shall not, without the consent of Declarant, borrow money or pledge, mortgage, or hypothecate all or any portion of the Common Areas.

10.2.1 Ownership of Properties. The Association shall be authorized to own, purchase, lease, use under any use agreement, and maintain (subject to the requirements of any Federal, State or Local Governing body of South Carolina) Common Areas, equipment, furnishings, and improvements devoted to the uses and purposes expressed and implied in this Declaration, including, but not limited to, the following uses:

- (a) For walking paths or trails, and bicycle paths throughout the Property;

- guardhouses;
- (b) For security services including security stations, maintenance building and/or
- Section 10.2.2 below;
- (c) For providing any of the services which the Association is authorized to offer under
- (d) For purposes set out in deeds or long-term leases or use agreements by which Common Areas are conveyed or leased by which use rights are granted to the Association;
- (e) For lakes, play fields, lagoons, waterways, drainage areas and easements, wildlife areas, fishing facilities;
- (f) For water and sewage facilities and any other utilities, if not adequately provided by a private utility or public body; and
- (g) For renourishment and installation and/or maintenance of any shore protection device, including, but not limited to, shore revetments and groins.
- (h) Unless prohibited by, and subject thereto, Federal, State or local ordinance with jurisdiction thereof, for fishing and hunting of wildlife and game but only pursuant to Section 5.3 and 10.2 hereof.

10.2.2 Services. The Association shall be authorized (unless prohibited by the requirements of any Federal, State or Local governing body) to provide such services as shall be required or would promote the uses and purposes for which the Association is formed as expressed or implied in this Declaration, including, but not limited to, the following services:

- (a) Cleanup and maintenance of all private roads, roadways, road shoulders, roadway medians, lakes, lagoons, waterways, drainage areas and easements, marshes and Common Areas within the Property and also all public properties which are located within or in a reasonable proximity to the Property such that their deterioration would affect the appearance of the Property as a whole;
- (b) Landscaping and lighting of walking paths and any other Common Areas;
- (c) Security provisions including, but not limited to, the employment of security personnel, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Property and assistance to the local police and sheriff departments in the apprehension and prosecution of persons who violate the laws of South Carolina within the Property;
- (d) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local governments;
- (e) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this Declaration and to collect regular Annual Assessments, Special Assessments, Emergency Special Assessment, Recreational Charges and other fees and charges collectable from the Owners hereunder;
- (f) To take any and all actions necessary to enforce these and all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property;
- (g) To operate an Architectural Review Committee;

(h) To conduct recreation, sport, craft, hunting, fishing, farming, husbandry and cultural programs of interest to Members, their children and guests;

(i) To construct improvements on Common Areas for use for any of the purposes or as may be required to provide the services as authorized in this Section or as the Board shall elect pursuant to its authority under other provisions of this Declaration;

(j) To provide administrative services including but not limited to legal, accounting and financial; and communications services informing Members of activities, notice of Meetings, Referendums, etc., incident to the above listed services;

(k) To provide liability and hazard insurance covering improvements and activities on Common Areas; and

(l) To provide for hearings and appeal process for violations of rules and regulations.

10.3 Agreements. Subject to the prior approval of Declarant for so long as Declarant has the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, all agreements and determinations lawfully authorized by the Board of Directors shall be binding upon the Association and all Owners, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Development or the privilege of possession and enjoyment of any part of the Development shall comply with and be subject to the authorized actions of the Board of Directors; and in performing its responsibilities hereunder, the Association, through its Board of Directors, shall have the authority to delegate to persons of its choice such duties of the Association as may be determined by the Board of Directors. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of the Development, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. All costs and expenses incident to the employment of a manager shall be a Common Expense. During the term of such management agreement, such manager may, if authorized by the Board of Directors, exercise all of the powers and shall be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers, or Members of the Association by this Declaration or the By-Laws. Such manager may be an individual, corporation, or other legal entity, as the Board of Directors shall determine, and may be bonded in such a manner as the Board of Directors may require, with the cost of acquiring any such bond to be a Common Expense. In addition, the Association may pay for, and the Board of Directors may hire and contract for, such legal and accounting services as are necessary or desirable in connection with the operation of the Development or the enforcement of this Declaration, the By-Laws, or the rules and regulations of the Association.

10.4 Mortgage or Pledge. Subject to the provisions of Section 5.2.1, the Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions. The Declarant may make loans to the Association, subject to approval by the Declarant of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed to reduce the limits of the regular Annual Assessment at any time there are outstanding any amounts due the Declarant as repayment of any loans made by the Declarant to the Association.

10.5 Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire and hold tangible and intangible personal property and real property and may dispose of the same by sale or otherwise. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, shall be held by and for the benefit of the Association. The shares of the Owners in the funds and assets of the Association cannot

be individually assigned, hypothecated, or transferred in any manner, except to the extent that a transfer of the ownership of a Lot also transfers the membership in the Association which is an appurtenance to such Lot.

10.6 Rules and Regulations. As provided in Article 12 hereof, the Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Lots and Common Areas, which rules and regulations shall be consistent with the rights and duties established by this Declaration.

10.7 Reduction in Services. During the calendar year of 2002, the Board of Directors of the Association shall define and list a minimum level of services which shall be furnished by the Association. So long as the Declarant is engaged in the development of properties which are subject to the terms of this Declaration, the Association shall not reduce the level of services it furnishes below such minimum level. Such minimum level of service shall expressly include an obligation of the Association to maintain the Common Areas and pay the costs and expenses set forth in any lease or use agreement therefor.

10.8 Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 10.7 above. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association. Special Assessments shall be submitted for approval as herein provided. Subject to the provisions of Section 10.2 above, and for so long as Declarant retains its voting rights as a Type B Member, the functions and services which the Association is authorized to carry out or to provide may be added or reduced at any time upon the affirmative vote of a majority of the votes cast by Members present, in person or by proxy, and entitled to vote at a duly called special meeting of the Members. At such time as Declarant no longer has voting rights as a Type B Member, pursuant to Section 6.2 herein, the functions and services which the Association is authorized to carry out or to provide may be added or reduced at any time upon the affirmative vote of two-thirds (2/3) of the votes cast by the Members present, in person or by proxy, and entitled to vote at a duly called meeting of the Members.

ARTICLE 11. ASSESSMENTS

11.1 Purpose of Assessments. The Assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of the Development, and maintaining the Development and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors.

11.2 Creation of Lien and Personal Obligation of Assessments. Each Owner, by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) Annual Assessments, such Assessments to be established and collected as provided in this Section 11.2, (b) Special Assessments, such Assessments to be established and collected as provided in Section 11.5, (c) Emergency Special Assessments, such Assessments to be established and collected as provided in Section 11.6, and (d) individual or specific Assessments against any particular property which are established pursuant to the terms of this Declaration, including, but not limited to, fines as may be imposed against a property in accordance with Article 12 hereof. Any such Assessments and any Recreational Charges payable, together with late charges, simple interest at the rate of fifteen percent (15%) per annum, and court costs and attorneys' fees incurred to enforce or collect such Assessments or Recreational Charges, shall be an equitable charge and a continuing lien upon the Lot of the Owner thereof which is responsible for payment. Each Owner shall be personally liable for Assessments and Recreational Charges coming due while he is the Owner of a Lot, and his grantee shall take title to such property subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefor; provided, however, the lien for unpaid Assessments or Recreational Charges shall be subordinate to the lien of any unpaid taxes and any Institutional Mortgage, and their respective successors and assigns. Sale or transfer of any Lot shall not affect the lien of the Assessments; however, the sale or transfer of any Lot, which is subject to any Institutional Mortgage, pursuant to a decree of foreclosure or any proceeding or conveyance in lieu of

foreclosure thereof, shall extinguish the lien of the Assessments as to payment thereof which became due prior to such sale or transfer. In the event of co-ownership of any property subject to this Declaration, all of such co-Owners shall be jointly and severally liable for the entire amount of such Assessments and Recreational Charges. Assessments and Recreational Charges shall be paid in such manner and on such dates as may be fixed by the Board of Directors in accordance with Section 11.3.5, provided that unless otherwise provided by the Board, the Annual Assessments shall be paid in equal monthly installments.

11.3 Establishment of Annual Assessment. It shall be the duty of the Board of Directors at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming year, such budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The Board shall cause the budget and the proposed total of the Annual Assessments to be levied against properties subject to this Declaration for the following year to be delivered to each Owner at least fifteen (15) days prior to such meeting. The total Annual Assessments shall be divided among the said Lots equally.

11.3.1 Additional Property. Upon the addition of any Additional Property pursuant to Section 2.2, Lots within such Additional Property shall be assessed or charged as herein above provided and on an equal basis with the then existing Lots subject to this Declaration. In such event, the Association's budget shall be accordingly revised by the Board of Directors, without the necessity of approval by the Owners, to include any Common Expenses related to such additional property.

11.3.2 Approval of Annual Assessments. The annual budget and Annual Assessments, as determined by the Board of Directors, as herein above provided, shall become effective unless disapproved (a) by the Declarant, so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, or (b), following termination Declarant's right to appoint and remove a member of the Board or an officer, by a majority of the votes cast, in person or by proxy, by Members entitled to vote at a duly called meeting. Notwithstanding the foregoing, in the event the proposed budget and Annual Assessments are not approved or the Board of Directors fails for any reason to determine the budget for the succeeding year and to set the Assessments, then and until such time as a budget and Annual Assessment shall have been determined as provided herein, the budget and Annual Assessments for the succeeding year shall be the Maximum Budget and Maximum Annual Assessments calculated in accordance with Section 11.4.

11.3.3 Special Meeting to Increase. If the Board of Directors of the Association, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any year by the Annual Assessment herein provided, it may call a special meeting of the Members in accordance with the provisions of Section 6.5 herein requesting approval of a specified increase in such Assessment. The proposed increased Assessment shall be levied upon the affirmative vote of two-thirds (2/3) of the votes cast by Members present, in person or by proxy, and entitled to vote at the special meeting. An increase in Annual Assessments in any year pursuant to a special meeting taken as aforesaid shall in no way affect Annual Assessments for subsequent years.

11.3.4 Initial Annual Assessments. The initial Association budget and Annual Assessment for all Owners shall be established within ninety (90) days of this Declaration being filed Of Record.

11.3.5 Billing of Annual Assessments. The Annual Assessments may, in the sole discretion of the Board of Directors, be billed monthly, quarterly, semiannually or annually, and bills therefor shall be due and payable thirty (30) days from the date of mailing of same.

11.3.6 Rounding. All Annual Assessments charged by the Association shall be rounded off to the nearest dollar.

11.3.7 For Common Expenses. The Common Expenses to be funded by the Annual Assessments may include, but shall not necessarily be limited to, the following:

fees;

(a) management fees and expenses of administration, including legal and accounting

(b) utility charges for utilities serving the Common Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided or paid by the Association;

(c) the cost of any policies of insurance purchased for the benefit of all the Owners and the Association as required or permitted by this Declaration, including fire, flood, and other hazard coverage, public liability coverage, and such other insurance coverage as the Board of Directors determines to be in the interests of the Association and the Owners;

(d) the expenses of maintenance, operation, and repair of those portions of the Common Areas which are the responsibility of the Association under the provisions of this Declaration;

(e) the expenses of maintenance, operation, and repair of other amenities and facilities serving the Development, the maintenance, operation, and repair of which the Board from time to time determines to be in the best interest of the Association;

(f) the expenses of the Architectural Review Committee, which are not defrayed by plan review charges;

(g) ad valorem real and personal property taxes assessed and levied against the Common Areas;

(h) the expenses for conducting recreational, cultural, or other related programs for the benefit of the Owners and their families, Tenants, guests, and invitees;

(i) such other expenses as may be determined from time to time by the Board of Directors of the Association to be Common Expenses, including, without limitation, taxes and governmental charges not separately assessed against Lots; and

(j) the establishment and maintenance of a reasonable reserve fund or funds, which shall be held in an interest-bearing account (i) for maintenance, repair, and replacement of those portions of the Common Areas which are the responsibility of the Association and which must be maintained, repaired, or replaced on a periodic basis, (ii) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (iii) to cover unforeseen operating contingencies or deficiencies arising from unpaid Assessments or liens, as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board of Directors.

11.4 Determination of Maximum Budget and Maximum Annual Assessment. The Maximum Budget and Maximum Annual Assessments shall be the greater of:

(a) The budget and Annual Assessments for the then current year, increased in proportion to the percentage increase, if any, for the then current year, in the "CPI-U," as hereinafter defined, from December of the preceding year to November of the then current year in which the said maximum budget and Annual Assessment is being determined, or by five (5%) percent, whichever is greater; or

(b) The budget and Annual Assessments for the year in which this Declaration is filed Of Record increased, to the year in which the said maximum budget and Annual Assessment is being determined in proportion to the percentage increase, if any, in the "CPI-U," as hereinafter defined, from December of the year preceding the year in which this Declaration is filed Of Record to November of the year in which the said maximum budget and Annual Assessment is being determined, or by five (5%) percent per annum, compounded, whichever is greater.

The "CPI-U" shall mean the Consumer Price Index for All Urban Consumers (1982=100), or, if such index is discontinued or revised, by reference to such other government index or computation with which it is replaced or which would produce substantially the same measure as would be obtained if such index had not been discontinued or revised.

11.5 Special Assessments for Improvements and Additions. In addition to the regular, Annual Assessments authorized by Section 11.3 hereof, the Association may levy Special Assessments, for the following purposes:

- (a) Construction or reconstruction, repair or replacement of capital improvements upon the Common Areas, including the necessary fixtures and personal property related thereto;
- (b) To provide for the necessary facilities and equipment to offer the services authorized herein;
- (c) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein.

11.5.1 Approval of Special Assessments. Except as otherwise permitted in Sections 5.4.2, 8.2, 9.1 and 11.6 hereof, any Special Assessment shall be approved by (i) Declarant, for so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, and (ii) thereafter by two-thirds (2/3) of the votes cast by Members in person or by proxy, and entitled to vote at a special meeting of the Members called for that purpose in accordance with the provisions of Section 6.5 herein. The notice of such special meeting shall include one statement from the Directors favoring the Special Assessment and one statement from those Directors opposing the Special Assessment containing the reasons for those Directors' support and opposition for the Assessment. Neither statement shall exceed five pages in length.

11.5.2 Interpretation; Maximum Special Assessment. This provision shall be interpreted to mean that the Association may make in any one year an Annual Assessment as set forth in Section 11.3 plus an additional Special Assessment. Such Special Assessment in any one year may not exceed a sum equal to the amount of the Maximum Annual Assessment, as calculated in accordance with Section 11.4 for such year. The fact that the Association has made an Annual Assessment for an amount up to the permitted Maximum Annual Assessment shall not affect its right to make a Special Assessment up to an equal amount during the same year.

11.5.3 Apportionment. The proportion of each Special Assessment to be paid by the Owners shall be equal to the proportion of the regular Annual Assessments made for the Assessment year during which such Special Assessments are approved by the Members.

11.6 Emergency Special Assessments. In addition to the Annual Assessments authorized by Section 11.3 and the Special Assessment authorized by Section 11.5 hereof, the Association may levy Assessments for repairs, reconstruction, alterations or improvements due to emergencies of any type, as determined by the Declarant and/or the Board of Directors, in their sole discretion ("Emergency Special Assessment"). Any Emergency Special Assessment may be imposed without a vote of the Members.

11.7 Declarant's Properties. Anything contained herein to the contrary notwithstanding, Declarant shall be exempt from the payment of any Annual Assessments, Special Assessments and Emergency Special Assessments with respect to unimproved and unoccupied properties owned by the Declarant and subject to this Declaration. The Declarant hereby covenants and agrees, however, that, so long as Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, it shall pay to the Association, at the end of the annual accounting period, a sum of money equal to any operating deficit experienced by the Association; provided, however, the Declarant shall not pay more than a sum equal to the amount of the Assessment for said year, or portion thereof owned, which the Declarant would have paid if the exempted property were not exempt. Any such payment by Declarant may be made in-kind.

11.8 Individual Assessments. Any expenses of the Association or the Declarant occasioned by the conduct of less than all of the Owners or by the family, Tenants, agents, guests, or invitees of any Owner shall be specially assessed against such Owners and their respective Lots. The individual Assessments provided for in this Section 11.8 shall be levied by the Board of Directors and the amount and due date of such Assessment so levied by the Board shall be as specified by the Board.

11.9 Effect of Nonpayment; Remedies of the Association. Any Assessments or Recreational Charges of an Owner or any portions thereof which are not paid when due shall be delinquent. Any Assessment or Recreational Charges delinquent for a period of more than ten (10) days after the date when due shall incur a late charge in an amount as may be determined by the Board from time to time and, upon adoption of a policy therefor by the Board of Directors, shall also commence to accrue simple interest at the rate of fifteen percent (15%) per annum. A lien and equitable charge as herein provided for each Assessment or Recreational Charge shall attach simultaneously as the same shall become due and payable, and if an Assessment or Recreational Charge has not been paid within thirty (30) days of its due date, the entire unpaid balance of the Assessment or Recreational Charge may be accelerated by the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such Assessment or Recreational Charge shall include the late charge established by the Board of Directors, and, upon adoption of a policy therefor by the Board of Directors, interest on the principal amount due at the rate of fifteen percent (15%) per annum, all costs of collection (including reasonable attorneys' fees and court costs), and any other amounts provided or permitted hereunder or by law. In the event that the Assessment or Recreational Charge remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suite to collect such amounts and to foreclose its lien. The equitable charge and lien provided for in this shall be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Lot, vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such Assessments and Recreational Charges as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The Association shall have the power to bid on the Lot at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the Assessments and Recreational Charges provided for herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot, and an Owner shall remain personally liable for Assessments, Recreational Charges, interest, and late charges which accrue prior to a sale, transfer, or other conveyance of his Lot.

11.10 Certificate. The Treasurer, any Assistant Treasurer, or the manager of the Association shall, within ten (10) days of a written request and upon payment of such fee as is from time to time determined by the Board of Directors, furnish to any Owner or such Owner's Mortgagee which requests the same, a certificate in writing signed by said Treasurer, Assistant Treasurer, or manager setting forth whether the Assessments and Recreational Charges for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, accrued interest, and other penalty charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any Assessments and Recreational Charges stated therein to have been paid.

11.11 Date of Commencement of Assessments. The Assessments provided for herein shall commence as to property subject to this Declaration on the date on which such property is conveyed to a person other than Declarant and shall be due and payable in such manner and on such schedule as the Board of Directors may provide. Annual Assessments, Special Assessments and Emergency Special Assessments shall be adjusted for such property according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such property is first conveyed. Annual Assessments, Special Assessments and Emergency Special Assessments for properties in portions of the Additional Property hereafter submitted to the terms of this Declaration shall commence with respect to each such property on the later of (i) the day on which such property is conveyed to a person other than Declarant, or (ii) the day the Supplemental Declaration so submitting such properties is filed Of Record, and Annual Assessments, Special Assessments and Emergency Special Assessments for each such property shall be adjusted according to the number of months then remaining in the fiscal year of the Association and the number of days then remaining in the month in which such Assessments commence.

11.11.1 Working Capital And Long-Term Road Maintenance Funds Collected At Closing. Each Owner of a property subject to this Declaration, other than Declarant, shall pay to the Association a sum equal to two (2) months of the Annual Assessment for working capital, which cost, when paid, can be recovered from the grantee of an Owner upon conveyance of said property by the Owner. Each Owner of a property subject to this Declaration, other than Declarant, shall also pay to the Association a sum equal to Five Hundred Dollars (\$500.00) for long-term road maintenance reserve, which cost, when paid, can be recovered from the grantee of an Owner upon conveyance of said property by the Owner. Such sums are and shall remain separate and distinct from Annual Assessments and shall not be considered advance payments of Annual Assessments. Each such Owner's share of working capital, as aforesaid, shall be collected from such Owner upon his purchase of property subject to this Declaration, and must be transferred to the Association at the time of closing the conveyance from the Declarant to the Owner.

ARTICLE 12. RULE MAKING

12.1 Rules and Regulations. Subject to the provisions hereof, the Board of Directors may establish reasonable rules and regulations concerning the use of Lots and the Common Areas, and facilities located thereon, including, without limitation, the Recreational Amenities. In particular but without limitation, the Board of Directors may promulgate from time to time rules and regulations which shall govern activities which may, in the judgment of the Board of Directors, be environmentally hazardous, such as application of fertilizers, pesticides, and other chemicals. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, Tenants, guests, invitees, servants, and agents, until and unless any such rule or regulation be specifically overruled, canceled, or modified by the Board of Directors or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the votes cast, provided that in the event of such vote, such action must also be approved by Declarant, for so long as Declarant has the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1 hereof.

12.2 Authority and Enforcement. Subject to the provisions of Section 12.3 hereof, upon the violation of this Declaration, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any Assessments or Recreational Charges, the Board shall have the power (i) to impose reasonable monetary fines which shall constitute an equitable charge and a continuing lien upon the Lot, the Owners, Occupants, or guests of which are guilty of such violation, (ii) to suspend an Owner's right to vote in the Association, or (iii) to suspend an Owner's right (and the right of such Owner's family, guests, and Tenants of the co-Owners of such Owner and their respective families, guests and Tenants) to use any of the Common Areas and Recreational Amenities, and the Board shall have the power to impose all or any combination of these sanctions; provided, however, an Owner's access to its property over the private roads and streets constituting Common Areas will not be terminated hereunder. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or Tenants or by his co-Owners or the family, guests or Tenants of his co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

12.3 Procedure. Except with respect to the failure of to pay Assessments or Recreational Charges, the Board shall not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other Occupant of the Development for violations of the Declaration, By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

12.3.1 Demand to Cease and Desist. Written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violation specifying:

- (a) The alleged violation;
- (b) The action required to abate the violation; and

(c) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

12.3.2 Notice of Hearing. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice, in accordance with Section 13.15 of a hearing to be held by the Board in executive session. The notice shall contain:

- (a) The nature of the alleged violation;
- (b) The time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;
- (c) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his behalf; and
- (d) The proposed sanction to be imposed.

12.3.3 Hearing. The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard 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 matter of delivery is entered by the officer, director, or other individual who delivered such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

ARTICLE 13. GENERAL PROVISIONS

13.1 Control of Declarant. NOTWITHSTANDING ANY OTHER LANGUAGE OR PROVISION TO THE CONTRARY IN THIS DECLARATION, IN THE ARTICLES OF INCORPORATION, OR IN THE BY-LAWS OF THE ASSOCIATION, Declarant hereby retains the right to appoint and remove any member or members of the Board of Directors of the Association and any officer or officers of the Association as provided by and for the term set forth in Section 10.1 hereof. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, agrees that Declarant shall have the authority to appoint and remove directors and officers of the Association in accordance with the foregoing provisions of this Section 13.1 and the provisions of Section 10.1. The provisions of this Section 13.1 are supplemental to, and not in substitution of, the rights retained by Declarant pursuant to this Declaration.

13.1.1 Voting Agreement and Proxy. By acceptance of a deed or other conveyance of an interest, all Members do hereby grant, and if further required, do agree to vote in a manner to provide, to Declarant all voting rights and other corporate powers specifically reserved to and designated for Declarant under this Declaration. **IN CONNECTION WITH THIS VOTING AGREEMENT, EACH MEMBER APPOINTS DECLARANT AS PROXY FOR SUCH MEMBER WITH FULL POWER OF SUBSTITUTION TO VOTE FOR THE MEMBER ON ALL SUCH MATTERS ON WHICH THE MEMBER MAY BE ENTITLED TO VOTE, AND WITH RESPECT TO WHICH THERE IS A RESERVATION OR DESIGNATION OF VOTING RIGHTS IN DECLARANT UNDER THIS DECLARATION, AND WITH ALL POWERS WHICH THE MEMBER WOULD POSSESS IF PERSONALLY PRESENT AT ANY MEETING OF MEMBERS. SUCH APPOINTMENT SHALL BE, UPON ACCEPTANCE OF A DEED OR OTHER CONVEYANCE BY THE MEMBER AND WITHOUT THE NECESSITY OF FURTHER ACTION BY THE DECLARANT OR THE MEMBER, A POWER COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE.** Such appointment shall be effective as of the date on which a deed or other conveyance of an interest to the Member is filed Of Record. This irrevocable proxy shall automatically terminate on the date Declarant's voting rights as a Type B Member terminate. The within voting agreement and proxy are in addition to, and not in substitution of, all rights of Declarant herein provided, which shall run with the Property.

13.1.2 Creation of New Board. Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of Section 10.1 and this Section 13.1, such right shall pass to the Owners, including Declarant if Declarant then owns one or more properties subject to this Declaration, and a special meeting of the Association shall be called within a reasonable time thereafter. At such special meeting the Owners shall elect a new Board of Directors which shall undertake the responsibilities of the Board of Directors, and Declarant shall deliver all books, accounts, and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period and which Declarant has in its possession.

13.2 Amendments by Declarant. During any period in which Declarant retains the right to appoint and remove any directors and officers of the Association as set forth in Sections 10.1 and 13.1, Declarant may amend this Declaration by an instrument in writing filed Of Record without the approval of any Owner or Mortgagee; provided, however, that, with the exception of the addition of any portion of the Additional Property to the terms of this Declaration, (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of his Lot or the Common Areas as set forth in this Declaration or adversely affects the title to any Lot, such amendment shall be valid only upon the written consent thereto by a majority in number of the then existing Owners affected thereby; (ii) in the event that such amendment would materially and adversely affect the security title and interest of any Mortgagee, such amendment shall be valid only upon the written consent thereto of all such Mortgagees so affected; and (iii) in the event that such amendment also is an amendment to the Bylaws, the amendment will be adopted pursuant to the applicable procedures of the Act. Notwithstanding the foregoing to the contrary, the expiration or termination of the right of Declarant to appoint and remove any directors and officers of the Association shall not terminate Declarant's right to amend the Declaration for the purpose of submitting the Additional Property or any portion thereof to the provisions of this Declaration as provided in Section 2.2 hereof. Any amendment made pursuant to this Section 13.2 shall be

certified by Declarant as having been duly approved by Declarant, and by such Owners and Mortgagees if required, and shall be effective only upon it being filed Of Record or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance of a Lot, agrees to be bound by such amendments as are permitted by this Section 13.2 and further agrees that, if requested to do so by Declarant, such Owner will consent to the amendment of this Declaration or any other instruments relating to the Development (b) if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule, or regulation or any judicial determination which shall be in conflict therewith, (c) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any properties subject to this Declaration, (d) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any properties subject to this Declaration, or (e) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure Mortgages on the properties or other improvements subject to this Declaration.

13.3 Amendments by Association. Amendments to this Declaration, other than those authorized by Section 13.2 hereof, shall be proposed and adopted in the following manner:

(a) Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each Member of the Association.

(b) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board of Directors or by Members of the Association. Such amendment must be approved by the affirmative vote of Members present, in person or by proxy, entitled to vote and holding at least two-thirds (2/3) of the total votes in the Association, which percentage shall also constitute the quorum required for any such meeting; provided, however, (i) that any amendment which materially and adversely affects the security title and interest of any Mortgagee must be approved by such Mortgagee; (ii) during any period in which Declarant has the right to appoint and remove any member or members of the Board of Directors or any officer or officers of the Association pursuant to Sections 10.1 and 13.1, such amendment must be approved by Declarant; and (iii) in the event that such amendment also is an amendment to the Bylaws, the amendment will be adopted pursuant to the applicable procedures of the Act.

(c) The agreement of the required percentage of the Owners and, where required, Declarant and any Mortgagee, to any amendment of this Declaration shall be evidenced by their execution of such amendment, or, in the alternative, the sworn statement of the President of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement shall state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when filed Of Record or at such later date as may be specified in the amendment itself.

Anything contained in this Section 13.3 to the contrary notwithstanding, no amendment under this Declaration shall be made, or any vote therefor effective, if the result or effect thereof would have a material adverse effect upon Declarant without the prior written consent of the Declarant.

13.4 Enforcement. Each Owner shall comply strictly with the By-Laws and the published rules and regulations of the Association adopted pursuant to this Declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed or other instrument of conveyance of his Lot, if any. Failure to comply with any of the same shall be grounds for imposing fines, for suspending voting rights or rights of use in and to the Recreational Amenities, or for instituting an action to recover sums due, for damages, and/or for injunctive relief, such actions to be maintainable by Declarant, the Board of Directors on behalf of the Association, or, in a proper case, by an aggrieved Owner. Should Declarant or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the violating Owner. Inasmuch as the enforcement of the provisions of this Declaration, the By-Laws, and the rules and regulations of the Association are essential for the effectuation of the general plan of

development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and that Declarant, the Association, or any aggrieved Owner, in addition to all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or any threatened violation or breach. No delay, failure, or omission on the part of Declarant, the Association, or any aggrieved Owner in exercising any right, power, or remedy thereafter as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, shall bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against Declarant or the Association for or on account of any failure to bring any action on account of any violation or breach, of the provisions of this Declaration, the By-Laws, or any rules and regulations of the Association by any person, however long continued.

13.5 Duration. The provisions of this Declaration shall run with and bind title to the Property, shall be binding upon and inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, legal representatives, successors, and assigns, and shall be and remain in effect for a period of thirty (30) years from and after the date this Declaration is filed Of Record, provided that rights and easements which are stated herein to have a longer duration shall have such longer duration. Upon the expiration of said thirty (30)-year period, this Declaration shall be automatically renewed for successive ten (10)-year periods. The number of ten (10)-year renewal periods shall be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10)-year renewal period for an additional ten (10)-year period; provided, however, that there shall be no renewal or extension of this Declaration, if, during the last year of an initial thirty (30)-year period or the last year of any ten (10)-year renewal period, seventy-five percent (75%) votes in the Association, by Members present, in person or by proxy and entitled to vote at a duly called meeting of the Members in favor of terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination shall be filed of Record, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any Property, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Declaration shall run with and bind title to the Property as provided hereby.

13.6 Termination of Association. In the event that this Declaration be declared to be void, in valid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Area belonging to the Association at the time of such adjudication shall revert to the Declarant, and the Declarant shall own and operate said Common Areas as Trustee for use and benefit of Owners within the Property as set forth below. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Section 13.5, all Common Areas owned by the Association at such time shall be transferred to a properly appointed Trustee, which Trustee shall own and operate said Common Areas for the use and benefit of Owners within the Property as set forth below:

(a) Each lot, parcel or tract of land located within the Property shall be subject to an Annual Assessment which shall be paid by the Owner thereof to the Declarant or Trustee, whichever becomes the successor in title to the Association. The amount of such Annual Assessment and its due date shall be determined solely by the Declarant or the Trustee, as the case may be, but the amount of such Annual Assessment on any particular lot, parcel or tract of land shall not exceed the amount actually assessed against that lot, parcel or tract of land in the last year that Assessments were levied by the Association, subject to the adjustment set forth in subparagraph (b) immediately below.

(b) The rate of the Annual Assessment which may be charged by the Declarant or Trustee hereunder on any particular lot or parcel may be automatically increased each year by either five (5%) percent or the percentage increase between the first month and the last month of the Annual Assessment period in the CPI-U issued by the U.S. Bureau of Labor Statistics in its monthly report, whichever of these two percentage figures is larger. The actual amount of such increase in the regular Annual Assessment on a parcel shall equal the regular Annual Assessment on such

lot or parcel for the previous year multiplied by the larger of the two percentage factors set forth above. If the CPI-U is discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.

(c) Any past due Annual Assessment together with interest thereon at the greater of fifteen (15%) percent or the maximum annual rate permitted by law from the due date and all costs of collection including reasonable attorney's fees shall be a personal obligation of the Owner at the time that Annual Assessment become past due, and it shall also constitute and become a charge and continuing lien on the lot or parcel of land and all improvements thereon, against which the Assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.

(d) The Declarant, or the Trustee, as the case may be, shall be required to use the funds collected as Annual Assessments for the operation, maintenance, repair and upkeep of the Common Areas. Declarant or Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Neither the Declarant nor the Trustee shall have the obligations to provide for operation, maintenance, repair and up-keep of the Common Areas once the funds provided by the Annual Assessment have been exhausted.

(e) The Declarant shall have the right to convey title to the Common Areas and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby.

(f) The Trustee shall have the power to dispose of the Common Areas (subject to the limitations of Article 3), free and clear of the limitations imposed hereby; provided, however, that such disposition shall first be approved in writing by seventy-five (75%) percent of the Owners of Property within the Property or in the alternative shall be found, in the exercise of reasonable business judgment, to be in the best interest of the Owners of property within the Property. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Common Areas, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and upkeep of such Property, then for the payment of any obligations distributed among the Owners of property within the Development, exclusive of the Trustees, in a proportion equal to the portion that the Maximum Annual Assessment on property owned by a particular Owner bears to the total Maximum Annual Assessment for all property located within the Property.

13.7 Litigation. No judicial or administrative proceeding shall be commenced or proposed by the Association unless approved in writing by Members present, in person or by proxy, at a duly called meeting, representing seventy-five percent (75%) of the Members. This Section shall not apply, however, to actions brought by the Association to enforce the provisions of this Declaration, including the foreclosure of liens and the imposition and collection of Assessment and other charges, or to proceedings involving ad valorem taxes, or to counterclaims by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes necessary to institute proceedings as provided herein.

13.8 Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

13.9 Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Declarant or the Board of Directors will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive. The effective date of this Declaration shall be the date of its filing Of Record. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only

for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer. This Declaration shall be construed under and in accordance with the laws of the State of South Carolina.

13.10 No Affirmative Obligation Unless Stated. ANY RESERVATION OR RIGHT OF THE DECLARANT WHICH IS STATED IN OR IMPLIED FROM THESE COVENANTS SHALL NOT GIVE RISE TO ANY AFFIRMATIVE OBLIGATION OR DUTY ON THE PART OF THE DECLARANT UNLESS EXPRESSLY STATED IN THIS DECLARATION.

13.11 No Implied Liabilities or Duties. ANY RULES OR REGULATIONS ESTABLISHED BY THE DECLARANT PURSUANT TO THESE COVENANTS SHALL NOT EXPRESSLY OR IMPLIEDLY CREATE ANY DUTY OF CARE TO ANY PROPERTY OWNER.

13.12 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

13.13 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

13.14 Rights of Third Parties. This Declaration shall be filed Of Record for the benefit of Declarant, the Owners, and their Mortgagees as herein provided, and by such recording, no adjoining property owner or third party shall have any right, title or interest whatsoever in the Development, except as provided herein, or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of Declarant and Mortgagees as herein provided, the Owners shall have the right to extend, modify, amend, or otherwise change the provisions of this Declaration without the consent, permission, or approval of any adjoining owner or third party.

13.15 Notice of Sale, Lease or Mortgage. In the event an Owner sells, leases, mortgages, or otherwise disposes of any Lot, the Owner must promptly furnish to the Association in writing the name and address of such purchaser, lessee, mortgagee, or transferee.

13.16 No Trespass. Whenever the Association, Declarant, the Architectural Review Committee, and their respective successors, assigns, agents, or employees are permitted by this Declaration to enter upon or correct, repair, clean, maintain, preserve, or do any other action within any portion of the Development, the entering thereon and the taking of such action shall not deem to be trespass.

13.17 Notices. Notices required hereunder shall be in writing and shall be delivered by hand or sent by United States Mail, postage prepaid. All notices to Owners shall be delivered or sent to such addresses as have been designated in writing to the Association, or if no address has been so designated, at the addresses of such Owners' respective Lots. All notices to the Association shall be delivered or sent in care of Declarant to Declarant's main office, c/o The Avery Company, Inc., 222 Coleman Boulevard, Mt. Pleasant, South Carolina 29464, or to such other address as the Association may from time to time notify the Owners. All notices to Declarant shall be delivered or sent to Declarant's main office, c/o The Avery Company, Inc., 222 Coleman Boulevard, Mt. Pleasant, South Carolina 29464, or to such other address as Declarant may from time to time notify the Association. Notices to Mortgagees shall be delivered or sent to such addresses as such Mortgagees specify in writing to the Association. Notices to any other person or persons entitled to same hereunder shall be delivered or sent to such address or addresses as such person or persons specify, from time to time, in writing to the sender, or, in the absence thereof, to such address or addresses as shall be, in the exercise of reasonable judgment by the sender, reasonably expected to be received by such person or persons.

IN WITNESS WHEREOF, duly authorized officers of the undersigned Declarant have executed this Declaration under seal, the day and year above written.

DECLARANT:

Signed, sealed and delivered in the presence of:

M. Kelly
Norothy D. Lyman

Sewee Preserve, LLC
*a South Carolina limited liability company

By: Sewee Preserve Management, Inc., Manager

By: *[Signature]*
Dennis A. Avery, Its President

ASSOCIATION ACKNOWLEDGMENT

The undersigned Officer of Sewee Preserve Property Owners Association in behalf of itself and its existing and future Members of the Association, does hereby acknowledge the foregoing Covenants, Conditions And Restrictions For Sewee Preserve, consenting to all the terms and conditions thereof and agreeing to be bound thereby.

Signed, sealed and delivered in the presence of:

M. Kelly
Norothy D. Lyman

SEWEE PRESERVE PROPERTY OWNERS ASSOCIATION

By: *[Signature]*
Its: Pres.

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGMENT
COUNTY OF CHARLESTON)

The foregoing instrument was acknowledged before me this 31st day of May, 2001, by Sewee Preserve, LLC *
by Sewee Preserve Management, Inc., its Manager, by Dennis A. Avery, its President.

Abdullah A. Gomez (SEAL)
Notary Public for South Carolina
My Commission Expires: 7/13/2008

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGMENT
COUNTY OF CHARLESTON)

The foregoing instrument was acknowledged before me this 31st day of May, 2001, by Sewee Preserve
Property Owners Association, by Dennis A. Avery, its President.

Abdullah A. Gomez (SEAL)
Notary Public for South Carolina
My Commission Expires: 7/13/2008

EXHIBIT "A"

Legal Description of Property

All those certain pieces, parcels or tracts of land situate, lying and being in Christ Church Parish, Charleston County, State of South Carolina, being shown and designated as Lot Nos. 1-30 and Long Marsh Lane and Sewee Preserve Road and all other roads in Sewee Preserve on that certain plat entitled "SEWEE PRESERVE, CHRIST CHURCH PARISH, CHARLESTON COUNTY, SOUTH CAROLINA" by Absolute Surveying, Inc., dated April 23, 2001 and last revised May 10, 2001 and recorded in Plat Book E E, at Page 858, Charleston County RMC Office, reference to which is craved for a more complete description. 861

ALSO

All right, title and interest in and to the marsh located adjacent to the highland contained within Tract A to the low water mark of See-Wee Bay, all as shown on a plat entitled "PLAT OF A 1166.92 ACRE TRACT OF LAND OWNED BY J.A. NEWKIRK ETAL. LOCATED ON U.S. HWY. NO. 17 IN CHRIST CHURCH PARISH, CHARLESTON COUNTY, SOUTH CAROLINA" prepared by Harold J. LeaMond dated May 27, 1976, and recorded in Plat Book AG, Page 97 in the RMC Office for Charleston County, reference to said plat being craved for a more complete description.

Legal Description of the Additional Property

All that piece, parcel or tract of land situate, lying and being in Christ Church Parish, Charleston County, State of South Carolina, being shown and designated as Tract 1 (Residual) and Tract 2 (Residual) on that certain plat entitled "SEWEE PRESERVE, CHRIST CHURCH PARISH, CHARLESTON COUNTY, SOUTH CAROLINA" by Absolute Surveying, Inc., dated December 6, 2000 and last revised March 13, 2001 and recorded in Plat Book EE, pages ~~861~~⁸⁵⁸, Charleston County RMC Office, reference to which is craved for a more complete description.

EXHIBIT C

BY-LAWS
OF
SEWEE PRESERVE
PROPERTY OWNERS ASSOCIATION

ARTICLE INAME AND LOCATION

The name of the Corporation is Sewee Preserve Property Owners Association, hereinafter referred to as the "Association". The principal office of the Association shall be located c/o The Avery Company, Inc., at 222 Coleman Boulevard, Mt. Pleasant, South Carolina 29464, but meetings of Members and Directors may be held at such places within the State of South Carolina as may be designated by the Board of Directors.

ARTICLE IIGENERAL

As supplemented herein, the regulation of the business and affairs of the Association shall be governed by certain provisions of the Declaration of Covenants, Conditions and Restrictions for Sewee Preserve ("Declaration"), as amended from time to time, which are incorporated herein by reference as if set forth verbatim. The applicable provisions of the Declaration are Sections 2.2.2, all Sections of Article 6, Sections 8.1.1 through 8.1.4, 8.2, 9.1, 9.1.1, all Sections of Article 10, all Sections of Article 11 except Sections 11.2, 11.5.3, 11.7 and 11.11.1, all Sections of Article 12, and Sections 13.1 and 13.3.

ARTICLE IIIDEFINITIONS

To the extent applicable, the Definitions set forth in the Declaration are hereby incorporated herein as if set forth verbatim.

ARTICLE IVMEMBERSHIP

Section 1. General. Membership in the Association shall be as set forth in the Declaration.

Section 2. Suspension Of Rights. The membership rights of any person whose interest in the Property is subject to Assessments under the Declaration whether or not he be personally obligated to pay such Assessments, may be suspended by action of the Directors during the period when the Assessments remain unpaid; but, upon payment of such Assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of any person thereon, as provided in the Declaration, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations as set forth therein.

ARTICLE VVOTING RIGHTS

Voting rights in the Association shall be as provided in the Declaration.

ARTICLE VIPROPERTY RIGHTS AND RIGHTS OF
ENJOYMENT OF COMMON AREAS

Section 1. Use of Common Areas. Each Member shall be entitled to the use and enjoyment of the Common Areas as provided in the Declaration.

Section 2. Delegation of Rights. Except as otherwise provided in the Declaration, any Member may delegate his rights of enjoyment in the Common Areas and, with respect to an Owner of a Lot or Recreational Amenities, to the members of his Family who reside upon the Property or to any of his tenants or renters who lease or rent from him. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to such person or person. The rights and privileges of such person or persons are subject to suspension under Article IV hereof to the same extent as those of the Member.

ARTICLE VIIASSOCIATION PURPOSES AND POWERS

Section 1. Association's Purposes. The Association has been organized for the purposes set forth in the Declaration including, without limitation, the following:

- (a) to own, acquire, build, operate and maintain the Common Areas, including but not limited to Recreational Amenities, parking areas, buildings, structures and personal property incident thereto;
 - (b) to clean, clear, trim, remove weeds, limbs, and debris from, and to provide general grounds maintenance for both the Property and the Common Areas;
 - (c) to fix Assessments (or charges) to be levied against the Property in the subdivision;
 - (d) to enforce any and all covenants and restrictions and agreements applicable to the Property;
- and
- (e) to pay taxes and insurance, if any, on the Common Areas.

Section 2. Additions to Property and Membership. Additions to the Property may be made as provided in the Declaration. Such additions, when properly made under a Supplemental Declaration, shall extend the jurisdiction, functions, duties and membership of the Association to such Property.

Section 3. Mergers and Consolidations. Subject to the provisions of the Declaration, and to the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall be approved in writing by Members present, in person or by proxy, at a duly called meeting, representing two-thirds (2/3) of the Members.

Section 4. Mortgages; Other Indebtedness. The Association shall have the power to mortgage the Common Areas as set forth in the Declaration.

Section 5. Dedication of Property or Transfer of Function to Public Agency or Utility. The Association shall have the power to dispose of its real property or dedicate same only as authorized under the Declaration.

ARTICLE VIII

BOARD OF DIRECTORS

Section 1. Board of Directors; Selection; Terms of Office. The affairs of the Association shall be managed by a Board of Directors. The initial Board of Directors shall consist of three (3) Directors who shall be selected by the Declarant. The Declarant shall have the sole right to appoint and remove any member or members of the Board of Directors of the Association pursuant to Sections 10.1 and 13.1 of the Declaration until the first of the following dates: (i) December 31, 2010; (ii) ninety (90) days after the date on which Declarant has conveyed to Owners other than Declarant property representing one hundred percent (100%) of the total number of Lots intended for development on all of the Property as set forth in a Supplemental Declaration; or (iii) the date the Declarant surrenders the authority to appoint and remove Directors of the Association by an express amendment to the Declaration executed and filed Of Record by Declarant. At the first annual meeting of Members after the occurrence of the first of such events, the Members shall elect five (5) Directors, one of whom must be the President. The Members shall elect two (2) Directors for a term of one (1) year, two (2) Directors for a term of two (2) years and one (1) Director for a term of three (3) years. Notwithstanding the foregoing, in the event that the President is removed from such office pursuant to Article XII below, his term as a Director shall expire upon the effective date of such removal.

Section 2. Vacancies in the Board of Directors. Vacancies in the Board of Directors shall be filled by Declarant until Declarant has no authority to appoint Directors and thereafter by the majority of the remaining Directors, or by a sole remaining Director, and any such appointed Director shall serve for the remaining term of his predecessor. In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors without excuse, the Board may, by action taken at the meeting during which said third absence occurs, declare the office of said Director to be vacant.

ARTICLE IX

ELECTION OF DIRECTORS

Election to the Board of Directors shall be as provided in Article VIII above. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration applicable to the Property. The names receiving the largest number of votes shall be elected.

ARTICLE X

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Board of Directors' Powers. The Board of Directors shall have power:

- (a) to call special meetings of the Members;
- (b) subject to Article XII herein, to appoint and remove at its pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever;

- (c) to establish, levy and assess, and collect the Assessments or charges;
- (d) to adopt and publish rules and regulations governing the use of the Common Areas and Recreational Amenities, and the personal conduct of the Members and their guests thereon;
- (e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the members in the Charter of the Corporation, these Bylaws or the Declaration;
- (f) to fill vacancies on the Board of Directors pursuant to Article VIII above;
- (g) to appoint an Executive Committee of three (3) Directors and delegate all or any portion of the powers of the Board of Directors to this Executive Committee , subject to the limitations on the authority of the Executive Committee imposed by law; and
- (h) to take such other action as provided in the Declaration.

Section 2. Board of Directors' Duties. It shall be the duty of the Board of Directors:

- (a) to cause to be kept a complete record of all its acts and corporate affairs;
- (b) to supervise all officers, agents and employees of this Association and to see that their duties are properly performed;
- (c) to fix the amount of Assessments in accordance with the Declaration;
- (d) to prepare a roster of the Property and Assessments applicable thereto which shall be kept in the Office of the Association and shall be open to inspection by any Member;
- (e) to send written notice of each Assessment to each Property Owner subject thereto; and
- (f) to issue upon demand by any Owner or mortgage lender a certificate setting forth whether any Assessment has been paid. Such certificate shall be conclusive evidence of any Assessment therein stated to have been paid.

Section 3. Resignation. A Director of the Association may resign at any time by giving a written notice to the Board of Directors or the President of the Association. The resignation of any Director shall take effect upon delivery of the notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal. Except as otherwise provided in the Declaration and in Article VIII herein, any Director may be removed, with or without cause, by a vote of the holders of a majority of the votes of the Members present, in person or by proxy, and entitled to vote at a special meeting of the Members called for that purpose.

ARTICLE XI

DIRECTORS' MEETINGS

Section 1. Directors' Annual Meeting. The annual meeting of the Board of Directors shall be held at the discretion of the Board of Directors with ample notice given to each member.

Section 2. Notice. Ten (10) days' written notice of such annual meeting shall be given to each Director.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two (2) Directors after not less than three (3) days' notice to each Director.

Section 4. Waiver of Notice; Action Without a Meeting. A Director may waive notice of a meeting of the Directors before or after the date and time stated in the notice. Except as otherwise provided in this Section 4, the waiver must be in writing, signed by the Director entitled to the notice and filed with the minutes or corporate records.

Attendance of a Director at any meeting shall constitute waiver of notice of such meeting, except where the Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened and does not thereafter vote for or assent to action taken at the meeting.

If a meeting otherwise valid of the Board of Directors is held without notice where such is required, any action taken at such meeting shall be deemed ratified by a Director who did not attend, unless after learning of the action taken and of the impropriety of the meeting, he makes prompt objection thereto.

Objection by a Director shall be effective only if written objection to the holding of the meeting or to any specific action so taken is filed with the Secretary of the Association.

Action taken without a meeting shall be deemed the action of the Board of Directors if all Directors execute, either before or after the action is taken, a written consent thereto and the consent is filed with the records of the Corporation.

Section 5. Board Quorum. The Majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XII

OFFICERS

Section 1. Association Officers. The Officers shall be a President, a Vice-President, a Secretary and a Treasurer. The President shall be a member of the Board of Directors; all other officers may be, but shall not be required to be, members of the Board of Directors.

Section 2. Election of Officers. The Declarant shall have the sole right to appoint and remove any officer of the Association pursuant to Sections 10.1 and 13.1 of the Declaration until the first of the following dates: (i) December 31, 2010; (ii) ninety (90) days after the date on which Declarant has conveyed to Owners other than Declarant property representing one hundred (100%) percent of the total number of Lots intended for development on all of the Property as set forth in a Supplemental Declaration; or (iii) the date the Declarant surrenders the authority to appoint and remove Directors of the Association by an express amendment to the Declaration executed and filed Of Record by Declarant. Thereafter, all officers shall hold office at the pleasure of the Board of Directors.

Section 3. President. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and shall sign all notes, checks, leases, mortgages, deeds and all other written instruments.

Section 4. Vice President. The Vice President shall perform all the duties in the absence of the President.

Section 5. Secretary. The Secretary shall be the ex officio Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for such purpose. He shall sign all certificates of membership. He shall keep the record of the Association. He shall record in a book kept for that purpose the names of all Members of the Association, together with their addresses as registered by such Members.

Section 6. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business. The Treasurer shall sign all checks and notes of the Association, provided that such notes and checks shall also be signed by the President or Vice President.

ARTICLE XIII

LIABILITY AND INDEMNIFICATION

Section 1. Liability of Board Member. No Board Member or Officer of the Association shall be liable to any Property Owner for any decision, action or omission made or performed by such Board Member or Officer in the course of his duties unless such Board Member or Officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Declaration or these By-laws.

Section 2. Indemnification. The Association shall, to the full extent permitted by Sections 33-31-850 through 33-31-858 inclusive, Code of Laws of South Carolina 1976, as amended, indemnify all persons specifically designated from time to time by the Board of Directors whom it may indemnify pursuant to law. In this connection, the Association is authorized to take out such insurance as it may deem necessary or desirable consistent with the indemnification provisions of 33-31-850 through 33-31-858 inclusive, Code of Laws of South Carolina 1976, as amended.

ARTICLE XIV

MEETINGS OF MEMBERS

Section 1. Membership Annual Meeting. Meetings of the Members shall be held at Sewee Preserve, Charleston County, South Carolina, or at such other location within the State of South Carolina as the Board of Directors shall determine, and shall occur at least once a year. An annual meeting of the Members shall be held on a day and time to be designated in the notice of the meeting.

Section 2. Membership Special Meetings. Special Meetings of the Members for any purpose may be called at any time by the President, Vice President, Secretary or Treasurer, or by a majority of the Board of Directors, or upon written request of one-fourth (1/4) of the total vote of the Members.

Section 3. Notice. Notice of any meetings shall be given to the Members by the Secretary in accordance with the Declaration.

Section 4. Voting Requirements. Any action which may be taken by a vote of the Members may also be taken by written consent to such action signed by all Members in person or by proxy.

Section 5. Waiver of Notice. Notice of a meeting of Members need not be given to any Member who signs a waiver of notice, in person or by proxy, either before or after the meeting. The waiver must be delivered to the Association for inclusion in the minutes or filing with the corporate records. Attendance of a Member at a meeting, in person or by proxy, shall of itself constitute waiver of notice, except when the Member attends a meeting solely for the purpose of stating his objection, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. Objection by a Member shall be effective only if written objection to the holding of the meeting or to any specific action so taken is filed with the Secretary of the Association.

Section 6. Quorum. The quorum required for any meeting of Members shall be as set forth in the Declaration.

ARTICLE XV

PROXIES

Section 1. Voting by Proxy. Each Member entitled to vote may vote in person or by proxy at all meetings of the Association.

Section 2. Proxies. All of the provisions of this Section 2 are subject to Section 13.1.1 of the Declaration. To the extent that a provision set forth in this Section is inconsistent with Section 13.1.1 of the Declaration, the provisions of Section 13.1.1 of the Declaration shall control. All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and filed with the Secretary. Unless a proxy otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. A proxy may be revocable or irrevocable but shall be deemed revocable at will unless otherwise specified therein. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date; and no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Any proxy shall automatically cease upon sale by the Member of the Member's property.

ARTICLE XVI

INSURANCE

The Board of Directors or its duly authorized agent shall obtain hazard insurance for its improvements and Common Area and a broad form public liability policy covering all common area and all damage or injury caused by negligence of the Association or any of its agents as more fully described in the Declaration.

ARTICLE XVII

CORPORATE SEAL

The Secretary may have a seal in circular form having within its circumference the name of the Association, the year of its organization and the words "Corporate Seal, South Carolina".

ARTICLE XVIIIAMENDMENTS

These Bylaws may be amended or repealed and new Bylaws adopted by the Directors so long as Declarant has the authority to appoint the Directors and thereafter by a two-thirds (2/3) vote of the Members present, in person or by proxy, and entitled to vote at a regular or special meeting of the Members; provided that any matter which is in fact governed by the Declaration may not be amended except as provided in the Declaration.

ARTICLE XIXFISCAL YEAR

The fiscal year of the Association shall be determined by the Board of Directors.

ARTICLE XXGENERAL

Section 1. Conflicts. It is intended that the provisions of the Declaration which apply to the governance of the Association, as supplemented by the provisions in these Bylaws which are not contained in the Declaration, shall operate as the Bylaws of the Association. In the case of any conflict between such provisions set forth in the Declaration and these Bylaws, the Declaration shall control.

Section 2. Waiver. No provision of these Bylaws or any regulation promulgated by the Board of Directors pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 3. Severability. The provisions of these By-laws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder.

Section 4. Captions. Captions are inserted herein only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these By-laws or the intent of any provision.

Section 5. Gender and Number. All nouns and pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

Section 6. Roberts Rules. All meetings of the membership of the Board of Directors shall be conducted in accordance with Roberts Rules of Orders Revised.

Dennis A. Avery, President,
Sewee Preserve Property Owners
Association

May 31, 2001

STATE OF SOUTH CAROLINA)
) FIRST SUPPLEMENT TO DECLARATION OF
) COVENANTS, CONDITIONS AND RESTRICTIONS
) FOR SEWEE PRESERVE
COUNTY OF CHARLESTON)

[Declaration Recorded in Book E-373, Page 446]

THIS FIRST SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SEWEE PRESERVE (hereinafter, "1st Supplemental declaration") is entered into effective the 25th day of February, 2002, by SEWEE PRESERVE, LLC (hereinafter called "Declarant").

WITNESSETH:

WHEREAS, the Declarant, by "Declaration of Covenants, Conditions, and Restrictions For the Sewee Preserve" dated May 31, 2001, recorded in the R.M.C. Office for Charleston County in Book E-373, at Page 446, made certain properties in Charleston County, South Carolina subject to the aforesaid Declaration (the "Declaration"); and

WHEREAS, Section 16.2 of the Declaration permits the Declarant, during the Declarant Control Period, a condition existing at the date hereof, to amend the Declaration without the consent of any person, except as otherwise set forth in Section 16.2 but which do not apply in the instant case; and

WHEREAS, Declarant desires to amend the Declaration in certain respects.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS THAT the Declarant does hereby declare as follows:

1. Definitions. The words used in this 1st Supplemental Declaration, unless the context shall clearly indicate otherwise, shall have the same meanings as set forth in the Declaration.

2. Amendment of Section 1.1(u): The Declaration is hereby amended by deleting Section 4.22 in its entirety and substituting in lieu thereof the following:

(u) "Living Space" shall mean and refer to enclosed and covered areas within a single-family, residential dwelling that are climate-controlled (or as defined by Charleston County or other governmental agency or building code as determined by Declarant), exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, bulk storage areas, attics, and basements.

3. Amendment of Section 3.3: The Declaration is hereby amended by deleting Section 3.3 in its entirety and substituting in lieu thereof the following:

3.3 Rules and Regulations. The Declarant and/or the Board of Directors shall be entitled to promulgate reasonable rules and regulations from time to time, which shall be binding on the Association and all Owners and lessees

of Owners, their families, invitees and guests, regarding the use and enjoyment of the Community Dock. Notwithstanding the foregoing to the contrary, the following rules shall apply to the Community Dock:

- (a) No personal watercraft, including, but not limited to, a jet ski, may be placed on or tied to the Community Dock and such personal watercraft are highly discouraged;
- (b) No boats or other watercraft may be fueled or worked on at the Community Dock; and
- (c) No boats or other watercraft with flushable toilets or heads may be tied to the Community Dock.

4. Amendment of Section 4.22: The Declaration is hereby amended by deleting Section 4.22 in its entirety and substituting in lieu thereof the following:

4.22 Repurchase Option. Except in the case of a proposed conveyance of a Lot to an Owner's spouse or lineal descendants of an Owner, the Declarant shall have the right and option to purchase any Lot within the Development which is offered for sale by the Owner thereof, such option to be at the price and on the terms and conditions of any bona fide offer therefor which is acceptable to such Owner and which is made in writing to such Owner. The Owner shall promptly submit a copy of the same to the Declarant and the Declarant shall have a period of five (5) business days (exclusive of Saturday, Sunday and Federal holidays) from and after the presentation of such offer to the Declarant within which to exercise its purchase option by giving such Owner written notice of such exercise in accordance with Section 13.17. If the Declarant fails to respond or to exercise such purchase option within said five (5) -day period, the Declarant shall be deemed to have waived such purchase option. If the Declarant responds by declining to exercise such option, the Declarant shall execute an instrument evidencing its waiver of its repurchase option, which instrument shall be in recordable form. In the event that the Declarant does not exercise its purchase option and such sale to a third party is not consummated on such terms and conditions set forth in the bona fide offer within six (6) months following the date the offer is transmitted to the Declarant, or within the period of time set forth in such bona fide offer, whichever is later, the terms and limitations of this Section 4.22 shall again be imposed upon any sale by such Owner. If the Declarant shall elect to purchase, the transaction shall be consummated within the period of time set for closing in said bona fide offer, or within sixty (60) days following delivery of written notice by the Declarant to such Owner of the Declarant's decision to purchase such Lot, whichever is earlier.

5. Amendment of Exhibit "B": The Declaration is hereby amended by removing the real property described below from the definition of Additional Property and thus saving and excepting it from Exhibit "B" of the Declaration:

All that certain piece, parcel or tract of land lying and being in Charleston County, South Carolina containing 11.181 acres and being more particularly described on that certain plat entitled "PLAT OF 32.089 ACRES, A BOUNDARY LINE ADJUSTMENT OF 532.912 ACRES AND A SUBDIVISION OF LOTS 1-3 OWNED BY SEEWEE BAY COMPANY, LLC, T TOWN HOTEL, INC., & AER, LLC LOCATED IN CHRIST CHURCH PARISH, NEAR AWENDAW, CHARLESTON COUNTY, SOUTH CAROLINA" by Douglas L. DeWolff, SCPLS No. 17565, dated November 16, 2001 and recorded in Book EE, page 397-399, Charleston County RMC office.

Being the same property conveyed to Seewee Bay Company, LLC (an 88% undivided interest) and T Town Hotel, Inc. (a 12% undivided interest) by deed of Chandler Road, LLC dated February 25, 2002 and recorded simultaneously herewith.

6. Completeness. Except as herein provided, the Declaration, shall remain in full force and effect, without modification, the said Declaration, as amended hereby, being the complete text of said instrument as of the date hereof.

[SIGNATURE PAGE IS ATTACHED]

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed the day and year first above written.

WITNESSES:

M. J. V. J.
Wendy L. Lyman

SEWEE PRESERVE, LLC
By: Sewee Preserve Management, Inc., Manager

By: [Signature]
Name: Dennis A. Avery
Its: President

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 25th day of February, 2002, by Sewee Preserve, LLC, by Sewee Preserve, Inc., its Manager, by Dennis A. Avery, its President.

Wendy L. Lyman
Notary Public for South Carolina
My Commission Expires: 7/13/2008

DKF 398PG059

Nesert Pruet Jacobs Pollard & Robinson
POST OFFICE BOX 486
CHARLESTON, SOUTH CAROLINA 29402

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CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

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