



BP0063874

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
THE COTTAGES AT CYPRESS POINT

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE COTTAGES AT CYPRESS POINT (this "Declaration") is made this 24 day of June, 2009, by CYPRESS POINT/KIAWAH, LLC, a South Carolina limited liability company (hereinafter referred to as "Declarant").

WITNESSETH THAT:

WHEREAS, Declarant is the owner of the Property, as hereinafter defined, known as THE COTTAGES AT CYPRESS POINT and located in the Town Of Kiawah, Charleston County, South Carolina, and Declarant desires to subject the Property to the provisions of this Declaration in order to provide a flexible and reasonable method for the administration, assessment and maintenance of the Common Areas, as hereinafter defined, and the orderly and proper governance of the Property.

NOW THEREFORE, this Declaration and the covenants, conditions, restrictions and easements set forth herein shall be covenants to run with the land and all the Property is hereby subject and subordinate to the provisions of this Declaration. This Declaration shall inure to the benefit of and shall be binding upon each Owner (as hereinafter defined) and his, her or its respective heirs, legal representatives, successors, lessees, grantees, assigns and mortgagees.

BY THE RECORDING OF A DEED OR THE ACCEPTANCE OF TITLE TO A LOT OR

ANY INTEREST THEREIN, THE PERSON OR ENTITY TO WHOM SUCH LOT OR INTEREST IS CONVEYED, AND THEIR HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS, LESSEES, GRANTEEES, ASSIGNS AND MORTGAGEES SHALL BE DEEMED TO HAVE AGREED TO BE BOUND BY THIS DECLARATION AND THE BY-LAWS OF THE ASSOCIATION.

INDEPENDENT DEVELOPMENT

THE COTTAGES AT CYPRESS POINT IS AN INDEPENDENT DEVELOPMENT WITHIN KIAWAH ISLAND, SOUTH CAROLINA AND DECLARANT IS NOT AFFILIATED WITH THE DEVELOPERS OF KIAWAH ISLAND; HOWEVER, THE COTTAGES AT CYPRESS POINT ARE SUBJECT TO CERTAIN EXISTING COVENANTS AND RESTRICTIONS AS PROVIDED HEREIN AND AS WILL BE PROVIDED IN THE DEED TO A LOT.

1. DEFINITIONS

1.1. DEFINITIONS

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

1.1.1. "ARB" shall mean and refer to the Kiawah Island Architectural Review Board established under the Master Covenants as hereinafter defined.

1.1.2. "Affiliate" means any entity that is owned by Declarant, which owns Declarant, or in which Declarant or Persons holding an interest in Declarant own at least fifty per cent (50%) of the interests.

1.1.3. "Amenities" Declarant shall build a landscaped community garden, plunge pool, single restroom, and an equipment enclosure building on the residual parcel on the east side of Lot 20. The Amenities will be constructed and completed prior to the conveyance of the last Lot in the subdivision or five (5) years from the date of the recording of the Conditional Plat, whichever occurs

first. If required by any governmental agency or regulatory body, Declarant shall post the necessary bond to ensure the completion of the Amenities.

1.1.4. "Area of Common Responsibility" means the Common Areas and any other area for which the Association expressly assumes the responsibility for maintenance, repair or management including, without limitation, portions of the Property specified by the Association which contain facilities which benefit more than one Lot. The Area of Common Responsibility may include, without limitation, (a) street shoulders and curbs, walkways and bicycle paths, signage, landscaping (including monumentation and walls), street lighting, signage lighting and landscape lighting, whether within the Common Areas or unpaved portions of designated common roadways or rights-of-way (as such rights-of-way are noted on the plat of the Property or any portion thereof, which plat is approved by Declarant or the Association), whether said rights-of-way are privately owned, dedicated to the public, or conveyed to the Kiawah Island Community Association, Inc. or any municipality thereof, (b) nature preserves, parks, and drainageways, and (c) any common utility lines or facilities which have not been dedicated to and accepted for maintenance by a private or public utility, (c) any amenities built by Declarant and conveyed to the Association, and (d) attached to each Cottage may be one or two enclosed patio areas, the interior of which will be maintained by the Lot Owner. There will be no lawns within the Property. The Association will maintain the grounds on all Lots up to the foundation of the Cottage and the walls of the patio areas as a part of an Area of Common Responsibility.

1.1.5. "Assessment" means the charges from time to time assessed against a Lot by the Association in the manner herein provided, and shall include both regular and special assessments.

1.1.6. "Association" means The Cottages At Cypress Point Homeowners Association, Inc., a South Carolina not-for-profit mutual benefit

corporation.

1.1.7. "Board of Directors" or "Board" means the Board of Directors of the Association.

1.1.8. "By-Laws" means the By-Laws duly adopted by the Association which govern the administration and operation of the Association, as may be amended from time to time. A copy of the By-Laws is attached hereto as Exhibit "B".

1.1.9. "Club" shall mean the Kiawah Island Club, Inc., a South Carolina Corporation doing business as The Kiawah Island Club and/or affiliates of the Club whose purpose is to own and/or lease or license and operate and administer the Kiawah Island Club Facilities in accordance with the terms and conditions of the Club Membership Plan.

1.1.10. "Common Areas" means all areas shown and designated as a Common Area, or similar wording clearly indicating such intent, on any recorded plat of the Property, or any portion thereof, which plat has been approved in writing by Declarant or the Association, and incorporated herein by a Supplemental Declaration. THE DESIGNATION OF ANY OF THE PROPERTY OR IMPROVEMENTS THEREON AS COMMON AREAS SHALL NOT MEAN OR IMPLY THAT THE PUBLIC AT LARGE ACQUIRES ANY EASEMENT OF USE OR ENJOYMENT THEREIN.

1.1.11. "Common Expenses" means all liabilities or expenditures made or incurred by or on behalf of the Association, together with all funds necessary for the creation or maintenance of financial, equipment or capital improvement reserves, consistent with the provisions of this Declaration.

1.1.12. "Controlling Interest" means the ownership by Declarant and any Affiliate of Declarant, as of the date of such determination, of at least one (1) of the Lots subject to this Declaration.

1.1.13. "Declarant" means Cypress Point/Kiawah, LLC, a South Carolina limited liability company, its successors and assigns, and any entity

designated as a successor Declarant by Cypress Point/Kiawah, LLC by a recorded Supplemental Declaration provided, however, that this definition shall not include the purchaser, owner or mortgagee of any Lot.

1.1.14. "Declaration" means this Declaration of Covenants, Conditions and Restrictions for The Cottages At Cypress Point and all amendments or Supplemental Declarations filed of record from time to time in the Office of the Register of Mesne Conveyances for Charleston County, South Carolina.

1.1.15. "Development" means the community constructed or to be constructed upon the Property or portions thereof and known as The Cottages At Cypress Point.

1.1.16 "KICA" shall mean and refer to the Kiawah Island Community Association, Inc. (a South Carolina non-profit corporation), its successors and assigns, also referred to as the "Master Association" under the Master Covenants.

1.1.17. "Lot" means any parcel of the Property which is platted of record and intended for development of one (1) residential dwelling.

1.1.18. "Managing Agent" means any entity retained by the Association to manage the Area of Common Responsibility, or portions thereof, and supervise its maintenance and the operation of the administrative affairs of the Association.

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

February 19, 1976, and recorded February 19, 1976, in Book T108, page 337 in the R.M.C. Office, as amended and recorded.

1.1.20. "Occupant" means any individual lawfully occupying any Lot including, without limitation, any Owner or family member, guest, invitee, licensee or tenant of an Owner of any Lot.

1.1.21. "Owner" means any Person which owns fee simple title to any Lot in the Development. "Owner" shall not mean (a) a mortgagee unless such mortgagee has acquired title to the Lot or (b) any Person having a contract to purchase a Lot but to which title has not been conveyed of record.

1.1.22. "Person" means any individual or legal entity, as the context may reasonably require.

1.1.23. "Property" means all the land and improvements described in the attached Exhibit "A".

2. PLAN OF DEVELOPMENT

2.1. NON-SEVERABILITY OF RIGHTS

The rights, liabilities and obligations set forth herein shall attach to and run with the ownership of a Lot as more specifically set forth below and may not be severed or alienated from such ownership.

2.2. GENERAL PLAN OF DEVELOPMENT

2.2.1. Responsibilities of Declarant

Declarant shall be responsible for development and construction of such roads within the Property as Declarant determines are required for effective circulation within the Property (the "Roads"). It is the intent of Declarant to dedicate the Roads, upon completion, to the Kiawah Island Community Association, Inc. Declarant shall also be solely responsible for (a) the initial installation of such walkways, signage, landscaping, street lighting, signage

lighting and landscape lighting in the Common Areas as Declarant shall determine are appropriate, (b) the initial installation of drainageways, main stormwater lines and easements to serve the drainage needs of the Property, and (c) the installation of primary water, sanitary sewer, cable television and electrical lines within the Property which are adequate to permit the Owner of a Lot to obtain access thereto for the Lot upon the payment by Owner of standard tap-in or service fees. All such facilities shall be built in conformity with the standards of applicable regulatory agencies. In the event KICA will not take title to the Roads, the Roads will be conveyed to the Association.

2.2.2. Common Areas and Area of Common Responsibility

In addition to any Common Areas shown on the recorded plat of the Property, Declarant or the Association shall designate in a Supplemental Declaration any additional Common Areas and Areas of Common Responsibility for which the Association shall be responsible. Property so designated shall conform to the development plan approved by the ARB. Declarant may convey Common Areas within the Property to the Association at any time, provided that the conveyance shall be free and clear of all liens (other than those expressly accepted by the Association, as applicable). Upon conveyance, the Declarant shall promptly provide to the Association, as applicable, a copy of the conveyance documents. Unless expressly approved by the Association, Declarant shall convey all Common Areas within the Property to the Association no later than ninety (90) days after the date of closing the sale of the last Lot in the Development; provided, however, Declarant shall convey all Common Areas within the Property at an earlier date if required by a governmental agency having jurisdiction over said portion of the Property (such as the Veterans Administration or Federal Housing Administration). The Amenities shall be completed and conveyed to the Association, lien free prior to the closing of the last lot or five (5) years from the date of the recording of the Conditional Plat,

whichever occurs first. After approved conveyance of a Common Area or designation of an Area of Common Responsibility, the Association shall be fully responsible for its operation, maintenance and repair.

2.3. INTEREST SUBJECT TO PLAN OF DEVELOPMENT

Every Owner shall take title, and every mortgagee or holder of a security interest in any part of the Property shall hold such mortgage or security interest subject to the terms and conditions of this Declaration.

3. CLUB MEMBERSHIP

Owner shall be eligible to participate in the Kiawah Island Club, Inc. (the "Club") membership program, subject to all of the Club's terms, limitations and conditions, existing now or in the future, which are required by the Club, including, but not limited to, Club acceptance, payment of Membership Deposits and all monthly dues, fees and charges. Owner shall be responsible to timely join the Club or Owner may forever be bared from being able to join the Club. Responsibility to join the Club within the time permitted by the Club, is the sole responsibility of Owner.

Declarant has no ownership interest in the Club and makes no representation and warranties regarding the Club. THE RIVER COURSE AND OTHER CLUB FACILITIES ARE CURRENTLY OWNED BY KIAWAH RESORT ASSOCIATES, L.P. AND LICENSED TO THE KIAWAH ISLAND CLUB FOR USE BY CLUB MEMBERS, AND ARE NOT PART OF THE COMMON PROPERTY (OF THE KIAWAH ISLAND COMMUNITY ASSOCIATION, INC.)

4. PROPERTY RIGHTS

4.1. EASEMENTS FOR DECLARANT

During the period that Declarant (or any affiliate of Declarant) owns any of the Lots, or until such earlier time as Declarant records a Supplemental Declaration relinquishing its rights as set forth in this section, Declarant shall have an alienable and transferable right and easement on, over, through, under and across the Common Areas and Area of Common Responsibility for the purpose of constructing, installing, maintaining, repairing and replacing such other improvements to the Property as Declarant desires. The exercise of such right and easement by Persons other than Declarant shall be undertaken only with the prior written approval of the Declarant so long as the Declarant holds a Controlling Interest.

4.2. EASEMENTS FOR ASSOCIATION

The Association and their directors, officers, agents and employees including, but not limited to, any Managing Agent of the Association and any officers, agents and employees of such Managing Agent, shall have a general right and easement to enter upon the Property in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours.

4.3. CHANGING BOUNDARIES; ADDING COMMON AREAS

So long as the Declarant holds a Controlling Interest, Declarant reserves the right and power, without the approval of the Association, to change the boundary lines between any Common Area and other Property owned by Declarant or any Affiliate or to add portions of the Property to the Common Areas.

4.4. EASEMENTS FOR UTILITIES AND SERVICES

Declarant and the Association shall have a transferable, perpetual power and authority to grant and accept easements to and from any private entity or

public authority, agency, public service district, public or private utility or other Person, upon, over, under and across the Common Areas and Area of Common Responsibility for constructing, installing, maintaining, repairing, inspecting and replacing master television antennae or television cable systems, data transmission systems, security and similar systems, landscaping and all utility facilities and services including, but not limited to, storm and sanitary sewer systems and electrical, gas, telephone, water and sewer lines. Such easements may be granted or accepted by Declarant or the Association without notice to or consent by the Members. To the extent feasible, all utility lines serving the Property and located therein shall be located underground. Unless permitted by the terms of the easement, or unless permitted by the grantee of the easement or the commission, municipality, utility or other entity controlling the easement area, no structure shall be erected, and no trees or shrubs shall be planted in such easement, without the written consent of the grantee of such easement.

4.5. MUNICIPAL EASEMENT

Police, fire, water, health and other authorized municipal officials, employees and vehicles shall have the right of unrestricted ingress and egress to the Common Areas, and any portion thereof, for the performance of their official duties.

5. THE ASSOCIATION – MEMBERSHIP AND VOTING RIGHTS

5.1. MEMBERSHIP. Every Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

5.2. CLASSES. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons

shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any one (1) Lot.

Class B. The Class B member shall be Declarant and shall be entitled to five (5) votes for each Lot owned. 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:

- (a) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or
- (b) January 1, 2016.

5.3. BOARD OF DIRECTORS

5.3.1. Subsequent to Loss of Controlling Interest by Declarant

Following loss of Controlling Interest by Declarant, the Board of Directors shall consist of such number of individuals as may be selected in accordance with the By-Laws.

5.3.2. Prior to Loss of Controlling Interest by Declarant

For so long as Declarant owns a Controlling Interest, the Board of Directors shall consist of not less than three (3) nor more than five (5) individuals, as determined by Declarant from time-to-time. Said individuals need not be Owners of Lots.

5.4. RULES AND REGULATIONS

The Board of Directors shall have the authority from time to time to adopt Rules and Regulations governing the use, administration and operation of the Property, subject to the terms of this Declaration and the By-Laws of the Association.

5.5. ARCHITECTURAL REVIEW

The Association has no architectural review board. The Declarant has had the ARB (Master Covenants) approve the basic plans for The Cottages at Cypress Point which will be constructed on all the Lots, subject to variations approved by the ARB. Once a Cypress Point Cottage has been constructed in accordance with an approved plan, all subsequent changes to any cottage, building, fence wall, landscaping or other structure, shall be governed by the ARB and as more fully provided and set forth in the Master Covenants.

5.6. MANAGEMENT

The Board of Directors may, in its discretion, retain a Managing Agent or one or more employees of the Association to manage the Common Areas and Area of Common Responsibility and supervise its maintenance and operation and the operation of the administrative affairs of the Association. The terms of any management or employment agreements shall be determined by the Board of Directors, provided that any management or employment contracts shall (i) permit the termination thereof for cause by the Association upon not more than thirty (30) days prior written notice and (ii) be for a period of not more than two (2) years. Such contracts may permit renewals thereof for periods not to exceed two (2) years at a time provided that such renewal is approved by the parties. Nothing herein shall prohibit the Association from entering into a management contract with Declarant or any Affiliate of Declarant if the terms of such contract are reasonable and consistent with the above provisions.

5.7. INSURANCE

5.7.1. Obtaining Insurance Coverage

If insurance is available at a reasonable cost, the Board of Directors shall endeavor to obtain insurance coverage, in such amounts as it shall reasonably

determine, for the Common Areas, the Area of Common Responsibility, other property of the Association and the activities of the Association, to cover the insurable interests of the Association and any mortgagees of the Association, and the insurable interests of Declarant and the Managing Agent, if any, and their respective directors, officers, employees and agents, if any, therein. To the extent feasible at reasonable cost, in the opinion of the Board, such insurance coverage shall be obtained:

A. against loss or damage by fire, flood, earthquake or other casualty covered by standard extended coverage policies, for the full insurable value thereof (based upon current replacement cost);

B. against such risks as vandalism, theft and malicious mischief;

C. for comprehensive general public liability and, if applicable, automobile liability insurance, covering loss or damages resulting from accident or occurrences on or about the Common Areas, Areas of Common Responsibility, Amenities or elsewhere;

D. worker's compensation and other mandatory insurance, if applicable;

E. fidelity insurance covering any employees or officers of the Association or Managing Agent having access to any substantial funds of the Association;

F. officers and directors insurance providing coverage against claims brought against the Board of Directors or officers of the Association acting in such capacity; and

G. such other insurance as the Board of Directors shall determine to be reasonable and desirable from time to time.

5.7.2. Other Insurance Criteria

All insurance premiums shall be a Common Expense. Such insurance coverage shall be written in the name of, losses under such policies shall be

adjusted by and the proceeds for such insurance shall be payable to the Association. The insurance coverage shall, if feasible, provide that:

A. the interest of the Association shall not be invalidated by any act or neglect of any Owner or any officer or member of the Board of Directors of the Association;

B. the coverage shall not be terminated for non-payment of premiums without at least thirty (30) days prior written notice to the Association; and

C. subrogation shall be waived with respect to (i) the Association and its Board of Directors, employees and agents and (ii) Owners, members of their household and their mortgagees.

5.7.3. Appointment of Trustee for Proceeds

The Board of Directors may, at its discretion, retain any bank, trust company or South Carolina law firm to act as trustee, agent or depository on its behalf for the purpose of receiving or distributing any insurance proceeds. The fees and reimbursable expenses of any trustee or agent shall be a Common Expense.

5.7.4. Reconstruction of the Property

The insurance proceeds for casualty losses (after payment of any applicable fees and reimbursable expenses of any trustee, attorney or consultant advising the trustee or the Association regarding insurance matters) shall be applied by the Board of Directors on behalf of the Association for the reconstruction or restoration of the damaged property; provided, however, if such proceeds are inadequate to reconstruct or restore the damaged property, the Board of Trustees may pursue such other options as it may determine are reasonable under the circumstances.

6. ASSESSMENTS AND CHARGES

6.1. REGULAR ASSESSMENTS AND BUDGET

Assessments shall be computed and assessed against all Lots as follows:

6.1.1. Fiscal Year and Annual Budget

The fiscal year of the Association shall be the calendar year. Unless otherwise determined by the Board of Directors, the Board of Directors shall prepare or cause to be prepared by December 1 an operating budget (the "Budget") for the next fiscal year setting forth the estimated Common Expenses and anticipated revenues of the Association for such fiscal year, and any projected deficit or surplus from the preceding fiscal year. The Budget, once approved by the Board of Directors, shall serve as the basis for assessments to all Owners (the "Total Assessments") for such fiscal year and the primary guideline under which the Association shall be projected to be operated during such fiscal year. If the Board fails for any reason to adopt a Budget for the fiscal year, then until such time as it is adopted, the Budget and Total Assessments in effect for the current year shall automatically be increased effective the first day of the fiscal year in the same proportion as any percentage increase of the then current calendar year over the preceding calendar year, in the Consumer Price Index (all Urban Consumers, United States City Average, All Items), or its successor index, as determined by the Board of Directors. Such adjusted Budget shall be the Budget for the succeeding year, until a new Budget is adopted. Within ninety (90) days following the close of the Association's fiscal year, the Board of Directors shall cause an unaudited or audited financial statement, as the Board shall determine, of the Association (the "Annual Report") to be prepared by a public accountant licensed to practice in the State of South Carolina. Upon request, a copy of the Annual Report shall be provided to any Owner of any Lot that is subject to Assessments.

6.1.2. Determining the Budget

The Budget and the Total Assessments shall be based upon annual estimates by the Board of Directors of the Association's revenues and its cash requirements to pay all estimated expenses and costs arising out of or connected

with the use, maintenance and operation of the Common Areas and Area of Common Responsibility and the operation of the Association. Such estimated expenses and costs may include, among other things, the following: expenses of management, including compensation of any Management Agent; taxes and special assessments; insurance premiums; repairs and maintenance; wages and personnel expenses for Association employees; utility charges (including monthly charges for street lighting services, as prescribed by the South Carolina Public Service Commission or any successor agency); legal and accounting fees; any deficit remaining from a previous period; creation of one or more reasonable contingency reserves and/or sinking funds; any principal and interest payments due for debts of the Association; and any other expenses, costs and existing or projected liabilities which may be incurred by the Association for the benefit of the Owners pursuant to this Declaration. Such expenses and costs shall constitute the Common Expenses.

6.1.3. Allocating Assessments

Declarant, for each Lot owned within the Development, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (i) annual assessments or charges, and (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. Except as to first mortgagees as hereinafter provided, a sale or transfer of the Lot shall not affect the assessment lien and shall pass to successors in title.

6.1.4. Assessments for Lots Owned by Declarant

Declarant and Affiliates of Declarant shall pay Assessments on Lots owned by them in the same manner as other Lot Owners.

6.1.5. Notice and Payment of Assessments

6.1.5.1. Notice.

Unless the Board of Directors elects a shorter payment period, the Assessments shall be due on a calendar year basis in advance. Unless otherwise determined by the Board of Directors, the Association shall, by December 15, furnish to each Owner of a Lot, a copy of the Budget for the forthcoming fiscal year and a statement of the amount of the Assessment payable by such Owner.

6.1.5.2. Payment.

Unless otherwise expressly approved by the Board of Directors, Assessments shall be payable by the later of (i) the tenth (10th) day of January in the calendar year to which the Assessment is applicable or (ii) fourteen (14) days after notice of such Assessment shall have been given to the Owner.

6.1.6. Cap on Regular Assessments; Declarant Subsidy

The initial maximum annual regular Assessment Share per Lot shall not exceed Sixteen Hundred (\$1,600.00) Dollars; provided, however, that such maximum amount that may be assessed shall automatically be increased effective the first day of each fiscal year by an amount that equals the percentage increase of the CPI during the most recent full calendar year over the CPI for the preceding calendar year. "CPI" means the Consumer Price Index (All Urban Consumers, United States City Average, All Items), or its successor index, as determined by the Board of Directors. If the Assessment is not actually increased by the maximum amount in any year, this shall not preclude including the maximum amount in calculating the maximum amount of Assessment in a subsequent year.

6.1.7. Working Capital Assessment.

At the time of the conveyance by the Declarant (or an affiliate of Declarant) to the first purchaser of the Lot (not counting any affiliates of Declarant), the purchaser thereof shall pay a Working Capital Assessment (herein so called) to the Association of One Thousand Dollars (\$1,000.00). Thereafter, on each subsequent transfer, the purchaser thereof shall pay a Working Capital Assessment as determined by the Board and as published in its Rules and Regulations. Such Working Capital Assessment shall be separate from the annual regular Assessment due from each Lot Owner. Such Working Capital Assessment shall be paid to the Association and used by the Association for its regular operations and/or reserves, as determined by the Board of Directors.

6.2. SPECIAL ASSESSMENTS

In addition to the regular annual Assessments authorized above, the Board of Directors may levy one or more Special Assessments (herein so called) that cumulatively do not exceed two thousand dollars (\$2,000.00) per Lot during any fiscal year. The maximum Special Assessment shall be adjusted annually, however, in the same manner as for regular Assessments, as set forth in Section 6.1 above. In addition, the Board of Directors may levy one or more Special Assessments to cover the cost of any unbudgeted property taxes or assessments, any uninsured loss or claim, or, in the event of an insured loss or event, any deductible amount under the insuring policy. Any other Special Assessment levied by the Board of Directors shall have the approval of Lots representing a majority of the Lot Owners. Meetings of Owners for the special purpose of considering a Special Assessment shall be held only after written notice by the Association to the Owners of the Lots, in accordance with the notice procedure set forth in this Declaration. The meeting shall occur no earlier than ten (10) days after the date of mailing or delivery. The notice shall state generally the purpose and amount of the proposed Special Assessment. Owners may be represented at such meetings by written proxy, which proxy may be held by any Person.

6.3. EFFECT OF NON-PAYMENT OF ASSESSMENTS

Any Assessment that is not paid to the Association within fifteen (15) days of its due date by an Owner shall be delinquent. All delinquent Assessments shall incur an administrative charge of \$25.00 per month or any portion of any month from the date each such installment is due until such payment is received by the Association, in addition to any interest charges which may be payable. No Owner may waive or otherwise escape liability of the Assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

6.4. CREATION OF LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS

Assessments, including Special Assessments, interest and charges thereon, and costs of collection thereof (including reasonable attorneys' fees and expenses) shall be (i) the personal obligation of the Person who was the Owner of such Lot at the time when the Assessment fell due and, unless expressly agreed by the Board of Directors of the Association, also of any subsequent Owner, (ii) a charge on the Lot to which such Assessments are applicable and (iii) a continuing lien upon each Lot in favor of the Association. To evidence a lien for sums assessed pursuant to this Section, the Association may prepare a written notice of lien setting forth the amount of the unpaid Assessment or Special Assessment, the due date, the amount remaining unpaid, the name of the Owner of the Lot and a description of the Lot. Such notice shall be signed and acknowledged by a duly authorized officer of the Association or any Managing Agent of the Association and may be recorded in the office of the Register of Mesne Conveyances for Charleston County. No notice of lien shall be recorded until there is a delinquency in payment of the Assessment. Such lien may be enforced as set forth in Section 6.9.

6.5. SUBORDINATION OF THE LIEN

The lien of the Assessments provided for herein shall be subordinate to the

lien of any unpaid taxes and any recorded mortgage on the applicable Lot. Sale or transfer of any Lot shall not affect the lien of the Assessments. However, the sale or transfer of any Lot which is subject to any recorded mortgage, pursuant to a decree of foreclosure under such mortgage or any proceeding or conveyance in lieu of foreclosure thereof, shall extinguish the lien of the Assessments as to payment thereof, which became due prior to such sale or transfer. No sale or transfer shall relieve the Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

6.6. ATTORNEYS' FEES AND COSTS

In any suit or action brought by Declarant, or the Association or Member, to enforce any of the provisions of this Declaration or the By-Laws, the prevailing party shall be entitled to recover from any other party to the suit or action which is subject to this Declaration its costs and disbursements and reasonable attorneys' fees and expenses in such suit or action and any appeal thereof.

6.7. STATEMENT OF ACCOUNT

Upon payment of a reasonable fee determined by the Board of Directors, and upon written request of any Owner, mortgagee, lessee, prospective mortgagee or prospective purchaser or lessee of a Lot, the Association shall issue a written statement (which shall be conclusive upon the Association) setting forth the following:

- A. The amount of unpaid annual Assessments or Special Assessments, if any, applicable to such Lot;
- B. The amount of the current annual Assessment and any current Special Assessment and the date or dates upon which any payment thereof shall become due; and
- C. The amount of any credit for advance payments of annual Assessments or Special Assessments.

6.8. MECHANIC'S LIENS

The Board of Directors may cause to be discharged any mechanic's lien or other encumbrance which, in the opinion of the Board of Directors, may constitute a lien against the Common Areas. If less than all of the Owners are responsible for the existence of said lien, the Owners responsible, as determined by the Board of Directors, shall be jointly and severally liable for the amount necessary to discharge the same and for all related costs and expenses, including attorney's fees and court costs, incurred by reason of the lien.

6.9. NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION

Any Assessment which is not paid when due by an Owner to the Association shall be delinquent. Thereupon, the Association may bring an action at law against the delinquent Owner personally for its collection or foreclose the lien against the delinquent Owner's Lot in the same manner in which a mortgage on real property may be foreclosed in the State of South Carolina. The Association shall have the right to bid in at any foreclosure sale, and, upon conveyance to the Association, thereafter hold, lease, mortgage or convey the subject Lot.

7. CONDEMNATION

7.1. CONDEMNATION OF COMMON AREAS

Whenever any part of the Common Areas shall be taken by any authority having the power of condemnation or eminent domain or is conveyed in lieu thereof, the award or proceeds made or collected for such taking or sale in lieu thereof shall be payable to the Association. If the portion of the Common Areas so taken or conveyed was improved in any way, then the Association shall repair, rebuild, replace or renovate the improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available thereof, in accordance with plans approved by the Board of Directors. If

the awards or proceeds are not sufficient to defray the cost of such repair and replacement and, in the opinion of the Board of Directors, such deficiency cannot or should not be funded from a reserve fund or regular Assessments, the Board of Directors may levy a Special Assessment against all Lots in accordance with the procedure set forth in Section 6.2.

8. RESTRICTIVE COVENANTS

The following covenants, conditions, restrictions and easements are herewith imposed on the Lots:

8.1. Residential Use of Lots. All Lots shall be used for residential purposes and no business or business activity shall be carried on upon any Lot at any time; provided, however, that nothing herein shall prevent Declarant or any builder of any homes in THE COTTAGES AT CYPRESS POINT from using any Lot owned by Declarant or such builder of homes for the purpose of carrying on business related to the development, improvement and sale of Lots or homes in certain cottages may be used as models as determined by the Declarant until all lots have been sold.

8.2. Building Construction.

(a) No building or structure shall exceed two (2) stories in height or be in excess of the maximum height allowed by the ARB and/or Town Of Kiawah zoning ordinances.

(b) No accessory building or structure shall be permitted unless specifically approved in writing by the ARB, and if permitted, cannot be constructed prior to the construction of the residence and may not be rented or leased except as part of the main dwelling.

(c) No building or structure shall exceed 2,500 square feet of climate controlled space.

8.3. Setbacks, Building Lines and Construction Requirements.

(a) Each building or structure erected on any Lot shall be situated on such Lot in accordance with the building and setback codes of the Master Covenants, the Town Of Kiawah Island, South Carolina Ordinances and the Development Agreement by and between Kiawah Resort Associates, L.P., and the Town of Kiawah Island, adopted October 12, 2005, and in accordance with the restrictions contained herein, whichever restriction or requirement is more stringent. The Lot Owner shall be responsible to verify and have approved all setbacks prior to construction.

(b) In each case, individual setbacks or side lines must be approved by the ARB for its aesthetic value. The ARB may require a greater or lesser setback so long as the required setback does not violate the setback requirements of the Town Of Kiawah. In certain cases, the ARB may require an Owner to seek a variance from the Town Of Kiawah if necessary to protect important trees, vistas or to preserve aesthetic value.

(c) No more than one (1) dwelling unit shall be built upon any one (1) Lot.

(d) The Owner shall provide parking for at least two (2) vehicles upon his Lot prior to occupancy of the dwelling.

(e) Subdivision of a Lot. No Lot shall be subdivided, or its boundary lines changed, nor shall application for same be made to the Town of Kiawah except with the written consent of Kiawah Resort Associates, L.P, its successors and/or assigns. Subject to the foregoing, two (2) or more Lots may be combined to form a fewer number of Lots so long as any resulting Lot(s) meet(s) all subdivision and zoning requirements. Any easements along side Lot lines which are abandoned in the combination of Lots shall be deemed automatically abandoned unless there is, in fact, an easement or utility located along or adjacent to said Lot line. The Owner of any combined Lot shall be responsible for

all costs and expenses of removing or relocating any utility located along or adjacent to any side Lot line being abandoned. The combination of Lots will not reduce the assessment due and the Owners of property combining Lots shall be responsible to apportion their respective share of the assessments attributable to the Lot being combined into their respective Lot.

(f) Terraces, Eaves, etc. For the purpose of determining compliance or non-compliance with the foregoing building line requirements, terraces, , eaves, and wing-walls extending beyond the outside wall of a structure shall not be considered as a part of the structure.

(g) Buffer Strips. All buffer strips shown on any recorded plat of the Property shall be maintained by the Association as an Area of Common Maintenance (see 1.1.4) . No building or structure shall be constructed and no parking areas or other use may be maintained within the buffer strips.

8.4 Obstructions to View at Intersections. The lower branches of trees or other vegetation shall not be permitted to obstruct the view at intersections within a twenty-five foot (25') radius of the corner Lot line.

8.5. Delivery Receptacles and Properties Identification Markers. The ARB shall have the right to approve as to location, color, size, design, lettering and all other particulars of receptacles for the receipt of mail, newspapers or similar delivered materials, as well as Lot identification markers.

8.6. Use of Outbuildings and Similar Structures. No structure of a temporary nature, unless approved in writing by the ARB, shall be erected or allowed to remain on any Lot and no trailer, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence, either temporarily or permanently; provided, however, this paragraph shall not be construed to prevent Declarant and those engaged in construction from using sheds or other temporary structures during construction.

8.7. Completion of Construction. The ARB shall have the right to take

appropriate Court action, whether at law or in equity, to compel the immediate completion of any building or structure not completed within eighteen (18) months from the date of commencement of construction.

8.8. Livestock. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes. Such household pets must not constitute a nuisance or cause unsanitary conditions. Such household pets shall be maintained upon the Owner's Lot and it shall be considered a nuisance if such pet is allowed to go upon another Owner's Lot or to be upon the streets or the Common Areas unless under leash or carried by the Owner.

8.9. Offensive Activities. No noxious, offensive or illegal activities shall be carried on upon any Lot nor shall anything be done thereon which is or may become an annoyance or nuisance to the Owners of other Lots in The Cottages At Cypress Point. No basketball goals shall be erected (permanently or temporarily) so as to allow basketball to be played on any Lot or any of the streets in the Development.

8.10. Signage. All signage shall be governed by the Master Covenants and the ARB Standards and Guidelines.

8.11. Aesthetics, Nature Growth, Screening, Underground Utility Service. Trees and/or limbs which have a diameter in excess of six inches (6") (3" for oaks) measured two feet (2') above ground level, and distinctive flora, shall not be intentionally destroyed or removed except with the prior written approval of the ARB. The Owner must provide building plans and plot plans, showing landscaping, to the ARB. Garbage containers and equipment shall be screened so as to conceal them from view of neighboring Lots and streets. All utility service lines connecting to residences shall be underground. All fuel tanks must be buried.

8.13. Trailers, Trucks, School Buses, Boats, Boat Trailers. No house or utility trailers or mobile homes, campers or other habitable or recreational motor vehicles of any kind, school buses, (not permitted on Kiawah roads) trucks or commercial vehicles over one (1) ton capacity, boats or boat trailers shall be kept, stored or parked overnight either on any street in the Development or on any Lot, except while loading or unloading or within enclosed garages or screened from view from the street(s) as approved by the ARB.

8.14. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish or unused vehicles. Trash, garbage or other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition in an ARB-approved enclosure. If such litter or other materials is found on any Lot, the same will be removed by the Owner of such Lot, at the Owner's expense, upon written request of the Association. Garbage cans, trash containers, boxes, bags and other trash or debris shall not be placed on the street until the morning of pick-up and all empty containers shall be removed by 6:00 P.M. on the date of pick-up.

8.15. Changing Elevations. No Owner shall excavate or extract earth for any business or commercial purpose. No elevation changes shall be permitted which materially affect surface grade of surrounding Lots unless approved in writing by the ARB.

8.16. Sewage System. Sewage disposal shall be through Kiawah Island utilities.

8.17. Water System. Water shall be supplied through Kiawah Island utilities.

8.18. Utility Facilities. Declarant reserves the right to approve the construction, installation and maintenance of utility facilities including, but not limited to, water, telephone and sewerage systems which may be in variance with these restrictions.

8.19. Model Homes. Declarant, as well as any builder of homes in The

Cottages At Cypress Point, shall have the right to construct and maintain model homes on any of the Lots.

8.20. Easements. Lots subjected to this Declaration shall be subject to those easements, if any, as shown and set forth on any recorded plat of the Property. Declarant hereby reserves an easement for utilities and drainage facilities over the front and side five feet (5') of each Lot, and over the rear ten feet (10') of each Lot. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner except for those improvements for which a public authority or utility company is responsible.

8.21. Driveways, Entrance to Garage and Parking Areas. All driveways, parking areas and entrances to garages shall be of a substance approved in writing by the ARB and of a uniform quality. There shall be no overnight parking on the street or on the lawns. No unlicensed vehicle shall be parked or maintained upon any driveway, street, lawn or parking area.

8.22 Lots Adjacent to Golf Course.

(a) The owners of Lots adjacent to a golf course shall have no rights to go upon the golf course, nor shall they trim or remove vegetation, have access to any pond or fishing, boating or otherwise. No water shall be removed from the adjoining pond. There shall be no excessive noise or outdoor speakers that would interfere with the play on the adjoining golf course. Golfers shall have the right to enter a Lot to retrieve a ball.

(b) Views of Cottages from the River Course golf course are to be screened and filtered with evergreens, conifers and cedarsso to ensure that views are limited.

(c) No improvements may be constructed within 50' of the lagoon bank

(including, without limitation decks or pools), and there may be a somewhat greater building setback required along the Property line adjacent to the golf course tee box or green areas.

(d)

(i) By the acceptance of a deed of conveyance to a Lot, each Owner acknowledges and agrees that along with the benefits derived from owning property near a golf course, such Owner assumes the risks of (i) damage to property or injury to persons and animals from errant golf balls; (ii) the entry by golfers onto Owner's Lot to retrieve golf balls (which such entry shall not be deemed a nuisance or trespass); (iii) possible overspray in connection with the watering of the roughs, fairways, and odors arising from the irrigation and fertilization thereof; (iv) noise from golf course maintenance and operation equipment; and (v) disturbance and loss of privacy resulting from golf cart traffic and golfers, and (vi) activities associated with lake or lagoon and lagoon edge maintenance. Additionally, each Owner acknowledges and understands that pesticides and chemicals may be applied to the golf course throughout the year, and that treated effluent or other sources of non-potable water may be used for the irrigation thereof.

(ii) Each Owner expressly assumes such detriments and risks, and agrees that neither Declarant, the Club, the Association, nor their successors or assigns shall be liable to any Owner claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of, or damage to, property, trespass, or any other alleged wrongdoing or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of such Owner's Lot to The River Course golf course, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Club, the Association, and/or their invitees, agents, servants, successors and assigns, against any and all such claims by any Owner or

such Owner's guests, invitees, tenants, employees, heirs, successors, and/or assigns.

9. GENERAL PROVISIONS

9.1. AMENDMENTS BY ASSOCIATION

Except for amendments to Article 8, amendments to this Declaration, other than those authorized by Sections 9.2 and 9.4. hereof, shall be proposed and adopted by a vote of not less than seventy-five percent (75%) of the then existing Board of Directors. Notice of the proposed amendment shall be given to the Board in writing by a Director proposing the amendment and the notice shall contain a general description of the proposed amendment and the purpose of the proposed amendment. No amendment which imposes or reasonably could be construed to impose a greater economic or legal burden on Declarant than exists under the then current provisions of this Declaration shall be valid unless it is approved, in writing, by Declarant and no amendment of this Declaration which is contrary to this statement shall be valid. Any amendment to Article 8 shall require the same vote as above provided, as well as the approval of Kiawah Resort Associates, L.P., its successors or assigns and the owner of the adjoining golf course property.

9.2. AMENDMENTS BY DECLARANT

Notwithstanding any other provision herein or in the By-Laws, Declarant may amend this Declaration without the consent of the Association, any Owner or any mortgagee or lienholder if, in Declarant's opinion, such amendment is necessary to (i) bring any provision of this Declaration into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination which is in conflict with this Declaration; (ii) enable any reputable title insurance company to issue title insurance coverage with respect to any Lot subject to this Declaration; (iii) enable any mortgagee to make a

mortgage loan on any Lot or other improvements subject to this Declaration; (iv) enable any governmental agency or private mortgage insurance company to insure mortgages on the Lots subject to this Declaration; (v) enable any insurer to provide insurance required by this Declaration; or (vi) clarify any provision of this Declaration or eliminate any conflict between provisions of this Declaration.

9.3. ENFORCEMENT

Each Owner shall comply strictly with this Declaration, the By-Laws and the published Rules and Regulations of the Association adopted pursuant to this Declaration as they may be lawfully amended from time to time. Failure to comply therewith shall be grounds for imposing fines, for instituting an action to recover sums due, for damages and/or for injunctive relief or specific performance, such actions to be maintainable by the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Owner. If Declarant or the Association employs legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the violating party. Failure on the part of Declarant, the Association or any aggrieved Owner in exercising any right, power or remedy herein provided shall not be deemed a waiver of the right to enforce such right, power or remedy thereafter as to the same violation or breach or as to any violation or breach occurring prior to or subsequent thereto. No right of action shall accrue in favor of nor shall any action be brought or maintained by any Person against Declarant or the Association for or on account of any failure to bring an action on account of any purported or threatened violation or breach by any Person of the provisions of this Declaration, the By-Laws or any Rules and Regulations of the Association.

9.4. DURATION

The provisions of this Declaration shall run with the land and be binding

upon the title to the Lots, shall be binding upon and inure to the benefit of all Owners, Declarant, the Association, all mortgagees, and their respective heirs, executors, legal representatives, successors, and assigns and successors in title and shall be and remain in effect for a period of twenty (20) years from and after the date of the recording of this Declaration, provided any rights and easements which are stated herein to have a longer duration shall have such longer duration. Upon the expiration of said twenty (20) year period, this Declaration shall be automatically renewed for unlimited successive ten (10) year periods, with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; however, at any time the Members may vote to amend this Declaration at a special meeting. The Members may vote to amend this Declaration at a special or annual meeting upon a vote of not less than two-thirds (2/3) of the Members of the Association, cast in person, by proxy or by the execution of an amendment signed by two-thirds (2/3) of Members of the Association. The President and Secretary of the Association shall have the authority to sign the amendment and certify that the required number of votes were cast. No amendment which imposes or could be construed to impose a greater economic legal burden on the Declarant than exists under the then current provisions of this Declaration shall be valid unless it is approved in writing by Declarant and no amendment of the Declaration which is contrary to this statement shall be valid.

9.5. PERPETUITIES

If any of the covenants, restrictions or other provisions of this Declaration shall be deemed unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of former President George W. Bush.

9.6. INTERPRETATION

This Declaration shall be construed in accordance with the laws of the State of South Carolina. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Declarant or the Board of Directors, will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The captions herein as to the contents of various portions of this Declaration are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular provisions to which they refer. The effective date of this Declaration shall be the date of its filing for record in the office of the Register of Mesne Conveyances for Charleston County, South Carolina.

9.7. GENDER AND GRAMMAR

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

9.8. SEVERABILITY

The rights, liabilities and obligations set forth herein shall attach to and run with the ownership of a Lot and may not be severed or alienated from such ownership. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid but if the application of any provision of this Declaration to any Person or to any Lot shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provisions which can reasonably be given effect without the

invalid provision or application and to this end the provisions of this Declaration are declared to be severable.

9.9. RIGHTS OF THIRD PARTIES

This Declaration shall be recorded for the benefit of Declarant, the Owners, the Association and their mortgagees and, by such recording, no other Person, including any adjoining Lot Owner, shall have any right, title or interest whatsoever in the Property except as expressly provided herein or in the operation of the Association or the Common Areas or in the enforcement of any of the provisions hereof (subject to the rights of Declarant and any mortgagees as herein provided).

9.10. NOTICE OF SALE, LEASE OR MORTGAGE

If an Owner sells, leases, mortgages or otherwise disposes of any Lot, the transferring Owner shall promptly furnish to the Association, in writing, the name and address of such purchaser, lessee, mortgagee or transferee.

9.11. NOTICES

Notices required hereunder shall be deemed given when in writing and delivered by (i) hand, (ii) private carrier that provides evidence of delivery, with delivery charges prepaid, (iii) facsimile, in which event receipt shall be the date of confirmation of receipt, (iv) if the address is within the United States, five (5) calendar days after being deposited in the United States Mail, First Class, postage prepaid, or (v) registered or certified mail, return receipt requested, in which event receipt shall be the date the receipt is signed. All notices to Owners shall be delivered or sent to such addresses or facsimile telephone numbers as have been provided in writing to the Association or, if no address has been provided, then at the address of any completed Lot owned by such Owner or at the address then shown as that of the Owner in the property tax records of

Charleston County.

All notices to the Association shall be delivered or sent in care of the Association at:

Cypress Point/Kiawah, LLC
c/o Laplante Associates
151 Treeduck Court
Kiawah Island, SC 29455

or to such other address as the Association may, from time to time, notify the Owners and Declarant.

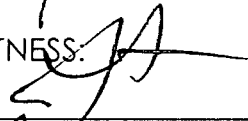
or to such other address as Declarant may, from time to time, notify the Association and the Owners. Notices to mortgagees shall be delivered or sent to such addresses as such mortgagees specify in writing to the Association.

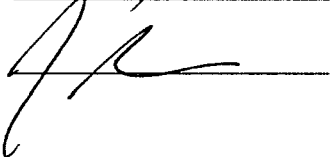
9.12. SUCCESSORS AND ASSIGNS

Except where expressly stated to the contrary and without the necessity of separately so stating at every reference herein, all provisions herein shall be binding upon and inure to the benefit of Declarant, the Association and the Owners and their respective heirs, legal representatives, successors, assigns and successors in title.

IN WITNESS WHEREOF, Declarant has executed this Declaration this 24 day of June, 2009.

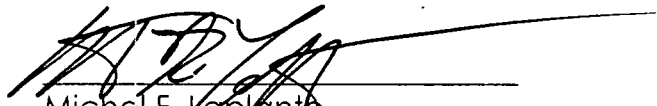
WITNESS:





CYPRESS POINT/KIAWAH, LLC

BY:



Michel F. Laplante

ITS:

Manager

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

ACKNOWLEDGEMENT

I, the undersigned Notary Public for the State of South Carolina, do hereby certify that CYPRESS POINT/KIAWAH, LLC by Michel F. Laplante, its Manager personally appeared before me this day and acknowledged the due execution of the foregoing Declaration.

Witness my hand and official seal this 24 day of June, 2009.

 (SEAL)
Notary Public for South Carolina
My commission expires: 1-17-2013

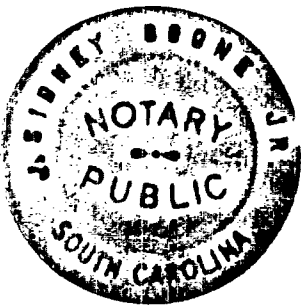


EXHIBIT "A"
LEGAL DESCRIPTION

ALL those parcels, pieces or lots of land, situate, lying and being in the Town of Kiawah Island, Charleston County, South Carolina, shown and designated as Lots 1-23 on a certain plat prepared by Southeastern Surveying of Charleston, Inc. dated June 4, 2009, entitled, "A CONDITIONAL SUBDIVISION PLAT OF CYPRESS POINT, PARCEL C TMS #264-05-00-213 OWNED BY CYPRESS POINT KIAWAH LLC LOCATED IN THE TOWN OF KIAWAH ISLAND CHARLESTON COUNTY, SOUTH CAROLINA", and recorded June 12, 2009, in Plat Book L09 at page 0256 in the RMC Office for Charleston County, South Carolina. Said lot having such size, shape, dimensions, buttings and boundings as will by reference to said plat more fully and at large appear.

EXHIBIT "B"

BY-LAWS

OF

THE COTTAGES AT CYPRESS POINT HOMEOWNERS ASSOCIATION, INC.

ARTICLE IMEMBERS

Section 1. Membership in the Association. The members of The Cottages at Cypress Point Homeowners Association, Inc. (the "Association") shall be every Lot Owner of the Property subject to the provisions of the Declaration of Covenants, Conditions and Restrictions (the "Covenants"), as the same may be amended from time to time, such Covenants having been made by Cypress Point/Kiawah, LLC ("Declarant").

The Board of Directors of the Association may, after notice and hearing as provided in the Rules and Regulations, suspend any person from membership in the Association during any period of time when such person is in default of any of his obligations under the By-Laws (including, without limitation, the failure to pay any Assessment), provided that such default has continued uncured for a period of ten (10) days after written notice thereof to such member.

Section 2. Membership Classes. The Association shall have two classes of voting membership:

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

Class B. The Class B member shall be Declarant (as defined in the Covenants) and shall be entitled to five (5) votes for each Lot owned. 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:

- (a) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or
- (b) January 1, 2016.

Payment of Special Assessments shall not entitle a member to additional votes. When any Lot is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, partners or in any other manner of joint or common ownership, their acts with respect to voting shall have the following effect:

- (1) If only one votes, in person or by proxy, the act shall bind all;
- (2) If more than one vote, in person or by proxy, the act of the majority so voting shall bind all and such shall count as one vote;
- (3) If more than one vote, in person or by proxy, but the vote is evenly divided on any particular matter, each fraction shall be entitled to its proportionate share of the vote(s);
- (4) If an instrument or order filed with the section of the Association showing that any such tenancy is held in unequal interest, a majority or even division under subparagraph 2 and 3 immediately above shall be a majority or even division in interest in the Lot to which the vote(s) are attributable; and
- (5) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Lot Owner may be assigned by said Lot Owner to his lessee; provided, however, that the Lot Owner may not assign to such lessee any vote or votes not attributable to the Lot actually leased by such lessee.

Section 3. Voting Rights in the Association. The members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which a vote of members is required under the Covenants. Each Class A member shall be entitled to one (1) vote for each Lot owned. The Class B member shall be entitled to three (3) votes for each Lot owned. Members may cast all of such votes for any one director or may distribute them among the number to be elected, or any two (2) or more of them, as he may see fit; provided, however, that all votes must be cast in whole numbers and not fractions thereof.

ARTICLE II

MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held on such date as set by the Board of Directors. Such annual meetings shall be held for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. Special Meeting. Special meetings of the members may be called by the President, the Board of Directors or, subsequent to the first annual meeting, Class A members of the Association representing not less than five percent (5%) of the Class A voting power. The request for the special meeting shall be signed, dated and delivered to a corporate officer and shall describe the purpose for which the meeting is to be held.

Section 3. Place of Meeting. The Board of Directors may designate any location within Charleston County, South Carolina as the place for any annual meeting or special meeting called by the Board of Directors and the President may designate any locations as the place for any special meeting called by him. If no designation is made or if a special meeting is called by the members of the Association, the place of meeting shall be the principle office of the Association within Charleston County, South Carolina.

Section 4. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by first class mail, by or at the direction of the President or the Secretary or the person calling the meeting, to each member of the Association at his address as shown on the records of the Association. A member may, in a writing signed by him, waive notice of any meeting before or after the date of the meeting stated herein.

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 a consent in writing setting forth the action so taken shall be signed by those members representing eighty percent (80%) of the voting power of each class of membership, which consent shall be filed with the Secretary of the Association as part of the corporate records.

Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the members at an open meeting of the Association shall be the presence at the meeting of members or proxies entitled to cast forty percent (40%) of the total vote of each class of membership.

Section 7. Conduct of Meetings. The directors may make such regulations as they deem advisable for any meeting of the members including proof of membership in the Association, evidence of the right to vote and the appointment and duties of inspectors of votes. Such regulation shall be binding upon the Association and its members.

Section 8. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association a statement of certain motions to be introduced for vote of the members and a

ballot on which each member may vote for or against the motion. Each ballot which is represented at such meetings shall be counted in calculating the quorum requirements set out in Section 6 of this Article II; provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE III

DIRECTORS

Section 1. General Powers. The Board of Directors shall manage the Property, affairs and business of the Association. The Board may exercise all of the powers of the Association, whether derived from law, the Declaration, the Articles of Incorporation, the Rules and Regulations or these By-Laws, except such powers as are expressly vested in another Person by such sources. As more specifically set forth in the Declaration, the Board shall constitute the final administrative authority of the Association and all decisions of the Board shall be binding upon the Association. The Board may by written contract delegate, in whole or in part, to a Management Agent or Agents such of its duties, responsibilities, functions and powers or those of any officer, as it determines are appropriate.

Section 2. Number and Tenure.

2.1 For so long as Declarant owns a Controlling Interest, the Board of Directors shall consist of not less than three (3) nor more than five (5) individuals as designated by Declarant from time-to-time. Such Directors need not be members.

2.2. At such time as Declarant no longer owns a Controlling Interest, or such earlier time as the Declarant records a Supplemental Declaration waiving its authority to designate the Board, the successor Board shall be selected as follows:

A. The successor Board shall consist of not less than three (3) nor more than five (5) Persons. It is not necessary that a successor Director be a member. The current Board of the Association shall constitute a Nominating Committee to nominate competent and responsible Persons to serve as Directors of the

Association. The President or Secretary of the Association shall cause notice to be given to all members that a meeting shall be held at a designated time and place in Charleston County not earlier than ten (10) days after the date such notice is given for election of Directors. The notice shall contain the names of those persons recommended by the Nominating Committee but shall note that Members may make other nominations at the meeting. If there are three (3) directors, one (1) director shall be elected for a two (2) year term and two (2) directors for a three (3) year term. If there are five (5) directors, three (3) directors will be elected for a three (3) year term and two (2) directors for a two (2) year term.

B. At the meeting and each subsequent election of Directors, each member shall be entitled to cast, personally or by written proxy in form approved by the then-existing Board, such votes as are permitted by these By-Laws.

C. After giving the members (or proxy holders) attending such meeting the opportunity to nominate other Persons, with a second by another member or proxy holder, the Directors shall be elected by written secret ballot. Each member shall be authorized to cast as many votes as the number of Directors to be elected. (Example: If three (3) Directors are being elected, then the member may vote for three (3) nominees. If the member owns two (2) Lots, then the member may cast two (2) votes for three (3) nominees.) Those nominated Persons receiving the highest number of votes shall be the Directors.

D. In subsequent elections for Directors, the same procedure as set forth above shall be followed.

Section 3. Annual Meeting. Annual meetings of the Board of Directors shall be held annually immediately following the annual meeting of the members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without notice.

Section 4. 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 as provided in Section 5 of this Article III. Such Persons calling a special meeting of the Board of Directors may fix any location as the place for holding such special meeting.

Section 5. Notice. When notice of any meeting of the Board of Directors is required, such notice shall be given at least five (5) days previous 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. If mailed, such notice shall be deemed to be delivered when deposited, postage prepaid, in the United States Mail in a properly addressed sealed envelope. Any Director may waive notice of any meeting before or after the time of the meeting stated therein and attendance of a Director at any meeting shall constitute a waiver 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, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting unless specifically required by law, the Articles of Incorporation, these By-Laws or the Declaration.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but, if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting without further notice.

Section 7. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Compensation. Directors as such shall not receive any stated 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 Director but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

Section 9. Informal Action by Directors. Any action required or permitted by law to be taken at a meeting of Directors may be taken without a meeting if a consent, in writing, setting forth the action so taken shall be filed with the Secretary of the Association as part of the corporate records.

Section 10. Removal of Directors. Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of the members of the Association. The vacancy thus created by such a removal shall be filled as provided for in Section 2 of this Article III.

ARTICLE IV

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 Areas and the personal conduct of the members and their employees, clients, visitors, tenants and invitees thereon and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and the rights to use of the Common Areas of a member during any period in which such member shall be in default in the payment of any Assessment levied by the Association. Prior to any suspension or assessment and fine, the member will be entitled to a hearing procedure to be adopted by the Board which provides: (i) not less than fifteen (15) days prior written notice of the expulsion, suspension or termination and the reasons therefore; (ii) an opportunity for the member to be heard, orally or in writing, not less than five (5) days before the effective date of the expulsion, suspension or termination by a Person or Persons authorized to decide that the proposed

expulsion, termination or suspension not take place; (iii) such lesser notice or greater notice depending on the nature of the infraction so long as such notice and hearing process is fair and reasonable, taking into consideration all of the relevant facts and circumstances; (iv) written notice must be given by first class or certified mail sent to the last address of the member shown on the corporation's records; (v) any proceeding challenging an expulsion, suspension or termination, including a proceeding in which defective notice is alleged, must be commenced within one (1) year after the effective date of the expulsion, suspension or termination; and (vi) that any member who has been expelled or suspended shall remain liable to the Association for dues, assessments or fees as a result of obligations incurred or commitments made before expulsion or suspension or arising thereafter so long as the member is a Lot Owner at The Cottages at Cypress Point. Such voting rights or rights to use the Common Areas may also be suspended after notice and hearing, 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, the Articles of Incorporation or the Covenants;

(d) Employ a manager, an independent contractor, an accountant, attorney or such other employees as they deem necessary and to prescribe their duties;

(e) Acquire additional Common Areas, mortgage Common Areas and sign notes and mortgages and other loan closing documents in order to make improvements to The Cottages at Cypress Point, so long as such acquisition or mortgage and loan shall have the ascent of two thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose;

(f) Exercise for the Association all powers, duties and authority as set forth in the South Carolina Non-Profit Corporation Act of 1994; and

(g) Publish a notice and hearing process to be used before a member can be fined or suspended.

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

(a) Cause to be kept a complete record of all its acts and corporate 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 members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(c) As more fully provided in the Covenants, to:

(1) fix the amounts of all Assessments;

(2) send written notice of all Assessments to every Owner subject thereto;

(3) foreclose the lien against any Lot 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 same; and

(4) provide for a ARB;

(d) 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 states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned or leased by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) Cause The Cottages at Cypress Point Common Areas to be maintained or improved.

ARTICLE V

MERGERS AND CONSOLIDATION

To the extent and in the manner provided by law, the Association may participate in mergers and consolidation with other non-profit associations organized for the same purpose; provided, however, that any such merger or consolidation shall require approval by the vote of two-thirds (2/3) of the members 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 association pursuant to a merger. The surviving or consolidated association may administer the existing property together with the covenants and restrictions established upon any other property as one plan. No merger or consolidation shall affect any revocation, change or addition to the Covenants including, without limitation, the maximum limits on Assessments and dues of the Association or any other matter substantially affecting the interest of members of the Association.

ARTICLE VI

BOARD POWERS

To the extent provided by law, the Board of Directors of the Association shall have the power and authority to mortgage the Property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its

authorized functions. Notwithstanding anything in the Covenants to the contrary, the Association shall not be allowed to reduce the limits of the minimum regular annual Assessment at any time there are outstanding any amounts which could be used as repayment of any such loans.

ARTICLE VII

OFFICERS

Section 1. Officers. The officers of the Association shall be a President, Vice President and Secretary-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 (2) or more offices may be held by the same person except the offices of President and Secretary. The President 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 elected annually by the Board of Directors at the first meeting of 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 Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by 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. 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.

ARTICLE VIII

COMMITTEES

Section 1. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees each of which shall consist of one (1) or more Directors which committees, to the extent provided in the resolution, 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 corporation; or the sale, lease or exchange of all or substantially all of the property of the Association;

(b) the designation of any such committee or the filling of the vacancies in the Board of Directors or in any such committee;

(c) the amendment or repeal of these By-Laws or the adoption of new By-Laws; and

(d) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

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 meeting of which a quorum is present. 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 IX

CERTIFICATES OF MEMBERSHIP

The Board of Directors may provide for the issuance of certificates evidencing membership in the Association which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or by the Secretary-Treasurer or an Assistant Secretary and shall be sealed of the Association. All certificates evidencing membership shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered in the records of the Association. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board of Directors may determine.

ARTICLE X

BOOKS AND RECORDS

The books, records and paper of the Association shall at all times be subject to the inspection by any member during reasonable business hours. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection and purchase by any member at the principal office of the Association. The Association may make a reasonable charge for copies of documents made for members.

ARTICLE XI

VOTING

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

Section 2. All proxies shall be executed in writing by the member or by his duly authorized attorney-in-fact and filed with the Secretary-Treasurer; provided, however, that proxies shall not be required for any action which is subject to a referendum in accordance with the Covenants. 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 XII
CONSTRUCTION

In the event of a conflict between the Declaration and the Articles of Incorporation or the By-laws, the Declaration shall control; and in the case of any conflict between the Articles of Incorporation and the By-Laws that the Declaration does not resolve, the Articles of Incorporation shall control. The Corporation, Directors, and Officers shall have all powers as set forth in the South Carolina Nonprofit Corporation of Act of 1994 (the "Act"). In the event of a conflict, the By-Laws shall prevail if such conflict is permitted by terms of the Act. If there is a conflict in the By-Laws which are not permitted by the Act, then the terms of the Act shall prevail.

ARTICLE XIII
ASSESSMENTS

As more fully provided in the Covenants, each member is obligated to pay to the Association annual and special Assessments which are secured by a continuing lien upon the Lot against which the Assessment is made. Any Assessment which is not paid when due shall be delinquent. Any Assessment not paid within fifteen (15) days of the due date shall be subject to an administrative fee of twenty-five dollars (\$25.00) per month or any portion of any month from the date each such installment is due until such payment is received by the Association, in addition to any interest charges which may be payable. If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall, unless such interest is waived by the Board of Directors, bear interest commencing thirty (30) days after the due date at the judgment rate of fourteen percent (14%) per annum and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise

escape liability for the Assessments provided for herein by nonuse of the Common Areas or abandonment of his Lot.

ARTICLE XIV
INDEMNIFICATION

Section 1. Indemnification. The Association shall indemnify any Person who was or is a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding (including a proceeding brought by the Association) whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Director, officer, employee or agent of the Association against expenses (including attorney's fees), judgments, fines and amounts paid in settlement in connection with such action, suit or proceeding if the indemnified Person (i) acted in good faith, without fraudulent intent or gross negligence (or, if the action is brought by the Association, without negligence or breach of any contractual or fiduciary obligation to the Association) and in a manner he reasonably believed to be in or not opposed to the best interest of the Association and (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by an adverse judgment, order or settlement or plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the Person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Determination. If a Director, officer, employee, or agent of the Association is successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. Any other

indemnification under Section 1 hereof shall be made by the Association only upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Section 1 hereof. Such determination shall be made by the Board by a majority vote of a quorum consisting of Directors excluding the Person whose indemnification is being considered.

Section 3. Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon a majority vote of a quorum of the Board (excluding the Person whose indemnification is being considered) and upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this Article.

Section 4. Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under (i) any provision in the Declaration, the Articles of Incorporation or the By-Laws, (ii) any other agreements, (iii) votes of disinterested Members or Directors or (iv) applicable law. The indemnification authorized by this Article shall apply to all present and future Directors, officers, employees and agents of the Association and shall continue as to such Persons who cease to be Directors, officers, employees or agents of the Association and shall inure to the benefit of the heirs and legal representatives of all such Persons.

Section 5. Insurance. The Association may purchase and maintain insurance on behalf of any Person who was or is a Director, officer, employee or agent of the Association against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under

the By-Laws or the laws of the State of South Carolina, as the same may hereafter be amended or modified.

Section 6. Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article shall constitute Common Expenses of the Association and shall be paid with funds of the Association.

ARTICLE XV

FISCAL YEAR

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January each year and shall end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVI

RULES AND REGULATIONS

Section 1. Rules and Regulations. The Board may from time to time adopt, amend, repeal and enforce development guidelines and reasonable rules and regulations ("Rules and Regulations") governing the use and operation of the Property to the extent that such Rules and Regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration or these By-Laws. Without limitation, such Rules and Regulations may include establishment of reasonable fees for architectural review, fees for guests or for special use of facilities in the Common Areas, definition of the times and conditions of use of facilities in the Common Areas and reasonable charges or fines for failure to observe the terms of this Declaration or the Rules and Regulations. Upon request of any Owner, such Owner shall be provided a copy of the Rules and Regulations or the Declaration, provided that the Board may charge a reasonable fee to cover any reproduction, mailing or administrative costs involved.

ARTICLE XVII

NOTICES

Section 1. Notices. Notices required hereunder shall be deemed given when in writing and delivered by (i) hand, (ii) private or public carrier that provides evidence of delivery, with delivery charges prepaid, (iii) facsimile, in which event receipt shall be the date of electronic or written confirmation of receipt, (iv) if within the United States, five (5) calendar days after being deposited in the United States Mail, First Class, postage prepaid or (v) registered or certified mail, return receipt requested, in which event receipt shall be the date the receipt is signed. All notices to members shall be delivered or sent to such addresses or facsimile telephone numbers as have been provided in writing to the Association or, if no address had been provided, then at the address of any completed Lot owned by such member or at the address then shown as that of the Owner in the property tax records of Charleston County.

All notices to the Association shall be delivered or sent in care of the Association at:

The Cottages at Cypress Point Homeowners Association, Inc.,
c/o Laplante Associates
151 Treeduck Court
Kiawah Island, SC 29455

or to such other address as the Association may, from time to time, notify the members.

ARTICLE XVIII

AMENDMENT OF BY-LAWS

Section 1. Amendment by Association. The By-Laws may be amended by approval of the proposed amendment by vote of two-thirds (2/3) of the then-existing Board of Directors. Notice of the proposed amendment shall be given to the Board in writing by a Director proposing the amendment and the notice shall

contain a general description of the proposed amendment and the purpose of the proposed amendment. No amendment to the By-Laws that imposes or reasonably could be construed to impose a greater economic or legal burden on Declarant than exists under the then current provisions of these By-Laws shall be valid unless it is approved, in writing, by Declarant and no amendment of the By-Laws that is contrary to this statement shall be valid.

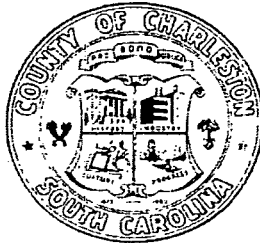
Section 2. Amendment by Declarant. Declarant may amend the By-Laws without the consent of the Association, the Board, any Owner or any mortgagee if, in Declarant's opinion, such amendment is necessary to (i) bring any provision of the By-Laws or the Declaration into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination that is in conflict with the Declaration or the By-Laws; (ii) enable any title insurance company to issue title insurance coverage with respect to any Lots subject to the Declaration; (iii) enable any mortgagee to make mortgage loans on any Lot or other improvements subject to the Declaration; (iv) enable any governmental agency or private mortgage insurance company to insure mortgages on the Lots subject to the Declaration; (v) enable any insurer to provide insurance required by the Declaration; or (vi) clarify any provision of the By-Laws or the Declaration or eliminate any conflict between provisions of the By-Laws and/or the Declaration.

ARTICLE XIX

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: The Cottages at Cypress Point Homeowners Association, Inc., State of South Carolina, 2009.

RECORDER'S PAGE



NOTE: This page **MUST** remain with the original document

Filed By:

MCNAIR LAW FIRM, P.A.
100 CALHOUN ST.
CHARLESTON SC 29401

MAKER:

CYPRESS POINT/KIAWAH LLC

RECIPIENT:

COTTS AT CYPRESS POINT

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