

(a) "*Additional Property*" and/or "*Additional Properties*" shall mean and refer to such additional lands as may become subject to this Declaration pursuant to Article II, Section 2.02 hereof.

(b) "*ARB*" shall mean and refer to the Kiawah Architectural Review Board established under the Recorded Covenants and currently appointed by Declarant. This term shall include such Architectural Review Board as may be later operated under the KICA by transfer and consent from the "Company" within the meaning of the Recorded Covenants.

(c) "*Assessment*" shall mean and refer to any Property Owner's share of the Common Expenses or any other charges from time to time assessed against an Owner by the Association in the manner herein provided. The term "Assessments" may also sometimes mean and refer to, collectively, the "Annual Assessment," "Special Assessments," and "Community Dock Assessment" as the context herein shall so indicate.

(d) "*Association*" shall mean and refer to the Summer Islands Property Owners' Association, Inc., a non-profit corporation organized under the laws of the State of South Carolina, its successors and assigns.

(e) "*Board of Directors*" and/or "*Board*" shall mean and refer to the Board of Directors of the Summer Islands Property Owners' Association, Inc., as more fully set forth in Article V of the By-Laws.

(f) "*By-Laws*" shall mean and refer to the By-Laws of the Association which govern the administration and operation of the Association, as may be amended from time to time, which said By-Laws are attached hereto and incorporated herein by reference.

(g) "*Cause*" for removal of an Officer or Director of the Association shall mean and refer to either (i) fraudulent or dishonest acts or (ii) gross abuse of authority in the discharge of duties for or on behalf of the Association by such Officer or Director, and which cause must be established by the Board after written notice to such Officer or Director of specific charges, and opportunity of such Officer or Director to meet with the Board and refute such charges.

(h) "*Climate Controlled Dwelling Area*" shall mean and refer to the total heated and/or cooled area of a dwelling and/or ancillary structures, including sun-rooms, porches, and any other rooms or buildings which are totally enclosed and climate controlled.

(i) "*Common Expense(s)*" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association in connection with the administration of the Subdivision, or in the implementation and enforcement of the terms, provisions, and intent of this Declaration and the By-Laws.

(j) "*Covenants*" shall mean and refer to the covenants, restrictions, conditions, and limitations set forth in this Declaration as initially recorded and any supplements and amendments thereto recorded hereinafter in the R.M.C. Office.

(k) "*Declaration*" shall mean and refer to this Declaration as initially recorded and any supplements and amendments thereto recorded hereinafter in the R.M.C. Office.

(l) "*Declarant*" shall mean and refer to Kiawah Resort Associates, L.P., (a Delaware Limited Partnership), its successors and assigns.

(m) "*Director*" shall mean and refer to members, or any one member, of the Board of Directors of the Association.

(n) "*KICA*" shall mean and refer to the Kiawah Island Community Association, Inc., (a S.C. non-profit corporation), its successors and assigns.

(o) "*Lot*" shall mean and refer to any lot shown on a recorded plat of the Property, or any Additional Property subjected to this Declaration, which is designated for use as a building area site for the construction of a single family dwelling.

If and when any two or more Summer Islands Lots are combined resulting in a new, larger Lot, such new Lot shall retain the same number of votes, approval rights, and responsibilities respecting Association matters and Assessments as were imposed as the number of Summer Islands Lots that were so consolidated (e.g.. if Lots 2 and 3 are combined, the resulting Lot would have two (2) votes in Association matters, and would be subject to two (2) Assessments. If the new combined Lot {formerly Lots 2 and 3}, is subsequently combined with yet another Lot, the resulting larger Lot would have three (3) votes in Association matters, and would be subject to three (3) Assessments.)

In the event any Summer Islands Lot which has been combined with one or more other Lots to create a new, larger, lot is subsequently re-subdivided and its boundary lines changed so as to create more than one lot, such newly created Summer Islands Lots shall have the same number of votes in Association matters and the same number of Assessments as the number of initial Summer Islands Lots comprising the area being re-subdivided (e.g.. if Lots 2, 3, and 4 are combined into one lot, then re-subdivided into only two lots, the resulting two lots would have three votes "divided" equally between the owner(s) of the resulting two lots). The vote(s) of such re-subdivided Summer Islands Lot(s) shall be handled in the same manner as multiple Owners of a Lot set forth in Section 3.03 of the By-Laws. The Assessment(s) for such re-subdivided Summer Islands Lot shall be apportioned between the subject Owner(s) as calculated by the Association on a square foot basis of the re-subdivided Summer Islands Lot. (e.g.. if Lots 2, 3, and 4 are combined into one lot which has a total of 73,337 sq. ft., then re-subdivided into two lots, one having 40,300 sq. ft., and the other having 33,037 sq. ft., the two re-subdivided lots would have three Assessments, and the lot having 40,300 sq. ft. would be responsible for the payment of .550 of the three combined Assessments, and the lot having 33,037 sq. ft. would be responsible for the payment of .450 of the three combined Assessments.)

(p) "*Lot Owner*" and "*Owner*" shall mean and refer to the record owner (whether one or more persons, firms, associations, corporations, partnerships, trusts, trustees, or other legal entities) of the fee simple title to any Lot; notwithstanding any applicable theory of a mortgage, such terms shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceedings or any proceeding or instrument in lieu of foreclosure; nor shall the term "*Lot Owner*" mean or refer to any lessee or tenant of a Lot Owner. When reference is made herein to Owner(s)' voting rights, all Owners of one Lot, when more than one Owner holds record title thereto, shall have, collectively, but one vote per Lot.

(q) "*Member*" shall mean and refer to all those Lot Owners who are Members of the Association as provided in Article III, Section 3.01 of the By-Laws.

(r) "*Membership*" shall mean and refer to membership by an Owner and/or Declarant in the Summer Islands Property Owners' Association, Inc.

(s) "*Officer*" shall mean and refer to officer(s) of the Association as the same are designated by the Board of Directors of the Association from time to time, pursuant to the provisions of Section 6.01 of the By-Laws.

(t) "*Plat*" shall mean and refer to the conditional plat of the Subdivision prepared by Southeastern Surveying, Inc., entitled "A CONDITIONAL SUBDIVISION PLAT OF LOTS 1 - 20 SUMMER ISLANDS PHASE I SUBDIVISION 437 PARCEL 34 OWNED BY KIAWAH RESORT ASSOCIATES, L.P. LOCATED IN THE TOWN OF KIAWAH ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA", dated January 28, 1997, and recorded in Plat Book EB at pages 596, 597, and 598, in the R.M.C. Office. The term "Plat" shall also refer to and include any subsequent conditional plats and/or final subdivision plats of the Subdivision when approved by the Town of Kiawah Island and recorded in the R.M.C. Office.

(u) The "*Property*" shall mean and refer to the property described on Exhibit "A" attached hereto and incorporated herein by reference which is hereby subjected to this Declaration, and any Additional Properties hereinafter subjected to the operation and effect of this Declaration.

(v) "*Recorded Covenants*" shall mean and refer to certain general, restrictive covenants guiding the overall development of Kiawah Island, which said covenants are set forth in (i) the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Kiawah Island executed by Kiawah Island Company, Inc. dated February 19, 1976, and recorded February 19, 1976, in Book T108, page 338 in the R.M.C. Office, as amended and recorded in the R.M.C. Office; and (ii) the Declaration of Covenants and Restrictions of The Kiawah Island Community Association, Inc., executed by Kiawah Island Community Association, Inc. and by Kiawah Island Company, Inc. dated February 19, 1976, and recorded February 19, 1976, in Book T108, page 337 in the R.M.C. Office, as amended and recorded.

(w) "*R.M. C. Office*" shall mean and refer to the Office of the Register of Mesne Conveyances for Charleston County, South Carolina.

(x) "*Subdivision*" shall mean and refer to, collectively, the Lots, road right-of-way, Community Dock Tract, residual and conservation areas, and other facilities and areas located within the Property.

(y) "*Summer Islands Common Property(ies)*" shall mean and refer to those parcels of land within the Property, together with any improvements thereon, which are deeded or leased to the Association and designated in such deed or lease or recorded plat as "Summer Islands Common Properties." Any property that is leased to the Association and designated in such lease as a "Summer Islands Common Property" shall be a Summer Islands Common Property but shall lose its designation and character as a Summer Islands Common Property upon the expiration of such lease, if not renewed or extended. Also, Declarant may designate property as Summer Islands Common Properties pursuant to Article VII hereof.

ARTICLE II

THE PROPERTY

Section 2.01. The Property. The real property which is and shall be held, transferred, sold, conveyed, leased, mortgaged, and occupied subject to these Covenants is known generally as "Summer Islands" together with the Lots, road right-of-way, Community Dock Tract, residual and conservation areas, and any easement rights enjoyed over Lots in the Subdivision as reserved herein, on the Plat or in deeds to the Lots as the same may be located in the Town of Kiawah Island, Charleston County, South Carolina; Summer Islands is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference.

Section 2.02. Additions to Existing Property. Declarant, its successors and assigns, shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration in future stages of the development, additional properties on Kiawah Island, S.C. owned by Declarant, which are in the general vicinity of the Subdivision (the "Additional Properties.") The additions authorized under this and the succeeding subsection shall be made by filing of record one or more Supplementary Declaration of Covenants or an Agreement Impressing the Covenants of this Declaration, with respect to the additional properties which shall extend the operation and effect of the Covenants of this Declaration to such additional properties.

A Supplementary Declaration of Covenants may contain such complementary additions and/or modifications of the Covenants contained in this Declaration as may be necessary or convenient, in the sole judgment of Declarant, to reflect, inter alia, the different character, if any, of the Additional Properties.

Section 2.03. Merger. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws, its properties, rights, and obligations may, by operation of law, be transferred to another surviving or consolidated association or, in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or unconsolidated association may administer the Covenants and Restrictions established by this Declaration within the Properties, as herein provided.

ARTICLE III

COVENANTS, RESTRICTIONS, AND AFFIRMATIVE OBLIGATIONS APPLICABLE TO ALL PROPERTIES IN SUMMER ISLANDS

The Property is and shall be conveyed subject to the Recorded Covenants, and nothing contained herein shall be construed to reduce or limit the effectiveness or applicability thereof. In addition thereto, the Property is and shall be held, transferred, sold, conveyed, given, mortgaged, donated, leased, occupied, and used subject to the following:

Section 3.01. Miscellaneous Covenants. Conditions. Restrictions and General Dwelling Specifications.

(a) The Lots shall be used exclusively for single-family residential purposes.

(b) Each Lot has been carefully planned and configured, and accordingly, no more than one (1) detached single-family dwelling (which may be segmented into two or more sections), shall be erected thereon without the prior, written consent of Declarant, its successors and/or assigns. Accessory buildings (which may include a private, detached garage (which structure may include a garage apartment), and/or guest cottage, studio/workshops, garden pavilions, greenhouses, gazebos, and pool houses) may be

permitted by Declarant and/or the ARB in their discretion and provided, however, that the construction of such dwelling and/or accessory building(s) shall not, in the opinion of Declarant, overcrowd the Lot, and provided further that the accessory building(s) may not be constructed or occupied prior to the construction of the main dwelling. Preservation of natural vegetation and trees (along with supplementing trees, as necessary) shall be important considerations of Declarant and/or the ARB in permitting or rejecting one or more accessory structures.

(c) Guest suites may be included as part of the main dwelling or accessory building(s); provided that such suites may not be rented or leased separately from the main dwelling, and provided further that the construction or addition of such suites shall, absent a variance from Declarant and/or the ARB for extraordinary or unusual circumstances, conform to the conditions and limitations set forth herein.

(d) No residence or dwelling shall be constructed on any Lot with less than 2,500 square feet of Climate Controlled Dwelling Area, and a maximum of 5,000 square feet of Climate Controlled Dwelling Area; or a combination of 4,500 square feet of Climate Controlled Dwelling Area in the main structure, and a total of 1,500 square feet of Climate Controlled Dwelling Area in one or more ancillary structures. Minimum and maximum square footage requirements may be varied by Declarant, its successors or assigns.

In the event of a discrepancy or conflict, if any, between the notations and building specifications on the Plat with this Declaration, the applicable provisions of this Declaration shall be controlling.

(e) Attached as Exhibit "B" is an approximate depiction of each Lot and the buildable areas for same in the initial phase of Lots released on Summer Islands (i.e.. Lots 1 through 20). The buildable areas depicted on Exhibit "B" shall be those applied by the ARB when approving proposed plans for the construction of a dwelling and/or improvements in connection with each such Lot. The exact dimensions of such buildable areas are on file at the office of the ARB on Kiawah Island, S.C., and may be revised, altered, and/or varied by the ARB, in its sole discretion. By the acceptance and recordation of a deed of conveyance for a Summer Islands Lot, each Lot Owner shall be deemed to covenant and agree to adhere to and abide by such designated buildable areas, as they may be revised, altered, and/or varied by the ARB.

(f) In order to reinforce the "countryside" nature of the Summer Islands Lots, the exteriors of all improvements constructed thereon shall generally be of natural materials that will blend with the environment. Exterior surfaces shall be finished in red cedar shingle, clapboard, or vertical board and batten. All open areas below stairs, decks, and porches should be enclosed by wood lattice, louvers, garage doors or substantial landscaping. Foundation walls, chimneys and other similar architectural features may be finished in Old Savannah/Charleston style gray brick (or another brick of comparable style), genuine stucco, or oyster shell tabby. Roof materials generally will be limited to red cedar shakes, standing-seam metal (40 lb. tin), or slate.

(g) No dwelling or other structure on the Summer Islands Lots may exceed 40' in height from the minimum finished floor elevation required by Federal flood insurance guidelines. Dominant roof structures shall not exceed 30' to 40' in height; however, in certain situations where the other roof elements are between 30' - 35' in height, chimneys, vent pipes, and other ancillary elements of the structure in excess of such height limitations may be permitted by Declarant and/or the ARB. Roof forms shall have gables or modified gable ends with pitch ranges of 8:12 - 14:12 (12:12 is preferred). Lower roof pitches may be considered by Declarant and/or the ARB when the dominant roof form meets the pitch range specified above.

(h) Dwellings and other structures must be finished in darker, muted, and neutral colors to blend with the surrounding environment. Weathering, semi-transparent, and semi-solid stain finishes which accentuate the wood textures are preferred. Some solid stain finishes may be permitted by Declarant and/or the ARB. Flat stain finishes should be utilized for siding, and flat or satin stain finishes should be utilized for trim. Stain colors such as warm grays, olive greens, tans, deep sienna, or other colors which complement the natural environment, shall be utilized.

(i) Landscaping is an essential element of the Summer Islands Lots. Landscaping should be soft and informal. Use of native plants and indigenous species will be encouraged. Tree uplights, shielded path lights, and indirect lighting should be used to accent natural features. Lights may not be directed toward surrounding land masses or neighbor's Lots.

(j) The exterior of all dwellings and other structures must be completed within one (1) year from commencement of construction thereof, except where such completion is impossible or would result in extreme or undue hardship to the Lot Owner or builder due to strikes, fires, national emergency or natural calamities. No dwelling or structure may be occupied until the exterior thereof has been completed, and a certificate of occupancy has been issued by the appropriate governmental authority having jurisdiction. During the construction process, the Lot Owner shall require the contractor to maintain the Lot in a reasonably clean and uncluttered condition.

(k) Prior to occupancy of any dwelling constructed on a Lot, the Lot Owner must have completed construction of an enclosed parking area sufficient to provide, at a minimum, adequate space for two (2) automobiles in accordance with the plans and specifications therefore approved by the Kiawah Architectural Review Board. Other on-Lot parking for vehicles shall also be provided so as to limit or obviate on-street parking except in rare or infrequent circumstances.

(1) An area for storage of boats and boat trailers and other utility and recreation vehicles has been made available by Declarant on Kiawah Island for a reasonable user fee. Accordingly, no utility trailer, boat, boat trailer, camper, or recreational vehicle of any nature may be parked on any Lot at any time unless the same is stored or parked within an enclosed garage (with garage doors closed). Further, no tent, barn, tree house, or other similar outbuilding or structure shall be placed on any Lot at any time, either temporarily or permanently.

(m) Upon the completion of construction of improvements on any Lot, each Owner, at the sole expense of such Owner, shall be responsible for maintaining such improvements in comparable or better appearance and condition as at the time of initial completion of construction thereof, normal wear and tear between routine maintenance and repair being excepted.

(n) No Lot shall be subdivided, or its boundary lines changed, nor shall application for same be made to Charleston County or the Town of Kiawah Island, except with the express, prior, written consent of Declarant, its successors and/or assigns. However, Declarant expressly reserves for itself and its successors and/or assigns, the right to re-plat any of the Summer Islands Lots owned by it and shown on the Plat, in order to create a modified building lot or lots; and to take such other steps as are reasonably necessary to make such re-platted lot suitable and fit as a building site, including, but not limited to, the relocation of easements, walkways, rights-of-way, private roads, bridges, community areas, recreational facilities and other amenities to conform to the new boundaries of said re-platted lots; provided that no lot originally shown on the Plat is reduced to a size more than ten (10%) percent smaller than the smallest lot shown on the Plat. The provisions of this paragraph shall not prohibit the combining of two (2) or more contiguous lots into one (1) larger lot, however, such resulting larger lot shall be subject to the provisions of Article I, subparagraph (o) hereof.

The Declarant has established the aforesaid design, construction, and development guidelines and restrictions in order to seek to create a unique residential community which is environmentally sensitive, aesthetically appealing, tranquil, functional, and designed to blend with the delicate ecosystem of the unique maritime forest at Summer Islands.

Notwithstanding the above, Declarant reserves the right for itself, its successors and assigns, and the ARE, to modify and/or vary such building and development guidelines and restrictions, if and when Declarant and/or the ARE, or their respective successors and assigns, determine that such modifications and/or variances are necessary to enhance, complement, and preserve the natural beauty, enjoyment, and values of the Summer Islands Lots and/or the Summer Islands community.

Section 3.02. Easements.

Specific easements in favor of Declarant for the installation and maintenance of utilities, landscaping, pest control, and environmental control and protection are set forth in the Recorded Covenants. In addition to such easements, there are hereby reserved for the benefit of the Declarant and the Association, their respective successors and assigns, over, under, upon and across each Lot in the Subdivision, the following non-exclusive rights and easements:

(a) Declarant hereby reserves for itself, its agents, employees, invitees, successors and assigns, for and during the period that it owns any Summer Islands Common Properties or any Lot primarily for the purpose of sale or has the option to add the Additional Property or any portion thereof to the Subdivision, the alienable and transferable right and easement on, over, through, under, and across the Summer Islands Common Properties for the purpose of constructing or improving the Lots, Summer Islands Common Properties, and/or the Additional Property, and for installing, maintaining, repairing and replacing such other improvements to the Subdivision (including portions of the Summer Islands Common Properties) as are contemplated by this Declaration or as Declarant, in its sole discretion, deems necessary. Notwithstanding any other provision of this Declaration to the contrary, nothing contained in this paragraph shall be construed as an obligation on behalf of Declarant to do or use any of the foregoing.

(b) Declarant also reserves for itself, its agents, employees, invitees, successors and assigns, and the Association, their successors and assigns, a non-exclusive, perpetual, permanent, assignable, transmissible, and commercial easement over each Lot within the Subdivision, over, under, upon and across strips of land six (6') feet in width running adjacent to and parallel with the right-of-way line of Summer Islands Lane, which said easement shall be for the installation, maintenance, improvement, and replacement of landscaping along the right-of-way of Summer Islands Lane.

(c) Declarant reserves for itself, its agents, employees, invitees, successors and assigns, and the Association, their successors and assigns, a non-exclusive, perpetual, permanent, assignable, transmissible, and commercial easement over, under, upon, and across each Lot within the Subdivision, to enter upon such Lot in the performance of their respective duties hereunder, and entrance upon a Lot pursuant to the provisions of this paragraph shall not be deemed a trespass.

ARTICLE IV

COMMUNITY DOCK

Section 4.01. Community Dock. Declarant has designated an area of approximately .267 acres, located between Lots 13 and 14 of the Summer Islands Lots, and shown on the Plat as the "Community Dock Tract," upon and attached to which a community dock shall be provided (the "Community Dock") by

Declarant for the sole and exclusive use and benefit of the Owner(s) of Lots 8,9, 10, 11, 16, 18, 19, and 20 of the Summer Islands Lots (which lots are hereinafter sometimes collectively referred to as the "Community Dock Lots"), Declarant, and their respective guests and invitees, heirs, personal representatives, successors, successors-in-title, and assigns. Notwithstanding the above, Declarant may, in Declarant's sole discretion, designate additional lots in the second phase of Summer Islands Subdivision (i.e.. on the island known as "Cormorant Island" and being part of the "Summer Islands"), as Community Dock Lots, and grant easements and rights in favor of the purchaser(s) of such future Community Dock Lots, for the use of the Community Dock and Community Dock Tract.

Section 4.02. Exclusive Use. Declarant reserves for itself, and its successors and assigns, an exclusive, perpetual, permanent, assignable, transmissible, and commercial easement over, under, upon and across the aforesaid Community Dock Tract (including the dock structure), which easement shall be assigned by Declarant to all Owner(s) of Community Dock Lots, including, but not limited to, Owners of the lots listed in Section 4.01, above, together with their heirs, personal representatives, successors, successors-in-title and assigns, for their benefit and the benefit of their respective guests and invitees.

Section 4.03. Dock Construction and Conveyance to the Association.

Declarant has heretofore obtained all applicable permits, and shall be responsible for providing the initial Community Dock. Upon completion of construction thereof, Declarant shall (i) convey the Community Dock Tract to the Association by quit-claim deed for a nominal consideration; and (ii) execute and deliver to the Association a bill of sale for the Community Dock and any other improvements Declarant has constructed on the Community Dock Tract; and (iii) assign the applicable permits for such dock. Notwithstanding any other provision in this Declaration to the contrary, nothing contained herein shall be construed so as to obligate Declarant to construct any improvements on the Community Dock Tract except the initial Community Dock, at least two parking spaces, and appropriate initial landscaping and signage.

Neither Declarant, the ARB, nor the Association warrant or undertake any responsibility for the sufficiency of any aspect of the design, construction, use, or capability of the Community Dock, nor do Declarant, the ARB, and/or the Association make any representations as to tidal levels or flows, or water depth at or near the Community Dock or the sufficiency of the length of the Community Dock to provide access to water at all times. Declarant shall provide the Association only such warranty related to the construction of the Community Dock as is provided Declarant by the contractor responsible for the dock construction.

Upon the recordation of the aforesaid quit-claim deed and the execution and delivery of said bill of sale from Declarant to the Association for the Community Dock, the Community Dock Tract, and all improvements located thereon, the Association shall immediately and automatically become responsible for the maintenance, repair, and upkeep of the Community Dock so that the same shall at all times be maintained in a good, clean, safe, and attractive condition. Declarant and/or the ARB shall at all times have the right to prescribe additional maintenance requirements to ensure that the Community Dock and all other improvements located on the Community Dock Tract are maintained to the same standard and appearance as exist at the time the Community Dock and improvements are conveyed by Declarant to the Association, reasonable wear and tear and Acts of God excepted.

Declarant has established in Section 6.04 hereof, a "Community Dock Assessment" which shall be levied against the current and future Community Dock Lots, and utilized by the Association for the maintenance, repair and upkeep of the Community Dock, and any and all improvements located on the Community Dock Tract.

Section 4.04. Covenants and Restrictions Regarding Use of the Community Dock.

In addition to the Recorded Covenants, the Community Dock and the Community Dock Tract shall be subject to the following covenants and restrictions:

(a) No more than six (6) vessels shall be attached to and/or make use of Community Dock at any time, nor may any one vessel utilizing the Community Dock exceed 20' in length, without the prior, express, written consent of the Association and/or its manager.

(b) No sailboat, yacht, or other vessel of any kind or description as is attached to and/or making any use of the Community Dock may be used by anyone to provide overnight living quarters for any individual(s) at any time. The Community Dock and any vessels as may use the same from time to time are not to be used for residential purposes directly or indirectly.

(c) Only one (1) vessel per Community Dock Lot may be attached to the Community Dock at any time, and from time to time, absent the prior, express, written consent of the Association and/or its manager. Further, no vessel may remain attached to the Community Dock for more than two (2) consecutive nights, nor more than a total of three (3) nights in any one week period, absent the prior, express, written consent of the Association and/or its manager.

(d) Noxious and/or offensive activities, nor any actions which would tend to cause embarrassment, discomfort, annoyance, or nuisance to the Subdivision or any Lot Owner(s) shall be permitted on the Community Dock or the Community Dock Tract. Any dispute shall be resolved by the Association's manager, in its discretion. Use of the Community Dock and the Community Dock Tract shall be subject to the terms and enforcement of any and all rules and regulations promulgated from time to time by the Association and/or its manager.

(e) Use of the Community Dock shall be further subject to all provisions of the permits issued by (i) the DHEC - Office of Ocean and Coastal Resource Management and the U.S. Army Corp of Engineers (which are deemed part hereof and incorporated herein by reference), as the same may be amended from time to time; (ii) the ARE; and (iii) any other authority having jurisdiction.

ARTICLE V

SUMMER ISLANDS PROPERTY OWNERS' ASSOCIATION

Section 5.01. Establishment and Purpose of The Association. Declarant has established the Association for the purpose of exercising powers of owning, maintaining, repairing, reconstructing, improving, and administering the Summer Islands Common Properties, the Community Dock, and the Community Dock Tract, and providing common services, administering and enforcing the within Covenants and the conditions and restrictions set forth herein, levying, collecting, and disbursing the Assessments and charges herein imposed, holding, owning, and utilizing the easements it may enjoy, and for other purposes.

It is Declarant's intention to convey to the Association, and the Association hereby agrees to accept, the Summer Islands Common Properties, the Community Dock, the Community Dock Tract, and any and all improvements, personal property, and easements associated therewith, which are to be held

and administered in accordance with this Declaration. Declarant further reserves the right to convey or transfer to the Association any and all rights and obligations of Declarant set forth herein. The legal costs and expenses of such conveyances shall be borne by Declarant. Declarant reserves the right to impose additional covenants and restrictions on such Summer Islands Common Properties, the Community Dock, and the Community Dock Tract, as Declarant, in its sole discretion, deems beneficial to the Subdivision.

Section 5.02. Powers and Functions of the Association. The Association shall be and is hereby authorized and empowered, but not obligated, to perform any and all of the following acts and services, the costs of which shall be a Common Expense.

- (a) Clean-up, maintenance, landscaping, improvement, and replacement of the Summer Islands Common Properties and improvements thereon, therein, and thereunder, pedestrian access easements, boardwalks, fences, residual tracts, streets, roads and rights-of-way and lagoons within the Subdivision.
- (b) Clean-up, maintenance, improvement, and replacement of landscaping on each Lot within the Subdivision as otherwise provided in this Declaration or if deterioration of the landscaping on any Lot would affect the appearance of the Subdivision as a whole.
- (c) Installation, clean-up, maintenance, improvement, and replacement of landscaping within the six (6) foot easement reserved by Declarant and the Association over each Lot in the Subdivision as set forth in Section 3.02 (b) hereof.
- (d) Take any and all actions necessary to enforce this Declaration and to perform any of the functions or services required or delegated to the Association under this Declaration and any amendments ,or supplements thereto.
- (e) Provide or contract for landscaping and managerial services and other administrative services including, but not limited to legal, accounting, and financial services, communication services informing Members of activities, notice of meetings, referendums, etc.
- (f) Provide liability, hazard, or other insurance covering improvements and activities on the Summer Islands Common Properties and providing liability and errors and omission or similar insurance for the Directors and Officers of the Association as the Board may deem appropriate.
- (g) Purchase and acquire personal property and equipment as necessary for the proper maintenance of the Subdivision and Summer Islands Common Properties.
- (h) Contract for insect and pest control to the extent that measures in addition or supplemental to those services provided by the KICA and applicable governmental authorities are deemed necessary or desirable in the discretion of the Board of Directors.
- (i) Construct improvements on the residual and conservation areas, Summer Islands Common Properties, and such other areas within the Property and/or over contiguous marsh or lowland areas as the Board of Directors deems appropriate, necessary, or essential for the Subdivision.

(j) Maintain, repair, and replace any drainage easements, improvements, and/or facilities, and erosion and flood control improvements located within or adjacent to the Subdivision to the extent that such services are not performed by the KICA.

(k) In the event the Board of Directors determines that any Owner has failed or refused to comply properly with Owner's obligations with regard to the maintenance, cleaning, repair, and replacement of improvements and/or Lot or landscaped areas as set forth herein, then the Association, except in the event of an emergency situation, may give such Owner written notice of 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 in reasonable detail the extent of such maintenance, cleaning, repair, or replacement deemed necessary, and such Owner shall have fifteen (15) days therefrom within which to complete the same in a good and workmanlike manner.

In the event of either emergency situations or the failure of any Owner to comply with the provisions hereof within fifteen (15) days after such notice, 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 the amount of said cost shall be added to and become a part of the Assessment to which such Owner and Owner's Lot is subject, and shall be a charge and secured by a continuing lien against such Lot in favor of the Association.

The Association is further authorized and empowered, but not obligated to provide any or all duties and/or services in connection with the maintenance and operation of the Community Dock and the Community Dock Tract, as the Board of Directors, in its discretion, deems necessary. Any expenditures incurred by the Board in connection with the performance of its obligations and duties in connection with the Community Dock and the Community Dock Tract shall not be a Common Expense hereunder, but shall be an expense of the Community Dock Lot Owners, and shall be deducted from the funds collected through the Community Dock Assessment as set forth in Section 6.04 hereof, and paid to the Board therefrom.

In addition to the above, the Association is authorized and empowered to perform or provide any and all other services necessary or desirable in the judgment of the Board of Directors to carry out the Association's obligations and duties under the terms and intent of this Declaration and the By-Laws.

Section 5.03. Rules and Regulations. The Association, by and through its Board of Directors, may adopt from time to time, additional rules, regulations, and fee schedules governing the use of Summer Islands Common Properties, the Community Dock, the Community Dock Tract, and Lots within the Subdivision which such rules, regulations, and fee schedules shall be binding upon the Lot Owners.

ARTICLE VI

COVENANTS FOR ASSESSMENTS

Section 6.01. Creation of the Lien and Personal Obligations of Assessments. Declarant covenants, and each Owner of any Lot whether or not it shall be so expressed in Owner's deed or other conveyance, shall be deemed to covenant and agree to all other terms and provisions of this Declaration and pay to the Association (i) Annual Assessments or charges; (ii) Special Assessments or charges for capital improvements or for maintenance expenses and other Common Expenses, emergencies and other purposes;

and (iii) in the case of the Community Dock Lots, the Community Dock Assessment as hereinafter set forth, such Assessments to be established and collected as hereinafter provided. The Assessments, together with any penalty (to be set by the Board), interest, costs, and reasonable attorneys' fees shall be a charge upon the Lot and shall be secured by a continuing lien on the Lot against which each such Assessment is made. Each such Assessment, together with interest, any penalty, costs, and reasonable Attorney's fees, shall also be the personal obligation of the person(s) or entity who was the Owner of such Lot at the time the Assessment became due. The obligation for delinquent Assessments shall run with such Lot and shall pass to the Owner's successors in title. Upon written request, the Association shall provide or cause to be provided an accounting of an Owner's Assessments and any delinquency in the payment thereof. All reports of delinquency must be given subject to any state and federal laws regarding disclosure of a debtor's financial information.

Section 6.02. Purpose of Assessments. The Annual Assessments and Special Assessments levied by the Association shall be used exclusively in connection with the operation and administration of the Subdivision. Such use shall include, but is not limited to, the payment of all Common Expenses; to promote and maintain the health, safety, welfare, and convenience of the Owners and their guests; for the acquisition, construction, landscaping, repair, replacement, improvement, maintenance, and use of Summer Islands Common Properties; for the installation, maintenance, improvement and replacement of special landscaping within the Subdivision; labor, equipment, materials, services, management, supervision, security, garbage service, water, sewer and utility service in connection with the Summer Islands Common Properties; insurance premiums and deductibles; emergency repairs, reconstruction after casualty loss, and such other needs, without limitation, as may arise or as may be required in the sole discretion of the Board of Directors. Such Assessments shall be in addition to assessments levied by the Kiawah Island Community Association, Inc. Except as provided herein and until and unless otherwise approved by the Board of Directors, all Assessments shall be levied in equal, uniform amounts per Lot.

Section 6.03. Annual Assessment. The Declarant initially and thereafter the Board of Directors shall determine the amount of the Annual Assessment based on the annual budget of the Association as provided herein. When the Board of Directors determines the Annual Assessment for the ensuing fiscal year, it shall cause to be prepared in connection therewith an annual budget showing the services provided by or on behalf of the Association and the costs thereof per Lot.

At least thirty (30) days prior to the end of the calendar year, the Board of Directors shall determine the amount of the Annual Assessment for the following calendar year, and shall notify every Owner subject thereto.

Section 6.04. Community Dock Assessment. In addition to the Annual Assessments authorized above, the Community Dock Lots shall be subject to an annual Community Dock Assessment, payable to and billed by the Association along with the Annual Assessments. The amount of the initial Community Dock Assessment shall be determined by the Association based on the estimated annual cost to maintain, insure, operate, or replace the Community Dock or part thereof, and to maintain the Community Dock Tract. The annual Community Dock Assessment shall be a uniform amount payable equally to the Association by the Owner(s) of the Community Dock Lots.

Section 6.05. Special Assessments.

(a) In addition to the Annual Assessments and the Community Dock Assessment authorized above, the Association may levy, in any fiscal year, a Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of any capital improvement upon the Summer Islands Common Properties, including, but not limited to, fixtures, personal property related thereto and for any other purposes not prohibited by this Declaration, provided, however, that such Special Assessment shall have the assent of two thirds (2/3rds) of the votes of each class of Members voting in person or by proxy at a meeting called for such purpose. Such Special Assessments shall be set at a uniform amount for all Lots and may be collected by the Association on a monthly, quarterly, or annual basis as determined by the Board. If only related to the Community Dock Lots, then such Special Assessment shall have the assent of two thirds (2/3rds) of the Community Dock Lot Owners.

(b) In addition to the Annual, Special, and Community Dock Assessments authorized above, the Board of Directors may, in its discretion, levy in any fiscal year, an amount not to exceed one hundred (100%) percent of the Annual Assessment for such fiscal year (without a 2/3 rds affirmative vote of the Membership,) a Special Assessment applicable to that year only for the purpose of maintenance or repairs of the Summer Islands Common Properties, including, but not limited to, fixtures, landscaping, and personal property related thereto; for the costs of the taxes for and the utilities supplied to the Summer Islands Common Properties; for any repairs, restoration, reconstruction, maintenance, or improvements made necessary by any emergencies including but not limited to damages resulting from storm, wind, earthquake, and flood as determined in the sole discretion of the Board of Directors, and for any other purpose not prohibited by this Declaration.

Section 6.06. Effect of Non-Payment of Assessments. Any Assessment (whether Annual, Special, Community Dock, or otherwise) not paid within thirty (30) days after the due date shall bear interest from the due date at a rate equal to the lesser of (a) eighteen (18%) percent per annum; or (b) the maximum rate provided by applicable law. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same or foreclose the lien against such Owner's Lot in like manner as a mortgage of real property, or both. Upon exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of the outstanding Assessment(s) due and payable and collect the same through foreclosure. Penalties (as determined by the Board), interest, costs, and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such Assessment, and collectable as such Assessment. During any period of delinquency, the Board may prevent use of the Community Dock by an Owner and/or such Owner's permittees and enforce such prohibition by any and all legal means at such Owner's additional expense.

Section 6.07. Subordination of Lien. The lien of Assessments provided for herein shall be subordinate to the lien of any first mortgage upon any Lot, and subordinate to any lien for assessments due the KICA. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure shall extinguish the lien of such Assessments as to the payment of the portion thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve any subsequent Owner of such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

ARTICLE VII

Summer Islands Common Properties

All Summer Islands Common Properties are ultimately intended for the common use and enjoyment of the Association, the Owners, and their respective guests, invitees, tenants, permittees, heirs, successors and assigns, subject to any operating rules promulgated by the Association, its successors and assigns, and nothing contained herein or set forth on the Subdivision Plat shall in any way or manner be construed as a dedication to the public of any of the Summer Islands Common Properties and other such areas, permits, rights, and/or amenities associated therewith.

Section 7.01. Members' Easements of Enjoyment. Subject to the provisions of this Declaration and the rules and regulations of the Association and compliance therewith by each Owner, each and every Owner shall have a non-exclusive easement of enjoyment in and to the Summer Islands Common Properties, and such easement shall benefit and be appurtenant to and shall run with the title to each and every Lot. It is the intention of Declarant that such rights of enjoyment shall be and are hereby deemed for the use and benefit of the Owners, and their respective guests, invitees, tenants, permittees, heirs, successors and assigns, and successors-in-title.

Section 7.02. Title to Summer Islands Common Properties. Declarant agrees, for itself and its successors and assigns, to convey or cause to be conveyed to the Association (and the Association agrees to accept) as Summer Islands Common Properties, on or before December 31, 2001, for a nominal consideration, by quit-claim deed, bill of sale, or otherwise, in its discretion, the areas denoted on the Plat as "Conservation Area .383 Ac.," "Conservation Area .409 Ac.," "Conservation Area 1.180 Ac.," "Conservation Area 3.468 Ac.," "Residual .444 Ac.," "Conservation Area .865 Ac.," and "Conservation Area .490 Ac.", and any other properties in the Subdivision and/or over nearby marsh or lowlands intended for the common use and enjoyment of the Owners, and designated by Declarant as "Summer Islands Common Properties" either by deed of conveyance or other instrument or approved plat recorded in the R.M.C. Office for Charleston County, S.C. Such conveyance shall be made together with all structures, improvements, appurtenances, landscaping, and infrastructure located thereon and/or thereunder now or at the time of such conveyance.

The Association shall be responsible for the maintenance, repair, and replacement of any areas intended for the common use and enjoyment of the Owners once such areas have been conveyed, sold, or otherwise assigned to the Association as Summer Islands Common Properties; provided, however, that Declarant first provides the Association with written notice of its intention to convey such areas to the Association for use as Summer Islands Common Properties.

Notwithstanding any other provision of this Declaration or the By-Laws to the contrary, Declarant and the Association shall have the right (but are not obligated) to convey all or any portion of the Summer Islands Common Properties to the Kiawah Island Community Association, Inc. or any other non-profit organization or governmental authority; provided, however, that such conveyance first shall be approved by a vote of the Owners of not less than two-thirds (2/3rds) of the Lots pursuant to the notice, meeting, and voting requirements set forth in the By-Laws; and provided further that so long as Declarant remains a Class B or Class A Member of the Association, such conveyance shall be invalid unless approved in writing by Declarant. Further, Declarant and/or the Association shall have the right (but are not obligated) to convey the Community Dock and/or the Community Dock Tract to the KICA, or any other non-profit organization or governmental authority; provided, however, that such conveyance first shall be approved by a vote of the Owners of not less than one hundred (100%) percent of the Community Dock Lots.

Section 7.03. Extent of Members' Easements. The Owners' non-exclusive rights and easements for enjoyment of Summer Islands Common Properties shall be subject to the following:

(a) The rights of Declarant to convey and/or lease the Summer Islands Common Properties to either the Association or the Kiawah Island Community Association, Inc., or part thereof to each, or to any other non-profit agency or governmental authority, subject to exercise of the Owner's approval rights as required hereunder.

(b) Non-exclusive, appurtenant, perpetual, permanent, assignable, transmissible, commercial easements in favor of Declarant and the Association for access, ingress, egress, and for the installation, maintenance, inspection, repair, and replacement of all utilities and services, irrigation systems, landscaping, and for all other lawful purposes deemed necessary, useful, or beneficial, in the discretion of Declarant and the Association, for the orderly development of the Subdivision; and the right of Declarant and of the Association, their successors and assigns, to grant, reserve, and accept such easements and rights-of-way through, under, over, and across the Summer Islands Common Properties.

(c) The right of the Association, as provided in its By-Laws, to suspend the voting rights and/or enjoyment rights of any Owner to all or some of the Summer Islands Common Properties, for any period during which any Assessment remains unpaid, and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations.

(d) The right of the Declarant and the Association, as the case may be, to establish rules and regulations for the Subdivision, to charge Common Expenses and to prescribe fees and charges from time to time for use of any amenities which may now or hereafter be constructed on or near the Summer Islands Common Properties.

(e) All applicable covenants, conditions, restrictions and easements of record, including, without limitation, the Recorded Covenants, and all applicable regulations and ordinances adopted or as may be adopted in the future by any governmental agency or entity having jurisdiction over the Property. This Declaration is intended as a supplement to the Recorded Covenants and any such governmental regulations or ordinances, and shall be interpreted to be consistent therewith wherever possible.

(f) The right of the Association, in accordance with its By-Laws, to borrow money from the Declarant or any lender for the purpose of improving and/or maintaining the Summer Islands Common Properties and providing services authorized herein, and in connection therewith, to mortgage all or part of the Summer Islands Common Properties to secure any such loan.

ARTICLE VIII

INSURANCE AND CASUALTY LOSSES

Section 8.01. Insurance.

(a) Property Insurance. The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect casualty insurance at replacement value, in such form and with such coverage and deductibles as the Board deems appropriate for the benefit of the Association, insuring all insurable improvements in and to the Summer Islands Common Properties, the Community Dock, and the Community Dock Tract, against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief; such coverage, if available at

reasonable costs, to be in an amount sufficient to cover the full replacement cost (without depreciation, to include anticipated costs of demolition and clearing prior to building, but subject to such deductible amounts as are deemed reasonable by the Board), of any repair or reconstruction in the event of damage or destruction from any such hazard.

(b) 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 in the amount of \$1,000,000 covering all Summer Islands Common Properties owned or leased by the Association, and the Community Dock and Community Dock Tract, as to all damage or injury caused by the negligence of the Association, their Members, Directors, and Officers, or any of their agents. Such public liability policy shall provide such coverages as are deemed necessary by the Board.

(c) Other Insurance. The Board or its duly authorized agents shall have the authority to and may obtain: (i) worker's compensation insurance to the extent necessary to comply with any applicable law; and (ii) any such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

All such insurance coverage obtained by the Board shall be written in the name of the Association as trustee for each of the Owners. The cost of such coverage on the Summer Islands Common Properties thereof shall be a Common Expense. The cost of such coverage on the Community Dock and the Community Dock Tract shall be a common expense of the Community Dock Lot Owners, and payable from the funds collected from the Community Dock Assessment established in Article VI, Section 6.04 hereof. The Association shall have exclusive authority to adjust losses under such insurance policies with respect to the Subdivision; provided, however, that no mortgagee or other security holder of the Summer Islands Common Properties, the Community Dock or the Community Dock Tract having any interest in such losses may be prohibited from participating in the settlement negotiations, if any, relating thereto.

(d) Each Owner shall be solely responsible for obtaining, at each such Owner's sole expense, public liability, property damage or casualty coverage, flood, title, and any other insurance coverage in connection with such Owner's individual Lot(s) and all improvements thereon, as each such Owner deems necessary or appropriate.

Section 8.02. Damage to or Destruction of Summer Islands Common Properties. Should any of the Summer Islands Common Properties or other property owned by and/or covered by insurance written in the name of the Association as such trustee for the Lot Owners, be damaged or destroyed by fire, windstorm, flood, or any other casualty, the Board of Directors, or its agent shall be responsible for timely filing all claims and adjustments arising under such insurance. In such event, the Board shall be further responsible for obtaining detailed estimates for repairing or restoring and/or reconstructing such damaged property to substantially the same condition as existed prior to such casualty, and such estimates must be obtained by the Board from reputable, reliable, licensed individuals or companies. The Association shall restore, repair, or replace such damaged improvements, including structures, trees, shrubbery, fences, lawns, boardwalks, docks, piers, landscaping, signage, personal property, and natural vegetation, within sixty (60) days of such damage or destruction, or as soon thereafter as reasonably possible under the circumstances. In the event insurance proceeds, if any, are insufficient to repair, restore, and/or replace such damaged or destroyed property and reserve funds as may have been appropriated or established for such purpose are, in the sole discretion of the Board, insufficient or inadequate to defray the costs thereof, or would unreasonably deplete such reserve funds, the Board may levy a Special Assessment against all Owners, without the necessity of a vote of the Members, in an amount sufficient to provide adequate funds to pay such excess costs of repair, reconstruction, or replacement. 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, reconstruction, or replacement. Any and all sums paid to the Association under and by virtue of such Special 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, if any, and Assessments shall be disbursed by the Association in payment of such repair, reconstruction, or replacement pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any funds remaining after defraying such costs shall be retained by and for the benefit of the Association. Special Assessments levied according to this Section may include but are not limited to Special Assessments for insurance deductibles, temporary emergency repairs and uninsured losses as well as the legal or other costs of collection.

Section 8.03. Damage to or Destruction of Improvements to Lots. In the event of damage or destruction by fire or other casualty to any improvements to any of the Lots, the Owner thereof, at his sole expense, shall be responsible for clearing away the ruins and debris of any damaged improvements or vegetation within thirty (30) days of such damage or destruction, so that the Lot is promptly restored to a clean, orderly, safe, and sightly condition. In the event such Owner shall fail or refuse to clear away the ruins and debris of any damaged improvements within said thirty (30) day period, or such extended period as the Board may allow, in its sole discretion, the Association may enter the Lot, and its agents may undertake (but are not obligated to do so), any such clearing and charge the costs thereof to the responsible Owner, which costs shall be a lien upon such Lot until paid.

Section 8.04. Damage to or Destruction of the Community Dock. Should the Community Dock or any improvements on the Community Dock Tract be damaged or destroyed by fire, windstorm, flood, or any other casualty, the Board of Directors, or its agent shall be responsible for timely filing all claims and adjustments arising under such insurance. In such event, the Board shall be further responsible for obtaining detailed estimates for repairing or restoring and/or reconstructing such damaged property to substantially the same condition as existed prior to such casualty, and such estimates must be obtained by the Board from reputable, reliable, licensed individuals or companies. The Association shall restore, repair, or replace such damaged improvements, including structures, trees, shrubbery, fences, lawns, boardwalks, docks, piers, landscaping, signage, personal property, and natural vegetation, within sixty (60) days of such damage or destruction, or as soon thereafter as reasonably possible under the circumstances. In the event insurance proceeds, if any, are insufficient to repair, restore, and/or replace such damaged or destroyed property and reserve funds as may have been appropriated or established for such purpose are, in the sole discretion of the Board, insufficient or inadequate to defray the costs thereof, or would unreasonably deplete such reserve funds, the Board may levy a Special Assessment against the Community Dock Lot Owners, without the necessity of a vote of the Community Dock Lot Owners or the Members, in an amount sufficient to provide adequate funds to pay such excess costs of repair, reconstruction, or replacement. Such a Special Assessment shall be levied against the Community Dock Lot Owners in equal amounts, and additional Special Assessments may be made at any time during or following the completion of such repair, reconstruction, or replacement. Any and all sums paid to the Association under and by virtue of such Special Assessments under this Section shall be held by the Association for the benefit of the Community Dock Lot Owners, together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds, if any, and Assessments shall be disbursed by the Association in payment of such repair, reconstruction, or replacement pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any funds remaining after defraying such costs shall be retained by the Association for the benefit of the Community Dock Lot Owners. Special Assessments levied according to this Section may include but are not limited to Special Assessments for insurance deductibles, temporary emergency repairs and uninsured losses as well as the legal or other costs of collection.

ARTICLE IX

GENERAL PROVISIONS

Section 9.01. Duration. The Covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Declarant, the Association, or any Lot Owner, their respective, heirs, personal representatives, successors, successors-in-title and assigns, for a period of twenty-five (25) years from the date of recordation of this Declaration in the R.M.C. Office. Upon the expiration of said twenty-five (25) year period, this Declaration shall be automatically renewed and extended for additional successive ten (10) year periods, unless otherwise agreed to in writing by the then Owners of at least two-thirds (2/3rds) of the Lots covered by this Declaration, or any amendment thereto.

Section 9.02. Amendments. Declarant specifically reserves for itself and its successors and assigns, the exclusive right and privilege to amend this Declaration at any time to correct typographical, clerical, or scrivener's errors, by written instrument duly recorded in the R.M.C. Office, with or without the prior consent or approval of either any Owner or mortgagee holding a lien on any Lot.

In addition, so long as Declarant retains its Class B Membership in the Association, Declarant shall further have the right and privilege to amend this Declaration in other respects with the written consent or approval of the Owners of no less than twenty-five percent (25%) of the Lots, but without the written consent of the respective mortgagees holding a lien on any Lot. Any amendment made pursuant to this Section shall be effective only upon the date of recordation of such instrument in the R.M.C. Office or such other later date as may be specified in such amendment; and each Owner, by the acceptance and recordation of a deed of conveyance to a Lot, agrees for himself, and his successors in title to such Lot, to be bound by such amendments hereto as are permitted under this Section.

In addition to the Declarant's rights to amend set forth above, this Declaration may be amended at any time by an instrument signed by the Owners of not less than two-thirds (2/3rds) of the Lots; provided, however, that so long as Declarant remains a Class B or Class A Member of the Association, no amendment shall be valid unless approved in writing by Declarant. Such amendment prior to its execution shall first be subject to the notice, voting, and meeting requirements set forth in the By-Laws, and must be approved by at least two-thirds (2/3rds) of the total votes held by the Lot Owners. The agreement of the required percentage of Owners and, when required, the Declarant, 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 Owners, stating that the agreement of the required parties was lawfully obtained in accordance with this Declaration and the By-Laws of the Association. For purposes of execution of any such amendment, all Owners of a Lot, if more than one, must sign such amendment for such Lot to be included in the determination of the aforesaid two-thirds (2/3rds) of the total Lots, except in such instance as set forth in the By-Laws.

Section 9.03. Enforcement and Waiver. Declarant, the Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, covenants, conditions, easements, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by Declarant, the Association, or by any Owner to enforce in whole or in part any covenant or restriction herein contained, regardless of the number or kind of violations or breaches which may have occurred, shall in no event be deemed a waiver of the right to do so thereafter. This Declaration shall be governed by, construed, and is enforceable under the laws of the State of South Carolina.

Section 9.04. Interpretation. The Board of Directors shall have the right to determine all questions arising in connection with this Declaration and the By-Laws and to construe and interpret its provisions, and its determination, construction, or interpretation shall be final and binding upon the Owners. In all cases, the provisions of this Declaration and the By-Laws shall be given the interpretation or construction, in the opinion of the Board, that will best preserve, protect, maintain, and benefit the properties within Summer Islands.

Section 9.05. Severability. Should any covenant or restriction herein contained, or any Article, Section, subsection, sentence, clause, phrase, or term of this Declaration be declared or rendered void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto or the subject matter hereof, such judgment shall in no wise affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

Section 9.06. Assignment. Declarant reserves the right to assign to the Association or any one or more persons, firms, corporations, partnerships, or associations, any and all rights, powers, duties, easements and estates reserved or given to the Declarant in this Declaration, including, without limitation, the right to grant and assign utility easements from time to time over, under, and within Summer Islands Common Properties.

Section 9.07. Notice. Any notice, demand, or other instrument or written communication required or permitted to be given, served, made or delivered to Declarant hereunder may be given, served, made or delivered by service in person or by mailing the same by certified mail, return receipt requested, postage prepaid, or by overnight courier (e.g., Federal Express), addressed as follows:

Kiawah Resort Associates, L.P.
Attn: C.P. Darby, III
211 King Street, Suite 300
Charleston, SC 29401

With Copies to: Leonard L. Long, Jr., Esq.
92 Broad Street
Charleston, SC 29401

or to such other addresses as Declarant may request by written notice to the Owners. Any such notice, demand or other instrument or written communication mailed as above provided shall be deemed to have been given, served, made or delivered at the time that it was personally served or with sufficient postage placed in the mail, certified return receipt requested, or delivered to the overnight courier. Delivery of any notice, demand or communication to a Lot Owner shall be made in accordance with Article IV of the By-Laws.

Section 9.08. Limited Liability. Neither Declarant, nor the Association shall be liable for injury or damage to any person or property (a) caused by the elements or by any Owner or any other person; (b) caused in whole or in part from rain or other surface water or any tidal waters which may leak or flow from and/or on or along any portion of the Summer Islands Common Properties or easement areas; or (c) caused by the malfunction or failure of any pipe, plumbing, drain, conduit, pump, road, appliance, structure, dock, pier, equipment, security system, utility line, or facility which the Association is responsible for maintaining.

The Declarant and the Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored or left in or upon any portion of the Summer Islands Common Properties or any other portion of the Subdivision, nor any alleged trespass or damage resulting from entering upon any Lot under any authority provided herein and taking actions thereon as are allowable hereunder.

Further, no diminution, abatement or deferral of Assessments or any dues or charges shall be claimed or allowed by reason of any alleged failure of Declarant or the Association to take action or perform a function required to be taken or performed by Declarant or the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of Declarant or the Association, or from any action taken by them to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay any such Assessment authorized herein being separate and independent obligations on the part of each Owner.

Section 9.09. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and non-personal entities, as well as the singular and plural wherever the context requires or permits.

Section 9.10. Construction. The language in all of the parts of this Declaration and the By-Laws shall be construed as a whole according to its fair meaning, and not strictly for or against either Declarant, the Association, or the Lot Owners. By the acceptance and the recordation of a deed of conveyance to any Lot Owner in the R.M.C. Office, such Owner acknowledges that such Owner and/or his legal counsel have reviewed this Declaration, and that any rule of construction to the effect of ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Declaration, the By-Laws, or any amendments thereto.

Section 9.11. Termination of Association. In the event this Declaration is declared void, invalid, 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 or the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording of this Declaration, all Summer Islands Common Properties and other properties belonging to the Association at the time of such adjudication shall revert to the Declarant, its successors and assigns, and the Declarant, its successors and assigns, shall own and operate said Summer Islands Common Properties and other properties as trustee for the use and benefit of the Owners as set forth herein. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Owners should vote not to renew and extend this Declaration as provided for in Article IX, Section 9.01 hereof, all Summer Islands Common Properties and other properties owned by the Association at such time shall be transferred by the Association to a trustee appointed by the Court of Common Pleas of Charleston County, South Carolina, which trustee shall own and operate said Summer Islands Common Properties and other properties for the use and benefit of Owners within the Subdivision as set forth herein.

(a) In any of the foregoing events, each Lot shall continue to be subject to the Assessments which shall be paid by the Owner to the Declarant or trustee, whichever becomes successor in title to the Association. The amount of the Assessments which may be charged by the Declarant or trustee shall be established in accordance with the provisions therefore set forth in Article VI hereof.

(b) payment fees thereon, and all costs of collection, interest and reasonable attorneys' fees, shall continue to be the personal obligation of the Owner and a continuing lien on the Lot and all improvements thereon against which the Assessment was made.

(c) The Declarant or trustee, as the case may be, shall be required to use the funds collected as Assessments for the operation, maintenance, repair, and preservation of the Subdivision in accordance with this Declaration, and the Declarant or trustee may charge as a part of the costs of such services and functions a reasonable fee for its services in carrying out the duties herein provided. Neither the Declarant nor the trustee shall have the obligation to provide for the operation, maintenance, repair, and upkeep of the Summer Islands Common Properties once the funds provided by the Assessments may have become exhausted.

(d) The Declarant or trustee shall have the right and power to convey title to the Summer Islands Common Properties and to assign the rights of Declarant and the Association hereunder, provided that such conveyance is first approved in writing by the Owners of not less than fifty-one percent (51 %) of the Lots, with each Lot, if more than one Owner, having one collective vote, and provided further, that the transferee accepts title to the Summer Islands Common Properties subject to the limitations and uses imposed hereby, and affirmatively acknowledges in writing its acceptance of the duties imposed hereby. The agreement of the required percentage of Owners to such a conveyance and/or assignment of rights shall be evidenced by the sworn statement executed by the proper authorized officer(s) of Declarant, or the trustee, attached to or incorporated in such instrument executed by the Declarant or trustee, stating that the agreement of the required parties was lawfully obtained in accordance with this Declaration.

IN WITNESS WHEREOF, Kiawah Resort Associates, L.P., has caused these presents to be executed in its name by its General Partner thereunto duly authorized, and its seal to be hereunto affixed, 'this 11th day of April, in the year of our Lord One Thousand Nine Hundred and Ninety-Seven, in the Two Hundred and Twenty-First year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

KIAWAH RESORT ASSOCIATES, L.P.
(SEAL)

By: D&W Investments, Inc.,
a South Carolina corporation
(CORP.SEAL)

Katherine M. Braun
Eric C. Bryant

Its: General Partner

By: Charles P. Darby, III
Charles P. Darby, III

Its: President

Exhibit "A"

Property Description

All those certain pieces, parcels, and tracts of land situate, lying and being in the Town of Kiawah Island, Charleston County, South Carolina, within the subdivision known generally as "Summer Islands", and shown and designated as Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20, "Summer Islands Lane," a right-of-way varying in width, a .363 acre "Conservation Area", a .409 acre "Conservation Area", a 1.180 acre "Conservation Area", a 3.466 Acre "Conservation Area", a .108 acre "Conservation Area", a .037 acre "Pump Station", a .444 acre "Residual" tract, a .865 acre "Conservation Area", a .267 "Community Dock Tract", a .490 acre "Conservation Area", and a .052 acre "Conservation Area" all within Summer Islands Subdivision, Phase I, Subdivision 437, Parcel 34, and shown on a plat by Southeastern Surveying, Inc. entitled "A CONDITIONAL SUBDIVISION PLAT OF LOTS 1 - 20 SUMMER ISLANDS PHASE I SUBDIVISION 437 PARCEL 34 owned BY KIAWAH RESORT ASSOCIATES, L.P. LOCATED IN THE TOWN OF KIAWAH ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA", dated January 28, 1997, and recorded in Plat Book EB at pages 596, 597, and 598, (the "Plat") in the office of the Register of Mesne Conveyances for Charleston County, S.C., (hereinafter the "R.M.C. Office"), said parcels having such location, butts and bounds, metes, courses, and distances as will by reference to the Plat more fully appear.