

COVENANTS

STATE OF SOUTH CAROLINA)	DECLARATION OF COVENANTS AND
)	RESTRICTIONS FOR OCEAN GREEN
COUNTY OF CHARLESTON)	

THIS DECLARATION, made this 21 day of December, 1990, by Ocean Green Associates Limited Partnership, a South Carolina Limited Partnership, hereinafter referred to as "Declarant",

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of certain property in Charleston County, South Carolina, more particularly described in Exhibit "A" attached hereto; and

WHEREAS, the Declarant proposes to create on such property a subdivision containing detached and attached single family homes on homesite lots together with certain Common Properties as more fully described herein; and

WHEREAS, the Declarant wishes to accomplish the following objectives for its benefit and for the benefit of Owners of property in the Subdivision (as hereinafter defined) by the imposition of the covenants and restrictions set forth herein:

- (a) To maintain the value and the residential character and integrity of the Subdivision and to maintain the quality and value of any Common Properties of the Subdivision,
- (b) To minimize or eliminate the possibility of any disruptions of the peace and tranquility of the residential environment of the Subdivision,
- (c) To protect and prevent the abuse or unwarranted alteration of the trees, vegetation, freshwater wetlands, open spaces and lagoons (if any) within or adjacent to the Subdivision,
- (d) To preserve and maintain the adjoining natural areas and environment,
- (e) To prevent any Owner or any other persons from building or carrying on any other activity in the Subdivision to the detriment of any Owner of property in the Subdivision,
- (f) To help keep property values in the Subdivision high, stable and in a state of reasonable appreciation,
- (g) To maintain, repair, replace, improve and landscape the Common Properties and within the Subdivision as hereinafter provided; and

WHEREAS, the Declarant, as hereinafter provided in this Declaration, has retained and reserved the right, privilege and option to submit to the provisions of this Declaration at a later time and from time to time as a part of the Subdivision all or any portion of the real property described in Exhibit "B" attached hereto and incorporated herein by reference;

NOW THEREFORE KNOW ALL MEN BY THESE PRESENTS THAT the Declarant hereby declares that the property described in Exhibit "A" and any Additional Property described in Exhibit "B" or so much of it as Declarant may, in its sole discretion, choose to develop or dedicate, as by subsequent amendment hereto may be subjected to this Declaration, shall be held, mortgaged, transferred, sold, conveyed, leased, occupied and used subordinate and subject to the following easements, restrictions, covenants, charges, liens and conditions which are hereby imposed for the purpose of protecting the value and desirability of the Subdivision and which restrictions, easements, charges, liens, conditions, and covenants shall touch and concern and run with title to the real property subjected to this Declaration and which shall be binding on all parties having any right, title or interest in said properties or any portion of them. This Declaration also binds the respective heirs, devisees, fiduciary representatives, successors, successors in title and/or assigns, and shall inure to the benefit of anyone or anything who/which purchases or takes any interest in real property within the lands subject to this Declaration.

ARTICLE I DEFINITIONS

When used in this Declaration, unless the context shall prohibit or require otherwise, the following words shall have the following meanings, and all definitions shall be applicable to the singular or plural forms of any such term(s):

Section 1. "Additional Property" or "Additional Properties" shall mean and refer to the real property described in Exhibit "B" or any portion thereof and all improvements thereon.

Section 2. "Approved by the Declarant" shall mean written approval issued by the Declarant signed by its designated representative.

Section 3. "Assessment" shall mean and refer to any Owner's share of the Common Expenses including but not limited to any annual or special assessment as provided herein or any other charges from time to time assessed against an Owner by the Association in the manner provided.

Section 4. "Association" shall mean and refer to the Ocean Green Property Owners Association, Inc., its successors and assigns.

Section 5. "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.

Section 6. "By-Laws of the Association" shall mean and refer to those By-Laws of the Association which govern the administration and operation of the Association attached hereto as Exhibit "C" and made a part hereof by reference, as those By-Laws may be amended from time to time.

Section 7. "Cause" for removal of a director shall mean fraudulent or dishonest acts, or gross abuse of authority in the discharge of duties to the Association, and must be established after written notice of specific charges and opportunity to meet and refute such charges.

Section 8. "Common Properties" or "Common Areas" shall mean and refer to those tracts of land together with any improvements thereon which now or hereafter are designated as Common Properties or Common Areas by the Declarant, which may hereafter be deeded or leased to the Association and expressly designated in said deed or lease as "Common Properties" or "Common Area." Specifically included as part of the Common Properties are all amenity areas (together with improvements constructed or to be constructed thereon), maintenance areas, roads, streets, rights-of-way, pedestrian easements, common driveway easements, landscaping, irrigation systems, green areas, signage, swimming pool, pool maintenance facilities, fences, bridges, walkways and other properties which may now or hereafter be designated as Common Properties or Common Areas by Declarant. The term "Common Properties" shall also include any personal property acquired by the Association if said property is expressly designated as "Common Property." All Common Properties are to be devoted to and intended for the common use and enjoyment of the Owners, residents, and their guests, and visiting members of the general public (to the extent permitted by the Board of Directors) subject to the fee schedules and operating rules adopted by the Association, if any, provided, however, that any lands which are leased by the Association for use as Common Properties may lose their character as Common Properties upon the expiration of such Lease, as determined by the Declarant. The Declarant reserves the right to convey Common Properties to the Association, any non-profit organization or any governmental authority. Such conveyance shall be made subject to the provisions of this Declaration and shall contain such additional restrictions, easements, reservations, liens and encumbrances as set forth in the deed

of conveyance. Declarant also reserves the right, in its sole discretion, to delegate, assign or transfer its obligation, if any, to maintain any streets, roadways, common driveways and drainage systems to the Association, the Kiawah Island Community Association, Inc., any nonprofit organization or any government authority. The Declarant may add or substitute mortgages, provided the Association does not have to assume payments or obligations of any mortgage on Common Properties conveyed to it. As an appurtenance to any conveyance to the Association, the Association shall have all of the powers, immunities and privileges reserved unto the Declarant as well as all of the Declarant's obligations with respect thereto, including the obligation to maintain and enhance. The Declarant may convey to the Association additional real or personal property, improved or unimproved, located within the Properties which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association as a Common Expense for the benefit of the Owners. The Declarant, in Declarant's sole judgment and discretion, its successors and assigns, may elect to convey to the Association, the Kiawah Island Community Association, Inc. or any government authority all right title and interest in and to the right-of-way of Ocean Green Drive or any portion thereof as such right-of-way appears on the Subdivision Plat. In the event Declarant conveys Ocean Green Drive or any portion thereof to the Kiawah Island Community Association, Inc., the Association, with the approval of the Board of Directors, may nevertheless provide additional maintenance and landscaping for such street or road, the cost of which shall be deemed a Common Expense.

Section 9. "Common Expense(s)" 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 financial, equipment or material reserves, consistent with the provisions and intent of this Declaration.

Section 10. "Declaration" shall mean this Declaration and all supplements and amendments to this Declaration as filed in the Office of the Charleston County Register of Mesne Conveyances.

Section 11. "Declarant" shall mean and refer to Ocean Green Associates Limited Partnership, a South Carolina Limited Partnership, its successors and assigns. The Declarant shall have the right to assign any and all rights which it may possess or delegate any of its duties or obligations to the Ocean Green Property Owners Association, Inc., or any person, association or entity, provided, however, that the instrument or assignment shall expressly so provide.

Section 12. "Dwelling" shall mean and refer to any building constructed on a Lot intended to be used as a private residence whether detached from any residential building on another Lot or attached to another residential building constructed on an adjacent Lot by a party wall positioned on the common boundary line between the two adjacent Lots. The term "Dwelling" includes all "Shared Dwellings" unless otherwise specifically indicated.

Section 13. "Living Space" shall mean and refer to enclosed and covered areas within a Dwelling on a Lot, exclusive of garages, rooms over garages, enclosed porches, carports, breezeways, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, attics and basements.

Section 14. "Lot" shall mean and refer to any plot of land shown upon any recorded Subdivision Plat of the Properties, together with the improvements thereon, with the exception of the Common Properties. The term "Lot" includes any piece, parcel or plot of land improved or intended to be improved with a Dwelling, whether the Dwelling be a detached residential building or an attached residential building sharing a party wall positioned on the boundary line between two Lots.

Section 15. "Member" shall mean and refer to every Owner of a Lot which is subject to assessment and shall include the Declarant while it is the record owner of any Lot.

Section 16. "Property" or "Properties" shall mean and refer to all property which is or becomes subject to this Declaration.

Section 17. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, holding the fee simple title to any Lot, but shall not mean or refer to any Mortgagee or subsequent holder of a Mortgage having such interest merely as security for the performance of an obligation, unless and until such Mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure. Said term "Owner" shall refer to the heirs, successors and assigns of any Owner but not the lessee or tenant of an Owner.

Section 18. "Shared Dwelling" shall mean and refer to the entire building consisting of two attached residential buildings constructed on adjacent Lots and connected by a party wall positioned on the common boundary line between the two adjacent Lots.

Section 19. "Subdivision" shall mean and refer to those tracts or parcels of land described in Exhibit "A", together with all improvements presently thereon and subsequently

constructed thereon, and, upon the submission to the provisions of this Declaration of the Additional Properties described in Exhibit "B", or any portion thereof, shall mean and refer to the real property described in Exhibit "A" and the real property described in Exhibit "B" or such portion thereof so submitted, together with all improvements thereon or hereafter constructed thereon.

Section 20. "Subdivision Plat" shall mean and refer to the plat entitled "A FINAL PLAT OF BENNETT AND HOFFORD GOLF COTTAGES AND A 6.038 ACRE TRACT OWNED BY KIAWAH RESORT ASSOCIATES, LOCATED IN THE TOWN OF KIAWAH ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Mark S. Busey, RLS, dated November 20, 1989, last revised June 19, 1990, recorded in the RMC Office for Charleston County in Plat Book ____, Page ____, together with any future revisions thereof or any subdivision plat for any portion of the Additional Property as may be submitted to the terms of this Declaration, and as may be recorded in the Office of the Register of Mesne Conveyances for Charleston County.

ARTICLE II PROPERTY

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants, is located on Kiawah Island, Charleston County, South Carolina, and is more particularly described in Exhibit "A" attached hereto and by reference incorporated herein.

Section 2. Additional Properties. Additional Properties may become subject to this Declaration in the following manner:

(a) Additions. The Declarant, its successors and assigns, shall have the right, without further consent of the Association or Owners at any time prior to December 31, 2001, to bring within the plan and operation of this Declaration Additional Properties, whether or not now owned by the Declarant, its successors or assigns, in future stages of development, whether or not immediately contiguous and adjacent to the Subdivision.

There are no limitations fixing the boundaries of the Additional Properties which may be added from time to time or regulating the order, sequence or location in which any of such Additional Properties may be subjected to the Declaration. The exercise of the option to submit Additional Properties to the Declaration shall not bar the further exercise of this right as to Additional Properties.

Declarant reserves the right to subject such Additional Properties to this Declaration to be developed as single family residential communities with detached or attached homes, planned unit developments, condominiums, townhouses, villas, multifamily developments or any other mixtures or types of communities as the Declarant, in its sole discretion, may elect. Declarant shall not be restricted in any manner in its development of Additional Properties including but not limited to any restrictions on height, design, density, building materials, lot size, mixture of development, sequence of development or type of ownership. The development of any Additional Properties by Declarant shall not be restricted by any express or implied easements of view or access. The development of any Additional Properties by Declarant shall not be restricted by any express or implied covenant or restriction or any negative reciprocal easements arising from any information contained in the Subdivision Plat.

The additions of property authorized under this Declaration shall be made by filing of record a Supplementary Declaration of Covenants and Restrictions with respect to the Additional Properties which shall expressly extend the operation and effect of the covenants and restrictions of this Declaration to such Additional Properties or portion thereof as determined by the Declarant. The Supplementary Declaration may contain such additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the Additional Properties. The Declarant reserves the right to bring other Property within the plan and operation of this Declaration; expressly reserving, however, the right and option to develop or not develop any property it owns or acquires in the future in any manner it so desires and to submit or not submit such property to the plan and operation of this Declaration.

THE DECLARANT SHALL NOT BE OBLIGATED TO IMPOSE THIS DECLARATION ON ANY PROPERTIES NOT PRESENTLY SUBJECT TO SAID DECLARATION AND EXPRESSLY RESERVES THE RIGHT TO ACQUIRE AND CONVEY SUCH PROPERTY OR PROPERTIES FREE OF THIS DECLARATION.

(b) Merger or Consolidation. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws of the Association, 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 consolidated association may administer the Covenants and Restrictions established by this Declaration within the Properties as herein provided.

ARTICLE III
THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 1. The Association. The Declarant has established or will establish the Association for the purpose of exercising powers of landscaping, maintaining, repairing, reconstructing, improving and administering the Lots and Common Properties and providing common services, administering and enforcing the covenants, conditions and restrictions contained herein, and levying, collecting and disbursing Assessments and charges herein created. Further, the Declarant reserves the right to convey to the Association and the Association agrees to accept any and all of its real property, personal property or rights and obligations set forth herein. The Association shall be authorized, but not obligated, to provide the following services or perform the following acts, the cost of which shall be a Common Expense:

- (a) Clean-up, maintenance, landscaping, improvement and replacement of all Common Properties, pedestrian easements, drainage easements, fences, bridges, open spaces, streets, roads, rights-of-way and lagoons within the Subdivision or in a reasonable proximity to the Subdivision such that their deterioration would affect the appearance of the Subdivision as a whole.
- (b) Clean-up, landscaping and maintenance of landscaping on individual Lots, as may be determined to be necessary in the discretion of the Board of Directors including, without limitation, such work necessary to prevent deterioration of the landscaping on any Lot or common driveway area which would adversely affect the appearance of the Subdivision as a whole.
- (c) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors to supplement the service provided by the State and local governments.
- (d) Take any and all actions necessary to enforce all covenants and restrictions affecting the Subdivision and to perform any of the functions or services delegated to the Association by Declarant or in any covenants or restrictions applicable to the Subdivision.
- (e) Create, organize and operate the Architectural Review Board as provided herein.
- (f) Construct improvements on open spaces, pedestrian easements, drainage easements, common driveway easements, rights-of-way and Common Properties.

- (g) Provide or contract for administrative services including, but not limited to, legal, accounting and financial communication services informing members of activities, notice of meetings, referendums etc., incident to the above listed services.
- (h) Provide liability and hazard insurance as required in this Declaration covering improvements and activities on the open spaces, rights-of-way, pedestrian easements and the Common Properties, independently or in collaboration with the Declarant.
- (i) Provide directors and officers liability insurance for the Association and its duly elected Directors and Officers.
- (j) Maintain and improve all pedestrian easements shown on the Subdivision Plat whether on the Property or adjacent to the Property.
- (k) Maintain, repair and replace fencing, landscaping and irrigation systems located anywhere within the right-of-way of Ocean Green Drive or on other Common Properties.
- (l) Landscape, maintain, improve, repair and replace all roads, streets, rights-of-way, sidewalks, fences, pedestrian easements, common driveways and walking paths within or appurtenant to the Subdivision and any Common Properties or open spaces located therein, including landscaping and maintenance to supplement that performed by the Kiawah Island Community Association, Inc., Town of Kiawah Island, County of Charleston or any government entity with respect to those portions of the roads, parkways, streets and rights-of-ways within the Subdivision which may be dedicated to public use, conveyed to the Kiawah Island Community Association, Inc., or otherwise owned or maintained.
- (m) Maintain any drainage easements, improvements and/or facilities located within or adjacent to the Subdivision or appurtenant to the Subdivision.
- (n) Erosion and flood control improvements within the Common Properties and elsewhere within the Subdivision, if necessary.
- (o) Purchase and acquisition of personal property and equipment as necessary to provide maintenance of the Subdivision and Common Properties.

- (p) Establishment and implementation of a wildlife management plan for the Subdivision and the Common Properties.
- (q) Maintenance, repair and replacement of the swimming pool and pool facilities, if any, constructed within the Amenity Area as shown on the Subdivision Plat.
- (r) To provide any and all 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.

The Association reserves the right to assign or delegate to any nonprofit organization or to any government entity any of the responsibilities duties or obligations it chooses to provide relating to any of the above services, duties or acts.

Section 2. Rules and Regulations. The Association, by and through its Board of Directors, may adopt from time to time additional reasonable rules, regulations and fee schedules governing the use of Common Properties and Lots within the Subdivision.

Section 3. Membership. Every Owner, including the Declarant, of a Lot which is subject to this Declaration shall be a Member of the Association. Membership shall be appurtenant to and not be separated from ownership of any Lot which is subject to Assessments.

Section 4. Voting Rights. The Association shall have two classes of voting membership.

(a) Class A. Class A Members shall be every Owner, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. Declarant may become a Class A Member upon the expiration of its Class B Membership status as hereinafter set forth. When more than one person holds title to any Lot, all such persons shall be Members and the one vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Class B. Class B Member(s) shall be the Declarant, its successors and assigns. The Class B Member(s) shall be entitled to four (4) votes for each Lot in which it holds the interest required for membership under Section 3 of this Article. As to additional unimproved or improved Lots which may be subdivided from Additional Properties subjected to this Declaration, the Class B Member(s) shall be entitled to four (4) votes for each of these additional unimproved or improved Lots

owned by Declarant at the time said Additional Properties are subjected to this Declaration or thereafter.

The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

- (1) when the Declarant executes and records an instrument forfeiting its Class B Membership; or
- (2) on December 31, 2001.

When a purchaser of an individual Lot takes title thereto from the Declarant, such purchaser becomes a Class A Member.

Section 5. Board of Directors. The Association shall be governed and the business and affairs of the Association shall be managed by a Board of Directors as more particularly set forth in the By-Laws of the Association. Except to the extent otherwise required by the provisions of the South Carolina Code relating to nonprofit corporations, this Declaration, the By-Laws, or the Articles of Incorporation of the Association, 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 Article XII hereof and notwithstanding any other provision to the contrary contained in any instruments evidencing or establishing the Subdivision, 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 the expiration or earlier termination of Declarant's Class B Membership. 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 in this Declaration.

Section 6. Referendum. Any action which may be taken at a duly called meeting of the Association may also be taken by referendum of the Members of the Association. In the event fifty-one (51%) percent, or more, of the total votes actually returned to the Association within the specified time shall be in favor of such action, the referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance.

ARTICLE IV

RIGHTS IN THE COMMON PROPERTIES, EASEMENTS AND COMMON DRIVEWAYS

Section 1. Members Easements of Enjoyment. Subject to the provisions of this Declaration and the rules and regulations of the Association, every Owner shall have a right and nonexclusive easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Title to Common Properties. Except as otherwise provided in this Declaration, the Declarant covenants for itself, its successors and assigns, that it shall convey to the Association or cause to be conveyed to the Association on or before December 31, 2001, as Common Properties, the property shown on the Subdivision Plat designated as the "Amenity Area". The Declarant reserves the right to impose additional covenants on such Common Properties at the time of such conveyance. The Declarant also reserves the right, but is not obligated to convey other Common Properties to the Association and the Association hereby agrees to accept such Common Properties, including, but not limited to, the streets, roads, fences, bridges, "Residual Area" (as shown on the Subdivision Plat), pedestrian easements, drainage easements, common driveway easements and rights-of-way within the Subdivision. The Declarant reserves the right, in its sole discretion, to convey title to or delegate any obligation to maintain the streets, roads and rights-of-way to the Association, the Kiawah Island Community Association, Inc. or to any appropriate government authority.

Any Common Properties whether or not conveyed to the Association shall be maintained, landscaped, improved, repaired and/or replaced by the Association at its expense. Declarant, in Declarant's sole discretion, shall have the right and option of conveying or causing to be conveyed and/or designating all roads, common driveway easements and rights-of-way as Common Properties for maintenance by the Association, in which event the Association agrees to accept ownership and/or maintenance of said roads, common driveway easements and rights-of-way. In any event, the Association shall be authorized, but not obligated to supplement any landscaping, maintenance or improvement of roads, road rights-of-way, fences and drainage facilities located within any rights-of-way, the cost of which shall be a Common Expense.

Section 3. Amenity Area Swimming Pool. Any cost of maintenance, repair and replacement of any swimming pool, pool maintenance facilities or personal property used in or adjacent to the swimming pool which may be built upon the Amenity Area shall be a Common Expense and Members shall have a nonexclusive

right and privilege of use in conjunction with other Owners. Declarant, while retaining its Class B Membership, reserves the right to convey its ownership interest in the Amenity Area swimming pool or pool facilities to the Association and the Association agrees to accept.

Section 4. Extent of Members' Easement. The rights and easements created hereby shall be subject to the following:

(a) The right of the Declarant, and of the Association, to dedicate, transfer or convey all or any part of the Common Properties, with or without consideration, to any successor association, governmental body, district, agency or authority, or to any utility company, provided that no such dedication, transfer or conveyance shall adversely affect the use of the Common Properties by the Owners;

(b) The right of the Declarant, and of the Association, to grant, reserve and accept easements and rights-of-way through, under, over and across the Common Properties, for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, electric, fuel oil and other utilities and services, including a cable or community antenna television system and irrigation or lawn sprinkler systems, and the right of the Declarant to grant and reserve easements and rights-of-way through, over and upon and across the Common Properties for the improvement and completion of the Subdivision, and for the operation and maintenance of the Common Properties;

(c) The right of the Declarant while retaining its Class B Membership and of the Association to grant, reserve, relocate, expand and extinguish easements and rights-of-way through, over and across all Common Properties and all Lots for the purpose of creating common driveways, which common driveway easements shall be appurtenant to the Lot benefited thereby and shall be a commercial, transferable easement and shall run with the Common Properties and/or Lot benefited thereby and be binding on the Owners of the burdened Lots and their heirs, successors and assigns.

(d) The right of visitors, invitees, etc., to ingress and egress in and over those portions, if any, of the Common Properties that lie within the private roadways, parking lots and/or driveways (and over any other necessary portion of the Common Properties in the case of landlocked adjacent Owners) to the nearest public road;

(e) The right of the Association, as provided in its By-Laws, to suspend the voting and enjoyment rights of any Owner 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;

(f) The rights 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 Common Properties; including, but not limited to any swimming pool and related pool facilities which Declarant may develop now or in the future in the Amenity Area;

(g) All covenants, easements, restrictions, regulations and ordinances of record as adopted or as may be adopted in the future by the Kiawah Island Community Association, Inc. or any governmental entity or agency having jurisdiction over the Property subject to this Declaration. It is the intent of this Declaration to supplement and not to contradict any such covenants, easements, restrictions regulations or ordinances and this Declaration shall be interpreted to be consistent with such wherever possible.

Section 5. Easements for Declarant. During the period that Declarant owns any Common Properties, or owns any Lot primarily for the purpose of sale or has the option to add the Additional Property or any portion thereof to the Subdivision, Declarant shall have an alienable and transferable right and easement on, over, through, under and across the Common Properties and Lots for the purpose of maintaining, constructing or improving Lots and Common Properties for installing, maintaining, repairing and replacing such other improvements to the Subdivision (including portions of the Common Properties) as are contemplated by this Declaration or as Declarant desires, in its sole discretion, including without limitation any improvements or changes permitted and described in this Declaration, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided that in no event shall Declarant have the obligation to do any of the foregoing.

Section 6. 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 property manager or management firm employed by the Association and any employees of such manager or management firm, to enter upon any Lot or Common Property or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement over Lots is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Owner or occupant affected.

Section 7. Sales Offices, Rental Offices, Property Management Offices and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Declarant, its agents, successors and assigns, the perpetual, alienable and transferable right and easement in and to the Property for: the maintenance of signs, sales offices, rental offices, property management offices, construction offices, and model or sample Lots, together with such other facilities as in the sole opinion of Declarant reasonably may be required, convenient or incidental to the completion, management, rental, improvement and/or sale of Lots, Common Properties or the Additional Property. The Declarant also reserves the right to grant to any builder or builders the right to operate and maintain builder sales offices at any location within the subdivision upon such terms and conditions as the Declarant in the Declarant's sole discretion may establish.

Section 8. Easements for Additional Property. There is hereby reserved in the Declarant, 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 Subdivision, perpetual, non-exclusive rights and easements and the right to relocate any existing easements for: (i) pedestrian and vehicular access, ingress, egress and parking facilities from time to time located on or within the Common Properties or within easements serving the Common Properties or within the streets, pedestrian easements, or rights-of-way within the Subdivision, whether or not such streets or rights-of-way have been designated as Common Properties or have been conveyed to the Kiawah Island Community Association, Inc. or governmental authority; (ii) the installation, maintenance, repair, replacement and use of 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 (iii) drainage and discharge of surface water onto and across the Subdivision, provided that such drainage and discharge shall not materially damage or affect the Subdivision or any improvements from time to time located thereon.

Section 9. Landscaping and Maintenance Easements. Subject to the other terms of this Declaration, there 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 to enter any portion of any Lot up to the exterior of any Dwelling for the purpose of landscaping and maintaining the unimproved portions of the Lots and common driveway easements. Furthermore, there 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 Lots which are located within ten (10') feet from the water's edge of any lagoon, pond or other body of water within the Subdivision for the purpose of mowing such area and keeping same clear and free from unsightly growth and trash, as well as for the purpose of maintaining such body of water, such maintenance to include, without limitation, dredging and the maintenance of reasonable water quality standards.

Section 10. Environmental Easement. There 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 on, over and across all unimproved portions of the Common Properties and Lots 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 or by any governmental agency or authority, such easement to include without limitation the right to implement erosion control procedures and practices, to drain standing water, to preserve fresh water wetlands and to dispense pesticides. The Declarant and the Association also reserve the right to enjoin by action at law or equity any use of a Lot by any Owner which violates any such environmental rules, regulations and procedures.

Section 11. Pedestrian and Beach Access Easements. There is hereby reserved for the benefit of the Declarant, the Association and their respective agents, employees, successors and assigns, a nonexclusive, alienable, transferable and perpetual right and easement, as shown on the Subdivision Plat and designated as "16' Drainage and Pedestrian Easement"; said easement is subject to Declarant's right to relocate this easement at any time and is intended to allow access and pedestrian ingress and egress from the various Lots within the Subdivision. The Declarant and the Association, their successors and assigns, shall have the right to construct and use boardwalks, paths, bridges, walkways and fences within or along the aforesaid easement areas, and the Association, its successors and assigns, shall have the authority to maintain, repair and replace such boardwalks, paths, walkways and fences or other improvements as a Common Expense. Declarant reserves the right to convey any improvements constructed on said easement to the Kiawah Island Community Association, Inc., any non profit organization or government authority.

Section 12. Reservation of Easements. In addition to those easements shown on the Subdivision Plat (including, but not limited to, the pedestrian access easement and all drainage easements) and the common driveway easements (as provided

herein) as well as those easements shown on the plat of any Additional Property subsequently subjected to this Declaration, and not as any limitation thereof, a perpetual, alienable and transferable right and utility easement on each Lot is hereby reserved by the Declarant and the Association for itself and its agents, devisees, successors and assigns, along, over, under and upon the Lots and Common Properties subject to this Declaration, provided, however, that: (a) no utility easement shall run across any portion of the Lots or other property which is covered by an existing building or structure or across any area for which written approvals to construct a building thereon have been obtained; (b) such easements or installation of utilities therein or thereon shall be maintained in as attractive manner as is reasonably feasible; (c) the Declarant, without obligation, reserves the right to transfer any such utilities and easements, in whole or in part, which it may own to the Association, at which time the Association shall be responsible for and have the obligation to operate and maintain such utility easements; and (d) the Declarant, without obligation, reserves the right to transfer such utilities and utility easements and easements of access to such utilities and utility easements, in whole or in part, to another entity, whether public or private, which shall undertake to provide such utility service. The purpose of these easements shall be to provide, install, maintain, construct and operate drainage facilities, now or in the future and utility service lines, including water, sewer and power, to or from each Lot or other Property. To the extent possible, all utility lines and facilities serving the Subdivision and located therein shall be located underground. Such easements may be granted or accepted by the Declarant, its successors and assigns, or by the Board of Directors after such easements inure to the benefit of the Association as provided herein. By virtue of any such easement, it shall be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Subdivision 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. Within these easements, no structures, planting or other materials shall be placed or permitted to remain which may damage or interfere with installation or maintenance of utilities or which may change the direction or flow of drainage channels in such easements. For the purpose of this Section, the Declarant reserves the right to modify or extinguish the easements herein reserved. The easements herein reserved shall be for the use of Declarant, utility companies and public agencies in connection with development and continued operation of the Subdivision. In addition, the Property shall be subject to a non-exclusive easement in favor of Declarant for

construction of improvements on the Lots and Common Properties including any added by annexation, and for exhibition and sales of such improvements. There is further reserved for the benefit of the Declarant, the Association and their respective successors and assigns, the alienable, transferrable and perpetual right and easement, as well as the power to grant and accept easements to and from any public or private authority, agency, public service district, public or private utility or other person upon, over, under and across (a) all of the Common Properties and (b) an area across every Lot which is not covered by an existing building or over any area which would not prohibit the future development of such Lot. Such easements may be granted or accepted by the Declarant, its successors and assigns, or by the Board of Directors provided, however, that for so long as the Declarant owns any portion of the Common Properties or owns any Lot primarily for the purpose of sale and has the option to subject the Additional Property or any portion thereof to this Declaration and its operation, the Board of Directors must obtain the written consent of the Declarant prior to granting or accepting any easements.

Section 13. Mutual Easements. There shall be appurtenant to each Lot a perpetual, alienable, transferable and non-exclusive easement for the use of all pipes, wires, cables, conduits, utility lines, flues and ducts serving the improvements thereon and situated upon any other Lot. Each Lot shall be subject to an easement in favor of other Lots for use of all pipes, wires, cables, conduits, utility lines, flues and ducts situated on or across such Lot and serving other Lots.

Section 14. Cross Easements. A perpetual, alienable, transferable easement is hereby granted and reserved on behalf of the Declarant and Owners, and their heirs, successors and assigns over each Lot (or any portion of a Lot) for the unintentional encroachment of buildings, party walls, air conditioning units, driveways, or other improvements upon adjoining Lots or Common Area; provided, however, that such grants and reservations of easements are hereby expressly limited to those improvements originally installed by Declarant, its employees, agents or contractors. The intent hereof is to limit the grants and reservations of easements to those encroachments created during the initial construction of improvements on any Lot herein affected.

Section 15. Common Driveways and Easements for Access. It is the intent of the Declarant that access to Lots be provided by various common driveways. There shall be appurtenant to each Lot a perpetual, alienable, commercial, transferrable, non-exclusive easement for pedestrian and vehicular access, ingress and egress over and across all as-built common driveways leading to such Lot from Ocean Green Drive to the extent that such common driveway(s) encroach(es)

upon any adjoining Lot(s) or Common Property(ies), and the portions of the Subdivision burdened with such common driveway and easements, whether a Lot or Common Property, shall be held, conveyed, transferred, and mortgaged subject to such common driveway easements in favor of the other Lot(s) to which such common driveway(s) provide(s) access. Such common driveway and easements therefor shall be for the limited common use and enjoyment of the owners of any Lot or Lots to which such driveways provide access. Each common driveway shall be located and constructed over one or more Lots or portions of Common Properties subject to the following:

(a) The right of Declarant, in its sole discretion, to change the common driveway easement location at any time whether before or after construction of the actual driveway surface to facilitate development of the Property or of Additional Property.

(b) The obligation of each Owner and the Association to not create or allow any obstruction to be placed upon or across the driveway easement so as to limit in any way any Owner's access to his Lot; and

(c) The duty of the Association to landscape and maintain all common driveway easements and improvements thereon as a Common Expense.

(d) The right of the Declarant and the Association or its agents, employees, successors and assigns to enter the Lot(s) and Common Properties burdened or benefitted by the common driveway easement(s) to perform any of the duties or obligations imposed by this Declaration.

Section 16. No Partition. Except as provided in this Declaration, there shall be no judicial partition of the Subdivision or any part thereof, nor shall any person acquiring any interest in the Subdivision or any part thereof seek any such judicial partition unless the Subdivision has been removed from the provisions of this Declaration. This Section shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

Section 17. Subdivision of Lot, Easements and Encroachments. No Lot shall be subdivided or its boundary lines changed except as provided in this Declaration. Provided, however, if any portion of any Common Properties unintentionally encroaches upon a Lot or any part thereof, whether by settlement or otherwise, a valid easement for the encroachment and for the maintenance of same exists.

Section 18. Increased Size of Lots. Lot or Lots may be subdivided provided the effect is to increase the size of the adjoining Lot or Lots and the division does not deny or restrict access to any Lots or common driveways. In such cases, the Declarant may alter the building, common driveway easements or set-back lines, if any, to conform to such Lot. Should the Owner or Owners of any Lots and/or portions of Lots which have been combined for a single building site subsequently wish to revert to the original plan of the Subdivision, or make any other combination which would not be in violation of this restriction, that may be done only if the written consent of the Architectural Review Board is first had and obtained. In such instances, the adjoining Lot Owners, or other Owners in the Subdivision shall not have the right to pass on or interfere with such Lot rearrangement.

Section 19. Alteration of Building Lines in the Best Interest of Development. Where because of size, natural terrain, or any other reason in the sole opinion of the Declarant, it should be in the best interest of the development of the Subdivision that the building lines of any Lot should be altered or changed, then Declarant reserves unto itself, its successors and assigns, and no other, the right to change said lines to meet such conditions. The Declarant specifically reserves the right to transfer and assign this right of change of building lines to the Architectural Review Board herein established.

Section 20. Replatting of Lots. The Declarant hereby expressly reserves to itself, its successors and assigns, the right to replat any one or more Lots shown on the Subdivision Plat or to relocate any common driveway easement in order to create modified building Lot/s or driveways. The restrictions and covenants herein apply to each such building lot or common driveway easement so created.

Section 21. Changes in Boundaries: Additions to Common Properties. Declarant expressly reserves for itself and its successors and assigns the right to change and realign the boundaries of the Common Properties and any Lots including the realignment of boundaries between adjacent Lots and Common Properties. 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 which may be subjected to this Declaration, such real property to be conveyed to the Association as an addition to Common Properties and subject to the other provisions set forth in this Declaration.

ARTICLE V
 RIGHT OF ASSOCIATION TO ALTER, IMPROVE, LANDSCAPE, MAINTAIN AND
 REPAIR COMMON AREAS AND PORTIONS OF LOTS

Section 1. General Duties. The Association shall have the right to make or cause to be made such alterations, modifications, improvements, repairs, maintenances and replacements to the Common Properties and portions of Lots as set forth herein, and the cost thereof shall be assessed as Common Expenses and collected from the Owners as provided herein. Provided, however, the Declarant and the Association reserve the right to transfer the maintenance of all streets, roads, rights-of-way and drainage systems to the Kiawah Island Community Association, Inc., any nonprofit organization or any government authority.

Section 2. Responsibilities of Owners. Unless specifically identified herein and subject to the provisions of this Declaration regarding party walls and Shared Dwellings, all maintenance and repair of Lots, together with all other improvements thereon or therein and all lawns, landscaping and grounds on and within a Lot shall be the responsibility of the Owner(s) of such Lot. All party walls shall be maintained, repaired, replaced at a cost to be shared equally by all Owners sharing such party walls as provided in Article VI of this Declaration. Declarant shall be responsible for Declarant-owned properties. Subject to the provisions of this Declaration regarding Shared Dwellings, each Owner shall be responsible for maintaining such Owner's Lot in a neat, clean and sanitary condition, and such responsibility shall include the maintenance and care of all exterior surfaces of all buildings improvements and structures. Except to the extent the Board of Directors, in the Board's sole discretion, specifically agrees otherwise, all attendant lawns, trees, shrubs, hedges, grass, natural areas and other landscaping shall be maintained by the Owner(s) thereof. As provided in this Declaration, 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: (i) decorate, change or otherwise alter the appearance of any portion of the exterior of a structure on any Lot unless such decoration, change or alteration is first approved, in writing, by the Architectural Review Board as otherwise provided herein; or (ii) do any work which, in the reasonable opinion of the Architectural Review Board, would jeopardize the soundness and safety of the Subdivision, reduce the value thereof, or impair any easement or hereditament thereto, without in every such case obtaining the written

approval of the Architectural Review Board and the Owners and Mortgagees of the Lots directly affected thereby or benefitting from such easement or hereditament or (iii) act in any way to block, damage or otherwise adversely affect any Owner's use of any common driveway easement.

Section 3. Association's Responsibility.

(a) Except as may be otherwise specifically provided, the Association shall maintain and keep in good repair all portions of the Common Properties, which responsibility shall include the maintenance, repair and replacement of: (i) all common areas, walks, trails, lagoons, ponds, amenity areas, swimming pool, streets, roads, rights-of-way, drainage easements, utility easements, bridges, bike trails, jogging paths, fences, landscaped areas/natural areas and other improvements situated within the Common Properties; (ii) such security systems and utility lines, pipes, plumbing, wires, conduits and related systems which are a part of the Common Properties and which are not maintained by the Declarant or a public authority, public service district, public or private utility or other person; and (iii) all lawns, trees, shrubs, hedges, grass and other landscaping situated on Lots, in common driveway easements, in easements encumbering Lots or on Common Properties, but limited to the extent determined by the Board of Directors of the Association.

The Association shall not 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) resulting from any rain or other surface water which may leak or flow from any portion of the Common Properties, or (C) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system or utility line or facility, the responsibility of 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 or left in or upon any portion of the Common Properties or any other portion of the Subdivision.

No diminution or abatement of Assessments or any dues or 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 being a separate and independent covenant on the part of each Owner.

(b) In the event that the Declarant or the Board of Directors determines that: (i) any Owner has failed or refused to discharge properly his, her or its obligations with regard to the maintenance, cleaning, repair or replacement of items for which he or it is responsible hereunder; or (ii) 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, tenants, guests or invitees, and is not covered or paid for by insurance in whole, then, in either event, the Declarant or the Association, except in the event of an emergency situation, may give such Owner written notice of the 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 and workmanlike manner.

In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, the 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 Lot are subject and shall become a lien against such Lot. In the event that the Declarant undertakes such maintenance, cleaning, repair or replacement, the Association shall promptly reimburse the Declarant for the Declarant's costs and expenses.

NOTICE

PURSUANT TO SOUTH CAROLINA CODE SECTION 15-48-10(a), NOTE THAT ONLY DISPUTES CONCERNING PARTY WALLS AND SHARED DWELLINGS SHALL IN SOME INSTANCES BE SUBJECT TO ARBITRATION. DECLARANT DOES NOT INTEND THAT DISPUTES WHICH MAY OTHERWISE ARISE UNDER THIS DECLARATION BE SUBJECT TO ARBITRATION.

ARTICLE VI PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Dwellings upon the Properties and placed on the dividing line or within reasonable construction tolerances between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law

regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Shared Expense of Repair and Maintenance of Party Wall. Any party wall shall be maintained and kept in repair at all times by and at the equally shared expense of the Owners sharing the party wall. As is reasonably available, each Owner sharing a party wall must maintain hazard insurance on the party wall. Whenever and for whatever reason a party wall or any portion of it shall be repaired or rebuilt, the new wall or portion of wall shall be erected on the same spot where the wall or such portion now stands or once stood, and shall be the same size, of the same or similar materials and of like quality.

No Owner sharing a party wall shall make any modification in the party wall which adversely affects the right of use, structural integrity, or aesthetic appeal of the dwelling belonging to the other Owner sharing that party wall. In the event that any modification is made to any party wall which creates such adverse affect, then the Owner causing the modification shall be required to restore the party wall to its original condition and shall be responsible for all costs incurred to restore.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, whether covered by insurance or not, any Owner who makes use of the wall may restore it, and the other Owner(s) of each Dwelling sharing the party wall shall each contribute an equal share to the cost of restoration, such that the total cost of restoration is borne equally by all Owners who make use of the wall, without prejudice, however, to the right of any such Owner to call for a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Right of Entry. Each Owner sharing a party wall or that Owner's agent is licensed by the other Owners sharing the party wall to enter the other Owner's premise, during reasonable working hours, to make necessary repairs and to perform necessary maintenance.

Section 7. Arbitration. Subject to the South Carolina Uniform Arbitration Act, in the event of any dispute arising concerning a party wall where the subject matter or the amount in controversy exceeds the jurisdictional scope of the small claims court or magistrate having jurisdiction over Kiawah Island, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators and shall be binding on the parties. The arbitration shall be in accordance with the rules and regulations of the South Carolina Uniform Arbitration Act and the American Arbitrators Association and the arbitrators shall be members thereof.

ARTICLE VII
SPECIAL COVENANTS FOR SHARED DWELLINGS

Section 1. Shared Dwellings. Some of the Dwellings in the Subdivision shall be developed as Shared Dwellings. Each Owner, by accepting a deed to any Lot upon which one residential unit of a Shared Dwelling is constructed or shall be constructed, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to cooperate in whatever manner is necessary to insure that the exterior appearance of the Shared Dwelling remains at all times consistent with the appearance of the Shared Dwelling as originally constructed, subject to the right reserved by the Declarant while Declarant retains its Class B Membership to allow changes in the exterior of any Shared Dwelling by Declarant's written consent.

Section 2. Exterior Maintenance and Repair. Along with the provisions regarding party walls, each owner of a residential unit within a Shared Dwelling shall be obligated at any time to maintain, repair and replace the exterior of his residential unit in order to remain consistent with the exterior appearance of the other residential unit of that Shared Dwelling. This obligation to maintain, repair and replace shall include, but not be limited to, the obligation to perform the following: staining, weather proofing and painting the exterior of the Shared Dwelling; repair, replacement and maintenance of roofs, foundations, porches, piers, supports, stairs, railings, gutters, down spouts, and all exterior building surfaces. It is the intent of this Declaration that such repair, replacement and maintenance be undertaken by all Owners of a Shared Dwelling simultaneously so that the exterior appearance of the Shared Dwelling remains consistent at all times. All expenses of maintenance, repair, and replacement of the exterior of a Shared Dwelling as described herein shall be borne equally by each Owner of the residential unit comprising the Shared Dwelling if equal amounts of labor and materials are

necessary to complete the task for the exterior of each residential unit, however, if unequal amounts of labor and materials are needed to complete the task for the exterior of each residential unit, then those costs and expenses shall be shared proportionally by the Owners of the residential units. If any Owner fails to comply with the provisions hereof, the Association shall have the right, but not the obligation, to perform the required maintenance, repair, and replacement as a Common Expense and to charge all costs to the defaulting Owner who shall be obligated to reimburse the Association immediately for the costs incurred by the Association for repairing, replacing or maintaining any item which is the responsibility of such Owner, but which responsibility such Owner fails or refuses to discharge. Any charges to defaulting Owners remaining unpaid shall become a lien on the defaulting Owner's Lot and may be collected by the Association in the same manner as delinquent Assessments.

Section 3. Insurance and Liability. All Owners of Shared Dwellings shall at all times maintain sufficient hazard and flood insurance on the residential units comprising the Shared Dwelling to insure that the requirements and intent of this Declaration can be satisfied. An Owner of a residential unit comprising a portion of a Shared Dwellings shall be liable to the other Owners of the Shared Dwelling for any damage or loss to the other residential units in that Shared Dwelling which is caused by any action, activity or lack of action by the Owner at fault whose action, activity, negligence or intentional behavior causes the damage or loss.

Section 4. Destruction By Fire Or Other Casualty. If a Shared Dwelling is destroyed or damaged by fire or other casualty, the Owner of each residential unit of the Shared Dwelling, if agreeable with that Owner's mortgagee, shall be required to restore his unit to the condition which existed prior to the destruction or damage by fire or other casualty. All reconstruction as may be required by this Declaration shall be coordinated between the Owners of the two residential units comprising the Shared Dwelling in order to reconstruct and restore the exterior of the Shared Dwelling to its original condition as it was prior to the destruction by fire or other casualty. The Architecture Review Board reserves the right in the event of reconstruction or repair of any Shared Dwelling to make modifications in the exterior of either or both of the residential units comprising the Shared Dwelling and those decisions of the Architectural Review Board shall be binding upon all Owners of the Shared Dwelling.

Section 5. Disputes. In the event that the Owners cannot agree and a dispute arises concerning if or to what extent any repair, replacement or maintenance is required to any Shared Dwelling by the terms of this Declaration, this dispute

shall be settled as follows: each party, at his expense, shall choose one residential home inspector, and such residential home inspectors shall choose a third residential home inspector, the expense of the third residential home inspector to be shared equally by the parties, and the decision shall be by majority of all the inspectors chosen and shall be binding on all parties.

After the need or the extent of the maintenance, repair or replacement is determined by the Owners of the Shared Dwelling or residential home inspectors as described above, in the event any dispute arises concerning an Owner's duty to repair or the allocation of any costs of compliance on the part of any Owner of a residential unit comprising a portion of the Shared Dwelling then this dispute shall be referred to the Architectural Review Board for a decision on any matter necessary. In the event that the dispute can not be resolved by the Architectural Review Board or that Board's appeal process then the parties shall resolve their dispute in the small claims or magistrate's court having jurisdiction over Kiawah Island. However, if the subject matter or amount in controversy exceeds the jurisdictional limit of the small claims or magistrate's court having jurisdiction over Kiawah Island, then each party, at his expense, shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, the expense of the third arbitrator to be shared equally by the parties, and the decision shall be by majority of all arbitrators and shall be binding on the parties. The arbitration shall be in accordance with the rules and regulations of South Carolina Uniform Arbitration Act and The American Arbitrators Association and the arbitrators shall be members thereof.

ARTICLE VIII COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot within the Subdivision by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual Assessment charges, and (2) special Assessments for capital improvements, insurance, maintenance expenses and other Common Expenses and emergencies; such Assessments to be established and collected as hereinafter provided. The annual and special Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge upon the land and shall be a continuing lien on the property against which each such Assessment is made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time the Assessment fell due. The obligation for delinquent Assessments

shall run with the land and shall pass to his successors in title. Upon reasonable written request, the Association shall provide an accounting of an Owner's Assessments and any delinquency in 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 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to pay all Common Expenses, to promote the recreation, health, safety and welfare of the residents of the Subdivision and, in particular, for the administration, acquisition, construction, landscaping and improvement and maintenance of Lots, easements, common driveways, swimming pool (or related pool facilities and equipment) and Common Property (including but not limited to the Amenity Area and pedestrian access easements as shown on the Subdivision Plat and any boardwalks or bridges within such easement areas). In addition such Assessments may, at the Board of Director's discretion, be used to pay for any expenses associated with erosion control measures, maintenance, repair and replacement of fences. Further, Assessments may be expended to provide services and facilities devoted to the purposes set forth herein or for the use and enjoyment of the Common Properties, including, but not limited to, the costs of utilities, repairs, replacements and additions; the cost of labor, equipment, materials, management, maintenance and supervision; the payment of taxes assessed against the Common Properties; the procurement and maintenance of insurance as required by this Declaration; the payment of charges for garbage service, water furnished and water and sewer services or other utilities rendered to the Common Properties; the employment of attorneys, accountants, employees, management companies and contractors as shall be required for the orderly and efficient discharge of its business and the operation of the Association's Common Properties; payment of insurance deductibles, emergency repairs, reconstruction after casualty loss and for all other purposes set forth in this Declaration or the By-Laws, and such other needs as may arise, or as may be required in the judgment of the Board of Directors. The Association shall be authorized to establish reserve funds in such amounts and for such purposes as the Board of Directors shall determine in their best judgment. All Assessments set forth in this Declaration shall be in addition to any assessments as may be levied by and due to Kiawah Island Community Association, Inc.

Section 3. Annual Assessment. The Declarant initially and thereafter the Board of Directors as set forth herein shall fix the annual Assessment based upon the annual budget of the Association as provided herein. When the Board of Directors fixes the annual Assessment for each calendar year, the Board shall at the same time, and in connection therewith, prepare or

cause to be prepared, an annual budget showing the services furnished by the Association, and the costs thereof per Lot.

Section 4. Special Assessments for Capital Improvements and Other Purposes. In addition to the annual Assessments authorized above, the Association may levy, in any calendar year, a special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Properties, including, but not limited to, fixtures, personal property related thereto and for any other purpose not prohibited by this Declaration, provided that any such Assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members voting in person or by proxy at a meeting called for such purpose.

Section 5. Special Assessment for Maintenance, Taxes, Water, Sewer, Other Common Utility Expenses and Emergencies. In addition to the annual and special Assessments authorized above, the Board of Directors may levy, in any assessment year, in an amount not to exceed fifty (50%) percent of the annual assessment for such year, without a vote of the membership, a special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of improvement, maintenance or repairs of the Common Properties and Lots including fixtures and personal property related thereto; for the cost of the taxes for and the utilities supplied to the Common Properties; for the cost of repairing and maintaining the swimming pool or related pool facilities constructed within the Amenity Area; for any repairs, restoration, reconstruction, maintenance or improvements made necessary by any emergencies including but not limited to damages resulting from storm, wind and flood as determined in the sole discretion of the Board of Directors; or for any other purpose allowed under this Declaration.

Section 6. Uniform Assessment. All annual and special Assessments, except as provided in section 8 of this Article, shall be set at a uniform amount for all Lots and shall be collected on a monthly, quarterly or yearly basis as approved by the Board of Directors.

Section 7. Association's Working Capital. After this Declaration is recorded and upon conveyance of a Lot by the Declarant, the Board of Directors shall assess each Owner a sum equal to two (2) months Assessment for working capital. Such sums are separate and distinct from annual Assessments and shall not be considered advance payments of such Assessments, and shall only be due and payable upon the initial sale and conveyance of such Lot by the Declarant. Each Owner's share of the working capital fund must be collected from such Owner upon

his initial purchase of a Lot, and must be transferred to the Association at the time of said closing of such Lot purchase.

Section 8. Date of Commencement of Annual Assessment: Due Dates. The annual Assessments provided for herein shall commence as to any Lot on the day of the conveyance of such Lot by Declarant. The first annual Assessment shall be adjusted according to the number of months remaining in the calendar year and the number of days remaining in the month of conveyance. At least thirty (30) days in advance of each annual Assessment period, the Board of Directors shall fix the amount of the annual Assessment and notify every Owner subject to that Assessment. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the annual, special or other assessments on a specific Lot have been paid.

Section 9: Effect of Nonpayment of Assessments: Remedies of the Association. Any Assessment (whether annual, special 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 equity against the Owner personally obligated to pay the same or foreclose the lien against the 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 Assessment(s) due and payable and collect the same through foreclosure. Penalties, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such Assessment. In the event of any such foreclosure, the Owner shall be required to pay a reasonable rental for the Lot after commencement of the foreclosure action, and the Association in such foreclosure shall be entitled to the appointment of a receiver to collect the same and the delinquent Owner consents to the appointment of a receiver. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Lot. Any deficiency after foreclosure remains the personal obligation of the Owner who owned the Lot at the time of the commencement of the foreclosure action.

Section 10. Subordination of the Lien. The lien of Assessments provided for herein shall be subordinate to the lien of any first mortgage upon such Lot and subordinate to any lien for assessments due the Kiawah Island Community Association, Inc. 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 or any proceeding in lieu of foreclosure thereof, shall extinguish the lien on the Lot but

not the personal liability of the debtor as to the debt thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. The following Property, individuals, partnerships or corporations, subject to this Declaration, shall be exempted from the Assessments, charges and liens created herein: (a) the grantees in conveyances made for the purpose of granting utility easements; (b) owners of all open space and Common Properties; and (c) unsubdivided land and/or any Lot(s) owned by the Declarant.

ARTICLE VIII
ARCHITECTURAL CONTROL

Section 1. Architectural Review Board. Except for original and initial construction of improvements by the Declarant on any Lot, Common Property or upon any other area of the Properties and exterior maintenance and landscaping of the Dwellings by the Association, which construction and maintenance and landscaping is and shall be exempt from the provisions of this Section, no building, wall, fence, ornamentation or other structure or improvement of any nature shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping as may be required by the Architectural Review Board have been approved in writing by the Architectural Review Board. The Architectural Review Board may require a current tree survey to be submitted with any building plans and specifications. Each building, wall, fence or other structure or improvement of any nature, together with any other structure or improvement of any nature, together with any ornamentation or landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved. Refusal of approval of plans, specifications, change requests and plot plans, or any of them, may be for any reason, including purely aesthetic reasons, which in the sole and uncontrolled discretion of said Architectural Review Board seem sufficient. Any change in the appearance of any building, wall, fence or other structure or improvements and any change in the appearance of the landscaping (excepting the planting of flowers and shrubs indigenous to the area), shall be deemed an alteration requiring approval. The Architectural Review Board shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this Article.

The Architectural Review Board shall be appointed by the Class B Member of the Association. So long as Declarant or its successor or assign retains its Class B Membership, the Class B Member may, but is not obligated to, transfer all rights,

powers, duties and privileges of the Architectural Review Board to the Board of Directors of the Association or to the architectural review board of Kiawah Island Community Association, Inc. The Board of Directors may, but is not obligated to, transfer all right, powers, duties and privileges of the Architectural Review Board to the architectural review board of the Kiawah Island Community Association, Inc., but only with the prior, written consent of Declarant so long as Declarant retains its Class B Membership. At such time as the Class B Membership expires, the Architectural Review Board shall be appointed by the Board of Directors.

The Architectural Review Board shall consist of three (3) members. A majority of the Architectural Review Board may take any action the Architectural Review Board is empowered to take, may designate a representative to act for the Architectural Review Board, and may employ personnel and consultants to act for it. In the event of death, disability or resignation of any member of the Architectural Review Board, the remaining members shall have full authority to designate a successor. The members of the Architectural Review Board shall not be entitled to any compensation for services performed pursuant to this Declaration, but shall be entitled to reimbursement for reasonable expenses incurred. The Architectural Review Board shall act on submissions to it within thirty (30) days after receipt of same or the request shall be deemed approved. Requests and submissions shall, however, be in such form and contain such information as the Architectural Review Board may require prior to the beginning of the thirty (30) day time period during which it is required to act.

The Architectural Review Board shall have the power and authority to apply and enforce the special covenants regarding Shared Dwellings, establish architectural and building standards and promulgate such rules and regulations as it deems appropriate. The Architectural Review Board may establish a fee to cover the expense of reviewing plans and related data at the time plans are submitted for review in order cover costs and to compensate any consulting architects, landscape architects, urban designers or attorneys.

Any Owner may appeal the decision of the Architectural Review Board to the Board of Directors, provided that all parties involved comply with the decision of the Architectural Review Board until such time, if any, as the Board of Directors amends, or reverses the Architectural Review Board's decision. Appeals petitions must be legibly written, state the grounds for appeal and be submitted to the Board of Directors within three (3) days of the decision of the Architectural Review Board. The Board of Directors shall act upon the appeal by amending, reversing or confirming the decision of the Architectural Review

Board within fifteen (15) days of receipt of the petition. The Board of Directors' decision shall be by majority vote.

Except as may be required by the Article of this Declaration containing special covenants for Shared Dwellings, the paint, coating, stain and other exterior finishing colors on all buildings may be maintained as that originally installed, without prior approval of the Architectural Review Board, but prior approval by the Architectural Review Board shall be necessary before any exterior finishing color is changed.

Section 2. 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 building or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the Association, nor the Architectural Review Board shall be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Article, nor any defects in construction undertaken pursuant to such plans and specifications.

Section 3. Kiawah Island Architectural Review Board. Unless the architectural review authority established herein is transferred to the Kiawah Island Community Association Architectural Review Board as set forth in the Declaration of Covenants and Restrictions for Kiawah Island recorded in the RMC Office for Charleston County, the approval as set forth herein shall be in addition to that presently required by the Kiawah Island Community Association Architectural Review Board.

ARTICLE X USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for single-family residential purposes, provided, however, that nothing herein shall prevent Declarant from using any building as a model or sales office. No building shall be erected, altered, placed or permitted to remain on any Lot other than one single-family dwelling or a single-family dwelling sharing a common party wall with another single-family dwelling on the adjacent lot. Structures with party walls located, within reasonable construction tolerances, on Lot boundary lines are permitted in the Subdivision. No Lot, including any dwelling thereon or to be built thereon, shall be used for or subject to any type of Vacation Time Sharing Plan as defined by Section 27-31-10, et. seq., of the Code of Laws for the State

of South Carolina (1976), as amended, or any subsequent laws of this State dealing with that or similar type ownership. Notwithstanding any other provision of this Declaration, including but not limited to the single-family residential restriction above, the Declarant reserves the right to develop any Additional Properties which may be subjected to this Declaration in any manner whatsoever, as provided in any Supplementary Declaration filed in accordance with the procedures of Article II of this Declaration, including, but not limited to, multi-family, townhouse, duplex or condominium developments.

Section 2. Signs. No sign of any kind shall be displayed to public view on a Lot or the Common Properties without the prior written consent of the Declarant, except customary name and address signs or sign allowed by the covenants and restrictions of The Kiawah Island Community Association, Inc.

Section 3. Dwelling Specifications. All Dwelling erected on Lots shall be a minimum of 2,000.00 square feet of heated area with a minimum of 1,500 square feet of heated area on the first floor of the structure. The Declarant reserves the right to modify the aforesaid minimum heated area requirements so long as it retains its Class B Membership. No temporary or permanent structure shall be erected or located upon any Lot except such Dwelling.

Section 4. Nuisance. No noxious or offensive activity shall be carried on upon any Lot or Common Properties, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood, with the exception of the business of the Declarant and the transferees of the Declarant in developing all of the Lots and Common Properties.

Section 5. Activity on Lot. Nothing shall be kept and no activity, other than rental activity, shall be carried on in any Lot, Dwelling or on the Common Properties which will increase the rate of insurance applicable to any portion of land, improvement or Common Property. No Owner shall do or keep anything, or cause or allow anything to be done or kept, on his Lot, in his Dwelling or on the Common Area which will result in the cancellation of insurance on any portion of the Properties, or Common Areas or any contents thereof, or which will be in violation of any law, ordinance or regulation. No waste shall be committed on any portion of the Common Area or facilities situate thereon. Nothing shall be done in or to any Dwelling or in, to or upon any of the Common Area which will impair the structure/integrity of any building, Dwelling or portion of the Common Area, or which would impair or alter the exterior of any Dwelling or portion thereof, except in the manner provided in this Declaration.

Section 6. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot in any dwelling, except that no more than three (3) household pets (including no more than two (2) dogs) may be kept or maintained provided that they are not kept for commercial purposes, and provided further, that they shall not constitute a nuisance or cause any unsanitary conditions. Dogs, cats and other household pets shall be permitted in the Common Properties, subject to the rules and regulations of the Association, only if control of such pets is maintained by leashes.

Section 7. Outside Antennas. No outside radio antenna, satellite dish, television antenna or similar structure or building shall be erected on the Properties unless and until approved by the Declarant.

Section 8. Clothes Drying. No drying or airing of any clothing or bedding, including beach towels, shall be permitted outdoors on the Properties or over the deck railings of any dwelling.

Section 9. Landscaping, Plants, Trees, Bridges and Fences. Plants, trees, shrubs and ground cover (except those which are indigenous to the area) now or hereinafter located upon any Lot, common driveway easement, right-of-way or Common Property, together with any fences or bridges now or hereafter constructed upon any Lot, appurtenant easements, right-of-way or Common Property, shall be maintained by the Association, at its option, as a Common Expense, and may not be replaced, altered or removed except by permission of the Architectural Review Board. No additional plants, trees or shrubs may be planted upon any right-of-way, common driveway easement or Common Property without written approval of the Architectural Review Board.

Section 10. Outdoor Recreational Equipment. No gym sets, sand boxes, basketball goals or other outdoor recreational equipment shall be installed or used upon the Common Properties, except in areas specifically provided for recreational purposes by the Board of Directors or on any Lot after approval by the Architectural Review Board.

Section 11. Prohibited Work. No Owner shall do any work or pursue any activity which would jeopardize the soundness and safety of the Property, reduce the value thereof or impair any easement or hereditament without, in every case, unanimous consent of the Declarant and all Owners affected being first obtained.

Section 12. Rebuilding Requirement. Subject to the terms of this Declaration regarding insurance coverage and

reconstruction, any Dwelling or other structure on any Lot which may be destroyed in whole or in part by fire, windstorm or for any other cause or act of God must be rebuilt or all debris removed and the Lot restored to a natural condition with reasonable promptness, provided, however, that in no event shall such debris remain longer than six (6) months.

Section 13. Elevation and Drainage Changes. No changes in the elevation, topography or drainage characteristics of any Lot within the Subdivision including any freshwater wetlands shall be made without the prior written approval of the Declarant and the Architectural Review Board nor shall any fill be used to extend any Property beyond any boundary line of any Lot.

Section 14. Tree Removal. No trees or bushes of any kind having a diameter of six (6) inches or more (measured from a point two (2) feet above the ground level) shall be removed from any Lot without the express written authorization of the Declarant or the Architectural Review Board. The Board of Directors shall further have the authority to require any Owner removing a tree in violation of this provision to replace same at such Owner's costs. This Section does not prohibit the removal of trees damaged by storm or Act of God which are a risk to the safety of any Owners or their guests.

Section 15. Garbage Disposal. Each Owner shall provide garbage receptacles or similar facilities in accordance with reasonable standards established by the governmental authorities having jurisdiction over the Subdivision or by the Kiawah Island Community Association, Inc. No garbage or trash incinerator shall be permitted upon the premises. No burning, burying or other disposal of garbage or trash on any Lot or within the Subdivision shall be permitted. All garbage shall be stored within the residence of each Owner or in storage facilities provided for that residence at the time the residence is constructed. These storage facilities must be of a design approved by the Architectural Review Board. The storage area must be visually screened in order to conceal it from view from the road and adjacent Lots.

Section 16. Special Hazards. Each Owner accepts and assumes all the risks and hazards of ownership or occupancy attendant to the ownership of such Lot, including, but not limited to its proximity to any Common Properties or bodies of water. Specifically, the Declarant does hereby disclaim any and all liability for any property damage or personal injury resulting from erosion along the bank of any lake or body of water, and all ditches, streams, lakes, lagoons or other bodies of water located in the Subdivision or adjacent to the Subdivision.

Section 17. Additional Restrictions for Lots Fronting on Lakes and Lagoons. No docks, landings or other structures may be located in or adjacent to any lake or lagoon within or adjacent to the Subdivision except as may be permitted by the Declarant. All boating and swimming activities in such lakes and lagoons shall be prohibited.

Section 18. Certain Vehicles Prohibited from Lots. No tractor trailers or mobile homes, campers, recreational vehicles or other habitable motor vehicles of any kind, whether self propelled or not, school buses, motorcycles, three (3) wheel all-terrain vehicles, commercial vehicles, boat trailers or boats shall be kept, stored or parked overnight on any Lot, Common Property, common driveway easement, road or street within the Subdivision, except that the storage of trailers, golf carts, and boats is permitted if parked under a Dwelling and adequately screened from view. The parking area underneath the Dwelling shall not be used for storage or a work shop and must be kept clean and neat at all times by the Owner. Storage and work areas may be maintained in the other areas under the Dwelling, but must not be visible from outside the Dwelling nor interfere with the duties of the Association.

Section 19. Mailboxes. No mailbox may be placed on any Lot until it has been approved by the Architectural Review Board.

Section 20. Regulations. Reasonable regulations governing the use of the Common Properties shall be promulgated by Declarant while it retains its Class B Membership or by the Board of Directors. Copies of such regulations and amendments thereto shall be furnished to each Member by the Association upon request.

Section 21. Setbacks and Building Lines. Each Dwelling or other structure which shall be erected on any Lot shall be situated on such Lot in accordance with the building and setback requirements, if any, established by the Architectural Review Board.

Section 22. Junk or Disabled Vehicles. No stripped, partially wrecked, unlicensed or invalidly licensed, disabled or junk motor vehicle, or part thereof, shall be permitted to be parked or kept in the Subdivision.

Section 23. Prohibition of Open Outdoor Storage. No junk, debris or materials of any kind shall be stored on a Lot other than in an approved, enclosed structure. Firewood and bicycles may be stored on a Lot provided they are not visible from any Common Properties, easements, streets or the Amenity Area.

Section 24. Hunting. All hunting within the ~~the~~ Division shall be prohibited.

Section 25. Lighting. No mercury vapor or similar lights which are situate upon poles or lamp posts similar to street lights shall be permitted on any Lot without the prior written consent of the Architectural Review Board which may decline such permission in its sole discretion and may, but shall not be obligated to, consider the feelings of adjoining Lot Owners.

Section 26. South Carolina Coastal Council Jurisdiction. Notice is hereby given of the restriction on any portion of any Lot within the Subdivision which may contain submerged land or other critical areas including but not limited to portions of the Property designated on the Subdivision Plat as "Freshwater Wetlands", all activities on or over and all uses of such land or other critical areas are subject to the jurisdiction of the South Carolina Coastal Council, Corp of Engineers or similar governmental agency. Any Owner is liable for any damages to, any inappropriate or unpermitted uses of and any duties or responsibilities concerning any such submerged land, coastal waters, fresh water wetlands or other critical areas.

Section 27. Variances. The Board of Directors, with the prior written approval of Declarant while Declarant retains its Class B membership, shall be authorized to grant variances or easement encroachment agreements where the strict interpretation of this Declaration would create undue hardship for the Owner of any Lot within the Subdivision.

ARTICLE XI INSURANCE AND CASUALTY LOSSES

Section 1. Insurance.

(a) The Board of Directors or its duly authorized agents shall have the authority to and shall, where available, 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 Properties 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, to include anticipated costs of demolition and clearing prior to building, 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.

(b) The Board or its duly authorized agents shall have the authority and shall obtain and continue in effect a public liability policy covering all the Common Properties 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..

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

(d) All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for each of the Owners 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 Subdivision shall be vested in the Board of Directors; provided, however, that no Mortgagee or other security holder of the Common Properties having any interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law and reasonably obtainable, the Association shall be required to make every effort to secure insurance policies with the provisions hereinafter set forth:

- (1) all policies shall be written with a company holding rating of A+10 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.
- (2) all property insurance policies shall be for the benefit of the Association, Owners and Owner's Mortgagees, if applicable, as their interests may appear.
- (3) 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.
- (4) in no event shall the insurance coverage obtained and maintained by the 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.

- (5) 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, guest and invitees, including without limitation the Association's manager.
- (6) all policies shall contain a provision that no policy may be cancelled, 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.

Section 2. Insurance to be Carried by Owners. 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 own Lot, any common driveway easement located on his Lot and any party wall he may share with another Owner or Owners.

Section 3. Damage to or Destruction of Common Properties. Immediately after the damage or destruction by fire, storm, flood or other casualty to all or any part of the Common Property or other Property 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. "Repair or reconstruction" as used in this Article means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty. Within sixty (60) days, or as may be reasonable under the circumstances, following any damage or destruction of all or part of the Common Properties or other insured Property, the Association shall restore or replace such damaged improvements, to include trees, shrubbery, fences, lawns, landscaping, and nature vegetation. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency should not be appropriated in the judgment of the Board of Directors 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 of the Members of the Association, such special assessment to be in an amount sufficient to provide funds to pay such excess cost of 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 the repair of 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. Special Assessments levied according to this Section 3 may include but are not limited to special Assessments for insurance deductibles, temporary emergency repairs or uninsured losses.

Section 4. Damage to or Destruction of Lots. In the event of damage or destruction by fire or other casualty to any Lots or improvements within any common driveway easement on such Lot, such Owner shall, at its/their own expense, promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such Lot and/or common driveway in a clean, orderly, functional, safe and sightly condition. Subject to the provisions of this Declaration regarding party walls and Shared Dwellings, such Owner shall repair or rebuild such Lot, driveway or other improvements to substantially the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions and provisions of this Declaration and all applicable zoning, subdivision, building and other construction laws, ordinances and regulations. All cleaning, clearing, repairing or rebuilding shall be commenced as promptly as circumstances allow following such damage or destruction and shall be carried through, without interruption, diligently to conclusion.

Each Owner is responsible for insuring against any loss resulting from damage to any furniture, furnishings, personal effects and other personal property belonging to such Owner. Each Owner is responsible for reviewing all insurance coverage provided by the Association and accepts any risk of loss which arises from any loss not covered because of a gap in coverage between the Association's insurance coverage and each Owner's coverage. Also, risk of loss of or damage to any furniture, furnishings, personal effects and other personal property (other than such furniture, furnishings and personal property constituting a portion of the Common Area or insured by the Association) belonging to or carried on the person of the Owner of or in, to or upon Common Areas shall be borne by the Owner.

All furniture, furnishings and personal property constituting a portion of the Common Area and held for the joint use and benefit of all Owners shall be covered by such insurance as shall be maintained in force and effect by Association as provided herein. An Owner shall have no personal liability for any damages caused by the Association. An Owner shall be liable for injuries or damage resulting from an accident in his own Dwelling to the same extent and degree that the Owner of a house would be liable for an accident occurring within the house. An Owner shall be liable for any damages or injuries occurring on the Common Area as a result of the actions or inactions of said Owner, his licensees and invitees.

Section 5. Authority to Adjust Loss. The exclusive authority to negotiate, settle and otherwise deal in all respects with insurers and adjust all losses under policies provided for the benefit of the Association shall be vested in the Board of Directors or its duly authorized agent for the benefit of Association and all Owners and mortgagees; provided, however, that all Owners and mortgagees having an interest in such loss shall be advised in advance of all actions anticipated to be taken of a material nature related to the adjustment of the loss. Each Owner, in accepting a deed to a Lot, expressly appoints the directors, and each of them, his due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person on all matters related to the authority granted in this Section including executing all documents required in connection therewith on behalf of the Owner.

ARTICLE XII GENERAL PROVISIONS

Section 1. Control by 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 with or without Cause so long as Declarant retains its Class B Membership. Every grantee of any interest in the Subdivision, 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. Upon the expiration or earlier termination of Declarant's Class B Membership, the Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of this Article shall pass to the Owners, including Declarant if Declarant then owns one or more Lots, 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.

Section 2. Application. All Owners, their guests, family members, employees and tenants, or any other persons who may in any manner use the Properties or any portion thereof, shall be subject to the provisions hereof, to the provisions of the By-Laws and to any rules and regulations promulgated by the Board of Directors.

Section 3. Enforcement. Declarant, the Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, 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 shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants, easements and restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 5. Duration. The covenants and restrictions of this Declaration shall run with and bind the Property constituting the Subdivision, and shall inure to the benefit of and be enforceable by the Declarant, the Association or any Owner for a period of twenty (20) years from the date hereof and thereafter shall automatically continue in effect for additional periods of ten (10) years each, unless otherwise agreed to in writing by the then Owners of at least three-fourths (3/4) of the Lots.

Section 6. Assignment. The Declarant shall have 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.

Section 7. Amendments By Declarant. So long as Declarant or its successors or assigns retains its Class B Membership, the Declarant may amend this Declaration in any particular, by an instrument in writing filed and recorded in the RMC Office for Charleston County, South Carolina, with or without the approval of any Owner or mortgagees. Any amendment made pursuant to this Section shall be certified by Declarant

as having been duly approved by Declarant, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Lot, agrees to be bound by such amendments as are permitted by this Section. In addition to the foregoing amendment rights, the Declarant shall have the right at any time without a vote of the Owners to amend the covenants and restrictions of this Declaration to correct typographical or clerical errors, and as may be required by any governmental authority, institutional or governmental lender, insurer or purchaser of mortgage loans including, for example, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veterans Administration or the Federal Housing Administration.

Section 8. Amendments by Association. In addition to the Declarant's right to amend set forth in the previous Section of this Declaration, this Declaration may be amended at any time by an instrument signed by the Owners of not less than fifty-one (51%) percent of the Lots provided, however, that during any period in which the Declarant retains its Class B membership, owns a Lot or other Property within the Subdivision or retains the right to add Additional Property or any portion thereof, no such amendment shall be valid unless approved in writing by the Declarant.

In addition to the foregoing method, amendments to this Declaration may 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 at least fifty-one (51%) percent of the total votes cast at a duly called meeting of the Association, provided, however, that during any period in which the Declarant retains its Class B Membership, owns a Lot within the Subdivision or has the option under this Declaration to add Additional Property or any portion thereof to the Subdivision, such amendment must be approved by Declarant in writing.

(c) The agreement of the required percentage of the Owners and, where 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 Association, which sworn statement shall state that the agreement of the required parties was

lawfully obtained in accordance with this Declaration and the Bylaws. Any such amendment of this Declaration shall become effective only when recorded or at such later date as may be specified in the amendment itself.

Section 9. Waiver. No provision hereof 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 10. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and nonpersonal entities, as well as the singular and plural wherever the context requires or permits.

Section 11. Rule Against Perpetuities, Etc. Declarant herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself: In the event that any of the provisions hereof are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then in that event, such terms shall be reduced to a period of time which shall not violate the Rule Against Perpetuities or any other law of the State of South Carolina, and such provision shall be fully effective for such reduced period of time.

Section 12. Protective Covenants and Affirmative Obligations. The easements, covenants and restrictions set forth in this Declaration are in addition to the existing covenants, restrictions, easements, assessments and affirmative obligations of record including, but not limited to, those found in any restrictions, covenants, contracts or agreements of the Kiawah Island Community Association, Inc.

Section 13. Termination of Association. In the event that this Declaration be declared to be 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 and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Properties and all rights and privileges in the Swimming Pool, if any, belonging to the Association at the time of such adjudication shall be conveyed to The Kiawah Island Community Association, Inc., which shall thereafter own and operate said Common Properties as trustee for use and benefit of Owners within the Subdivision 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, all Common Properties owned

by the Association at such time shall be transferred to a properly appointed trustee which trustee shall own and retain said Common Properties, for the use and benefit of Owners within the Subdivision, as set forth below:

(a) Each Lot or parcel of land located within the Properties shall be subject to an annual assessment which shall be paid by the Owner of each such Lot or parcel to The Kiawah Island Community Association, Inc. 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 Kiawah Island Community Association, Inc. or the trustee as the case may be.

(b) Any past due annual assessment together with interest thereon at the maximum annual rate permitted by law together with all costs and attorney's fees shall be a personal obligation of the Owner at the time that annual assessment became past due, and 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, its heirs, devisees, personal representatives, successors and assigns.

(c) The Kiawah Island Community Association, Inc. or 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 Subdivision, and the Kiawah Community Association, Inc. or the 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 Kiawah Island Community Association, Inc. nor the trustee shall have the obligation to provide for the operation, maintenance, repair and upkeep of the Common Properties, once the funds provided by the annual assessment have been exhausted.

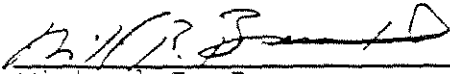
Section 14. No Dedication of Common Properties. Every park, stream, body of water, Common Property, recreational facility, and other amenity within the Subdivision is a private park, facility or amenity and neither the Declarant's recording of any such plat nor any other act of the Declarant with respect to the Property is, or is intended to be, or shall be construed, as a dedication to the public of any said parks, Common Properties, recreational facilities and amenities other than as reflected therein. An easement for the use and enjoyment of each of said areas designated as Common Properties is reserved to the Declarant, its successors and assigns; to the persons who are, from time to time, members of the Association entitled to vote; and to the invitees of all the aforementioned persons; the use of which shall be subject to such rules and regulations as may be prescribed by the Association, if the Association is the Owner of the facility or Property involved.

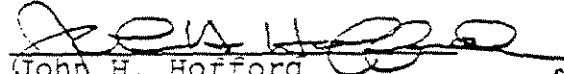
WITNESS our hands and seals the date first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

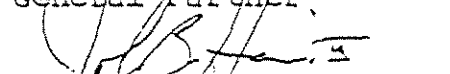
OCEAN GREEN ASSOCIATES LIMITED
PARTNERSHIP, a South Carolina
Limited Partnership


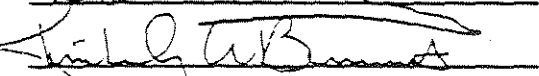



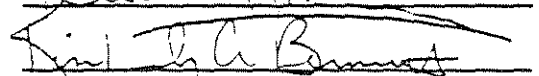
BY: Southcoast Four Corporation
Its General Partner

BY: 
Michael R. Bennett
Its President

BY: 
John H. Hofford
Its Secretary

BY: Pinecrest VI Limited, a
South Carolina Corporation,
Its General Partner,

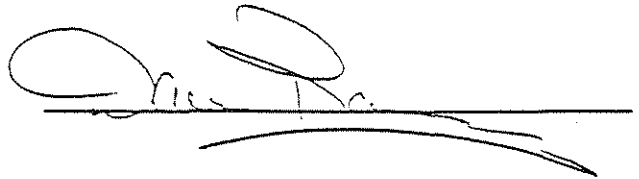
BY: 
John B. Harris, III
Its President

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

MRS JH
South Coast
95H

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Ocean Green Associates Limited Partnership, a South Carolina Limited Partnership, by ~~SeaCoast~~ Four Corporation, its General Partner, Michel R. Bennett, its President and John H. Hofford, its Secretary, and the within Pinecrest VI Limited, a South Carolina Corporation, its General Partner, by John B. Harris, III, its President sign, seal and as its act and deed, deliver the within written instrument, and that (s)he with the other witness witnessed the execution thereof.



Sworn to before me
this 21 day of December 1990.

K. L. G. Bennett

Notary Public for South Carolina
My Commission Expires: 6/12/95

"EXHIBIT "A"PROPERTY DESCRIPTION

ALL those certain pieces, parcels or-lots of land situated lying and being in the Town of Kiawah Island, Charleston County South Carolina, consisting of twenty-six (26) lots, along with the rights-of-way and Amenity Area shown on a Plat entitled "FINAL PLAT OF BENNETT AND HOFFORD GOLF COTTAGES AND A 6.038 AC TRACT OWNED BY KIAWAH RESORT ASSOCIATES, LOCATED IN THE TOWN OF KIAWAH ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Mark S. Busey, RLS, dated November 20, 1989, last revised June 11, 1990, recorded in the RMC Office for Charleston County in Plat Book BZ, Page 203. Said lots, rights-of-way and Amenity Area having such size, shape, dimensions, buttings and boundings, more or less, as will reference to said Plat more fully appear.

ALSO

All easements, rights, leasehold estates, licenses, riparian, littoral or other rights appurtenant to or associated with the Property.

EXHIBIT "B"ADDITIONAL PROPERTY

ALL other property or properties within the Town of Kiawah Island, Charleston County, South Carolina, which from time to time may be acquired by the Declarant.

ALSO

Such property or properties may include, but is/are not limited to, the "Future Development 6.038 Acres" and "Residual 11,780.18 SF" as such tracts are designated on the Plat entitled "A FINAL PLAT OF BENNETT AND HOFFORD GOLF COTTAGES AND A 6.038 ACRE TRACT OWNED BY KIAWAH RESORT ASSOCIATES, LOCATED IN THE TOWN OF KIAWAH ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Mark S. Busey, RLS, dated November 20, 1989, last revised June 19, 1990, recorded in the RMC Office for Charleston County in Plat Book BZ, Page 203. Said Tracts having such size, shape, dimensions, buttings and boundings, more or less, as will reference to said Plat more fully appear.

ALSO

ALL easements, rights, leasehold estates, licenses, riparian, littoral or other rights appurtenant to or associated with the Additional Property described above.

EXHIBIT "C"BY-LAWS
OF
OCEAN GREEN PROPERTY OWNERS ASSOCIATION, INC.ARTICLE I
NAME AND LOCATION

The name of the Association is the Ocean Green Property Owners Association, Inc. hereinafter referred to as the "Association". The principal office of the Association shall be located at 49 Calhoun Street, Charleston, South Carolina 29401, 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 II
DEFINITIONS

The words and terms used in the By-Laws or any supplemental set of By-Laws, unless the context shall clearly indicate otherwise have the same meanings as shall be set forth in the Declaration of Covenants, Conditions and Restrictions for the Ocean Green Property Owners Association, Inc. (the "Declaration").

ARTICLE III
MEMBERS

Section 1. Association Membership. Every Owner of a Lot which is subject to the Declaration shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot which is subject to assessments.

Section 2. Membership Rights Subject to Assessment Payment. The rights of membership are subject to the payment of annual and special Assessments levied by the Association, the obligation of which Assessments is imposed against each Owner of, and becomes a lien upon, the Lot against which such Assessments are made, as provided by Article V of the Declaration.

Section 3. Voting Rights. The Association shall have two classes of voting membership.

(a) Class A. Class A Members shall be every Owner, with the exception of the Declarant, and shall be entitled to one

vote for each Lot owned. Declarant may become a Class A Member upon the expiration of its Class B Membership status as hereinafter set forth. When more than one person, other than Declarant, holds title to any Lot, all such persons shall be Members and the one vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Class B. Class B Members(s) shall be the Declarant, its successors and assigns. The Class B Member(s) shall be entitled to four (4) votes for each Lot in which it holds the interest required for membership under Section 1 of this Article. As to additional lots which may be subdivided from Additional Properties subjected to this Declaration, the Class B Member(s) shall be entitled to four (4) votes for each of these additional lots owned by Declarant at the time said Additional Properties are subjected to this Declaration or thereafter.

The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

- (1) when the Declarant executes and records an instrument forfeiting its Class B Membership; or
- (2) on December 31, 2001.

Section 4. Suspension of Rights. The membership rights of any person whose interest in the Properties is subject to Assessments under Article III, Section 2 hereinabove may be suspended by action of the Board of 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 Board of Directors have adopted and published rules and regulations governing the use of the Common Properties and facilities, and the personal conduct of any person thereon, as provided in the Declaration, they may, in their sole discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE IV MEETINGS OF MEMBERS

Section 1. Membership Annual Meeting. Meetings of the Members shall be held at such place as may be designated by the Board of Directors, and shall occur at least once a year. An annual meeting of the Members shall be held on a day and time as determined by the Board of Directors, 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 any two (2) or more members of the Board of Directors, or upon written request of Members holding at least ten (10%) percent of all the votes entitled to be cast on any issue proposed to be considered at the special meeting.

Section 3. Notice. 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 less than ten (10) days in advance of the meeting and shall set forth in general the nature of the business to be transacted and the purpose for which the meeting is called; provided, however, that if the business of any meeting shall involve and be governed by the Declaration applicable to the Properties, or any action for which other provision is made in these By-Laws, notice of such meeting shall be given or sent as therein or herein provided. Notice is effective upon mailing by first-class mail of the U. S. Postal Service to the address of each Member registered with the Association.

Section 4. Quorum. The presence at any meeting of Members entitled to cast, or of proxies entitled to cast, fifty-one (51%) percent of the total votes of the Association shall constitute a quorum for any action governed by these By-Laws. Any Owner not physically present or represented by his agent at the meeting or who does not execute and return the proxy form sent to him in the required mailing shall be deemed to be present for the purposes of determining the presence of a quorum. Any action governed by the Declaration applicable to the Properties shall require a quorum as therein provided.

Section 5. Informal Action by Members. Any action required or permitted by law to be taken at a meeting of the Members of the Association may be taken without a meeting if all Members have proper notice of the action and written consent(s) entitled to vote on the action setting forth the action to be taken shall be signed by Members holding the number of votes required by these By-laws or the Declaration to approve such an action if presented at a duly held meeting. This consent shall be delivered to the Association and filed with the Secretary of the Association as part of the Association's records.

Section 6. Manner of Acting. Unless otherwise provided herein or in the Declaration, a majority of the total votes cast

in person or by proxy at a duly called meeting of the Association shall be the vote required to pass motions, make decisions and govern the administration of the Association.

Section 7. Power of Referendum. The Members of the Association shall have the power, by referendum, to approve or reject certain actions proposed to be taken by the Association as more particularly set forth in the Declaration and these By-Laws.

Section 8. List of Owners. Pursuant to South Carolina Code Section 33-7-107 as it may be amended from time to time, The Secretary of the Association shall prepare or cause to be prepared, at least ten (10) days before every regular or special meeting of the Association, a complete list of Owners entitled to vote at the regular or special meeting. Such list shall include the address of each Member and shall be open to the examination of any Owner during ordinary business hours starting on the date on which the notice of the meeting is given. The list shall be produced and kept at the time and place of any meeting of the Association during the whole time thereof, and may be inspected by any Owner who is present. Unless otherwise provided for in advance by resolution of the Board of Directors, the record date for the purpose of determining Owners entitled to vote at any meeting of the Association shall be the close of business on the day before the first meeting notice is delivered to the Members.

ARTICLE V 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 proxies must have an effective date. All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and filed with the Secretary; provided, however, that proxies shall not be required for any action which is subject to a referendum in accordance with the Declaration. 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. If at least ten (10) days prior to a duly called meeting a Member is informed by mail of (a) the time and place of the meeting, (b) the agenda for the meeting, and (c) such data as is then available relative to the issues on which there will be a vote, and a proxy form is included in such mailing, and the Member neither attends the meeting nor

returns his executed proxy, then such Member shall be deemed present for purposes of determining a quorum and shall be deemed to have given his proxy to and for the majority present and voting. 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 his Lot.

ARTICLE VI
PROPERTY RIGHTS AND RIGHTS OF
ENJOYMENT OF COMMON PROPERTY

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

Section 2. Delegation of Rights. Any Member may delegate his rights of enjoyment in the Common Properties and facilities to the members of his family who reside upon the Properties or to any of his tenants or renters who lease or rent Property from him. Such Member shall notify the Secretary in writing of the name of any person or persons and of the relationship of the Member to such person or persons. The rights and privileges of such person or persons are subject to suspension to the same extent as those of the Member.

ARTICLE VII
ASSOCIATION PURPOSES AND POWERS

Section 1. Association's Purposes. The Association has been or will be established for the purpose of insuring maintaining, repairing, replacing and administering the Common Properties and common facilities and providing common services, administering and enforcing the covenants, conditions and restrictions contained in the Declaration, and levying, collecting and disbursing Assessments and charges herein created. The Declarant reserves the right to convey to the Association and the Association agrees to accept any or all of its property, rights and obligations set forth herein or in the Declaration. The Association shall be authorized but not required to provide any of the services set forth in the Declaration or these By-Laws and shall be further authorized to provide any and all services necessary or desirable in the judgment of the Board of Directors to carry out the Association's obligations and business under the terms of the Declaration and these By-Laws.

Section 2. Additions to Properties and Membership. Additions to the Properties described in Exhibit A attached to the Declaration may be made as provided in the Declaration. Such additions, when properly made under the Declaration, shall extend the jurisdiction, functions, duties and membership of this Association to such Additional Properties.

ARTICLE VIII
BOARD OF DIRECTORS

Section 1. General Powers. The Association shall be governed and the business affairs of the Association shall be managed by a Board of Directors. Except to the extent otherwise required by the provisions of the South Carolina Code relating to nonprofit corporations, these By-Laws, the Declaration, or the Articles of Incorporation of the Association, 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 on the part of the Owners/Members.

Section 2. Number and Tenure. The Board of Directors shall consist of three (3) members initially appointed by the Declarant. The Declarant shall have the right to appoint or remove any member or members of the Board of Directors with or without cause until the expiration or earlier termination of Declarant's Class B Membership. Beginning with the first annual or special meeting of the Association following the expiration or earlier termination of Declarant's Class B Membership and continuing at each subsequent annual meeting the Members (including the Declarant if Declarant then owns one or more Lots) shall elect the Directors for a term which expires at the next annual meeting following their election. No cumulative voting is allowed.

Section 3. Vacancies. Vacancies in the Board of Directors shall be filled by the Declarant so long as Declarant retains its Class B Membership, and thereafter by a majority of the remaining Directors, and any such appointed Directors shall hold office until his successor is elected as provided herein.

Section 4. Special Meetings. Annual Meetings of the Board of Directors shall be held immediately following the annual meeting of the Association. The Board of Directors may provide by resolution the time and place for holding of additional regular meetings of the Board.

Section 5. Special Meetings. Special Meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors by giving notice thereof to the members of the Board as provided herein.

Section 6. Notice. When notice of any meeting of the Board of Directors is required, such notice shall be given at least three (3) days prior to such meeting by written notice delivered personally or sent by mail to each Director at his address as shown on the records of the Association. Any Director may waive notice of any meeting at or before the time of the meeting stated herein, and attendance of a Director at any meeting shall constitute a waive of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, or the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice at such meeting, unless specifically provided by law, the Articles of Incorporation, these By-Laws or the Declaration.

Section 7. Quorum. A majority of the Board of Directors actually holding office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. Manner of Acting. The act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors and will bind all Directors.

Section 9. Compensation. Directors shall not receive any salaries for their services, but by resolution of the Board of Directors, any Director may be reimbursed for his actual expenses incurred in the performance of his duties as a Director. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

Section 10. Informal Action by Directors. Any action required or permitted by law to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent or consents, in writing, setting forth the action so taken shall be signed by all of the Directors, which consent shall be filed with the Secretary of the Association as part of the Association's records. Telephone conference meetings where the action of the Board of Directors is subsequently reduced to a written memorandum and signed by all the Directors within seven (7) days after the telephone conference shall be effective as if occurring at a duly called meeting. Actions under this section are effective when the last Director executes a consent.

Section 11. Removal of Directors. Subject to the terms of the Declaration, any Director may be removed from the Board of Directors, with or without cause, by the Declarant while retaining its Class B Membership or by-written consent of the

Declarant and a majority vote of the Members of the Association. In the event Declarant has terminated its Class B Membership then any Director may be removed with or without Cause by majority vote of the membership. A successor may then and there be elected to fill the vacancy thus created or the vacancy may be filled by the majority vote of the remaining Directors. The term of a Director elected to fill a vacancy expires at the next meeting at which directors are elected.

A director may be removed by the members as provide above only at a meeting called for the purpose of removing him and the meeting notice must state that the purpose, or one of the purposes of the meeting is the removal of the director.

ARTICLE IX
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Properties, amenities and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use the Common Properties, amenities and facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association. Such rights may also be suspended for a period not to exceed thirty (30) days for infraction of published rules and regulations.

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these By-Laws, or the Declaration.

(d) employ a Property manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(e) grant utility and ingress/egress easements on, over and across the Lots and Common Properties of the Association, as provided in the Declaration.

(f) sell, transfer and convey portions of Common Properties without a vote of the Members of the Association in order to (i) correct errors or mistakes in Deeds or easements to or from the Association; or (ii) to divest the Association of Properties which are not necessary for the functions and

services which the Association is authorized to carry out and deliver.

(g) exercise for the Association all powers and authority necessary to carry out the intent of the Declaration and the By-Laws.

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

(a) cause to be kept a complete record of all its acts and Association affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by a one-fourth (1/4) vote of the Class A Members who are entitled to vote.

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

(c) perform as follows and as more fully provided in the Declaration:

- (1) to fix and levy the amounts of all Assessments, annual, special or otherwise;
- (2) to send written notice of all Assessments to every Owner subject thereto;
- (3) in the discretion of the Board, to foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same; and
- (4) to provide for a Board of Architectural Review should the Declarant transfer and relinquish such authority to the Board.

(d) to issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate shall be conclusive evidence of such payment. These certifications will be issued subject to all state and federal laws concerning the disclosure of a debtor's financial information.

(e) to procure and maintain adequate liability, hazard, flood or other insurance on Common Properties and property owned or leased by the Association as it may deem appropriate.

(f) to cause all officers, agents or employees having fiscal responsibilities to be bonded, as it may deem appropriate; to provide Directors and Officers liability insurance, errors and omission insurance or similar insurance for Officers and Directors, as it may deem appropriate.

(g) to cause the Common Properties and portions of individual Lots to be maintained, replaced or improved, and properly landscaped as provided in this Declaration.

(h) to prepare an annual budget for the Association, outlining anticipated receipts and expenses for the following fiscal year.

(i) to carry out the reconstruction of Common Properties and improvements after casualty, and to carry out the further improvement of such Common Properties including a right to levy a special emergency assessment necessary to pay for emergency repairs, to pay insurance deductibles, or otherwise provide for the repair and reconstruction of the Common Properties to the condition existing prior to the casualty.

(j) to acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including the Common Properties, as may be necessary or convenient in the operation and management of the Association, except those which may be required by the Declaration to have approval of the Members.

(k) to enforce by legal means the provisions of the Certificate of Incorporation, Declaration and By-Laws of the Association, and the regulations promulgated by the Board.

(l) to pay all taxes and assessments which are liens against any part of the Common Properties or other property, real or personal, belonging to the Association.

(m) to pay all costs of power, water and sewer and other utility services rendered to the Association and not billed to the Owners of Lots.

(n) to borrow money on behalf of the Association and to pledge/mortgage the property of the Association as security for such loan(s).

(o) to implement erosion control steps and/or devices and to levy assessments therefor, should the Board of Directors determine that such steps and/or devices are necessary.

(p) to exercise for the Association all powers, duties, and authority vested in or delegated to the Association by the Declaration and not reserved to the Membership by other provisions of these By-Laws, the Declaration or the Certificate of Incorporation.

ARTICLE X AUTHORITY TO MORTGAGE

To the extent provided by law the Board of Directors 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. Notwithstanding anything in the Declaration to the contrary, the Association shall not be allowed to reduce the limits of the minimum regular assessment at any time there are outstanding any amounts as repayment of any such loans.

ARTICLE XI OFFICERS

Section 1. Officers. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person. The resident shall be a Director of the Association. Other officers may be, but need not be, Directors of the Association.

Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be appointed and removed by the Declarant until the expiration or earlier termination of Declarant's Class B Membership, and thereafter, shall be elected annually by the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Declarant so long as Declarant retains its Class B Membership and thereafter, by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed with or without Cause by the Declarant or the Board of Directors whenever, in its judgment, the best interest of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. Except as otherwise determined by the Board of Directors, the President shall be chief executive officer of the Association.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. President. The President shall be the chief executive officer of the Association. He shall execute on behalf of the Association all instruments requiring such execution except to the extent the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. The President shall preside at all meetings of the Association and the Board of Directors. He shall have all general powers and duties which are usually vested in the office of President of a property owners association, including the power to appoint committees.

Section 7. Vice President. The Vice President shall act under the direction of the President and shall perform such duties as may be imposed by the Board. In the absence or disability of the President, the Vice President shall perform the duties and exercise the powers of the President.

Section 8. Secretary. The Secretary shall act under the direction of the President. Subject to the direction of the President, the Secretary shall attend all meetings of the Board of Directors and meetings of the Association and record the proceedings. He shall give, or cause to be given, notice of all meetings of the Association and of the Board of Directors as required by these By-Laws and shall perform such other duties as may be prescribed by the President or the Board of Directors.

Section 9. Treasurer. The Treasurer shall act under the direction of the President and shall keep or be responsible for keeping the accounts of the Association. He shall disburse the funds of the Association as may be ordered by the President or the Board of Directors and shall render on request or at the regular meetings of the Board of Directors an account of all of his transactions as Treasurer and of the financial condition of the Association. The Treasurer shall be responsible for mailing all Assessment, meeting and proxy notices while also keeping the list of Owners current.

decision, action or omission as a Board Member if all of the following conditions are satisfied:

(a) Such Board Member has not 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;

(b) Such Board Member reasonably believed:

1) in the case of conduct in his official capacity with the Association, that his conduct was in its best interest;

2) in other cases, that his conduct was at least not opposed to its best interests; and

3) in the case of criminal proceedings, he had no reasonable cause to believe his conduct was unlawful;

(c) Such Board Member or Officer gives the Association adequate notice of the claim or imposition of liability to permit the Association reasonable opportunity to defend against the same; and

(d) Such Board Member or Officer cooperates with the Association defending against the liability.

The expense of indemnifying a Board Member or Officer as provided herein shall be a Common Expense of the Association and shall be borne by all Property Owners, including such Board Member or Officer.

ARTICLE XIV AMENDMENTS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors, at a regular or special meeting of the Board by a vote of a majority of all Directors, provided notice of such pending action with a copy or summary of the proposal is given in the call for said meeting, and provided further that Declarant consents to such amendment so long as Declarant retains its Class B Membership.

These By-Laws may also be altered, amended or repealed and new By-Laws may be adopted by the Declarant so long as Declarant retains its Class B Membership.

These By-Laws may also be amended by a two-thirds (2/3) vote of the Members at a duly called meeting of the Association provided notice of such proposed amendment is given in the call for such meeting, and provided further that Declarant consents

ARTICLE XII
COMMITTEES

Section 1. Committees of Directors. Subject to the South Carolina Code governing nonprofit corporations, the Board of Directors may designate one or more committees, each of which shall consist of two or more Directors and such other Members as the Board shall determine, which committees, to the extent authorized by the Board, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Association; provided, however, that no such committee shall have the authority of the Board of Directors as to the following matters: (a) the dissolution, merger or consolidation of the Association; the amendment of the Articles of Incorporation of the Association; or the sale, lease or exchange of all or substantially all of the property of the Association; (b) the resignation of any such committee or the filling of vacancies on the Board of Directors or in any such committee; (c) the amendment or repeal of these By-Laws or the Declaration or the adoption of new By-Laws; (d) the amendment or repeal of any resolution of the Board of Directors or (e) any other matter expressly prohibited by the South Carolina Corporate Code.

Section 2. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Association may be designated by a resolution adopted by a majority of Directors present at a duly called meeting. Such committees shall perform such duties and have such powers as may be provided in the resolution.

Section 3. Rules. Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE XIII
LIABILITY AND INDEMNIFICATION

Section 1. Liability of Board Member. No Board Member or Officer of the Association shall be liable to any 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 of Board Member. The Association shall indemnify and defend each Board Member to the extent and in the manner permitted by law, from any liability claimed or imposed against him by reason of his position or

in writing to such amendment so long as Declarant retains its Class B Membership.

ARTICLE XV
MERGER

To the extent and in the manner provided by law, the Association may participate in mergers and consolidation with other nonprofit associations organized for the same or similar purpose, provided, however, that any such merger or consolidation shall require approval by a vote of two-thirds (2/3) of the total votes cast at a meeting duly called for such purpose.

Upon merger or consolidation of the Association with another association or associations, its property 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 such merger. The surviving or consolidated association may administer the Common Properties, together with the covenants and restrictions established upon any other property as one plan. No merger or consolidation shall effect any revocation, change or addition to the Declaration.

ARTICLE XVI
DISSOLUTION

If the Members determine that it is in the best interest of the Association and/or its Members to completely dissolve the Association, such action may be taken by an affirmative vote of three-fourths (3/4) of the total votes of those present at a meeting duly called and held for such purpose; provided that Declarant consents in writing so long as Declarant retains its Class B Membership.

ARTICLE XVII
FISCAL YEAR

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

ARTICLE XVIII

The Association, if required by Title 12 of the South Carolina Code, shall file an annual report.

ARTICLE XIX
GENERAL

Section 1. Conflicts. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control; in the case of any conflict between these By-Laws and any regulation promulgated by the Board of Directors, these By-Laws shall control.

Section 2. Waiver. No provision of these By-Laws 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 and of the Board of Directors shall be conducted in accordance with Roberts Rules of Order Revised.