

DECLARATION OF COVENANTS, CONDITIONS
AND
RESTRICTIONS FOR RICE FIELDS AT BULLS BAY

TABLE OF CONTENTS

1. DEFINITIONS 2

1.1. DEFINITIONS 2

2. PLAN OF DEVELOPMENT 6

2.1. NON-SEVERABILITY OF RIGHTS 6

2.2. GENERAL PLAN OF DEVELOPMENT 7

2.2.1. Responsibilities of Declarant 7

2.2.2. Conveyance of Common Area and Area of Common Responsibility 8

2.2.3. Subjecting Added Property to the Declaration 8

2.3. INTEREST SUBJECT TO PLAN OF DEVELOPMENT 9

3. WETLANDS 9

3.1. WETLANDS PERMIT AND PROTECTIVE COVENANTS 9

3.2. REQUIRED NOTICE OF WETLANDS PROTECTIVE COVENANTS 10

4. PROPERTY RIGHTS 10

4.1. EASEMENTS FOR DECLARANT 10

4.2. EASEMENTS FOR ASSOCIATION 10

4.3. CHANGING BOUNDARIES; ADDING COMMON AREA 11

4.4. EASEMENTS FOR LANDSCAPING, UTILITIES AND SERVICES 11

4.5. GOVERNMENTAL EASEMENT; USE OF ROADS 12

4.6. BULLS BAY GOLF CLUB MEMBERSHIP 12

5. THE ASSOCIATION - ASSOCIATE STATUS AND VOTING RIGHTS 13

5.1. ASSOCIATE STATUS 13

5.2. CLASSES 14

5.3. BOARD OF DIRECTORS 16

5.3.1. Prior to Loss of Controlling Interest by Declarant 16

5.3.2. Subsequent to Loss of Controlling Interest by Declarant 16

5.4. RULES AND REGULATIONS 16

5.5. ARCHITECTURAL REVIEW 17

5.5.1. Architectural Review Scope 17

5.5.2. Architectural Review Standards and Procedure 17

5.5.3. No Liability for Defects 18

5.5.4. Enforcement 19

5.5.5. Fees for Review of Development Activity 19

5.6. INDEMNIFICATION OF BOARD, OFFICERS, ARB AND MANAGING AGENT 20

5.7. BOARD, MANAGING AGENT AND OFFICERS ACT FOR ASSOCIATION 20

5.8. BOARD OF DIRECTORS DETERMINATION BINDING 20

5.9. MANAGEMENT 21

5.10. INSURANCE 21

5.10.1. Obtaining Insurance Coverage 21

5.10.2. Other Insurance Criteria 23

5.10.3. Appointment of Trustee for Proceeds 23

034532.1

6.	ASSESSMENTS AND CHARGES	24
6.1.	REGULAR ASSESSMENTS AND BUDGET	24
6.1.1.	<i>Fiscal Year and Annual Budget</i>	24
6.1.2.	<i>Determining the Budget</i>	25
6.1.3.	<i>Allocating Regular and Special Assessments</i>	26
6.1.4.	<i>Assessments for Lots Owned by Declarant</i>	26
6.1.5.	<i>Commencement and Payment of Regular Assessments</i>	27
6.1.6.	<i>Cap on Regular Assessments; Declarant Subsidy</i>	28
6.2.	SPECIAL ASSESSMENTS	29
6.2.1.	<i>Special Assessments for All Lots</i>	29
6.2.2.	<i>Special Assessments for Specific Lots</i>	29
6.2.3.	<i>When Special Assessments Are Due</i>	30
6.3.	TRANSFER FEE ASSESSMENTS	30
6.4.	WORKING CAPITAL ASSESSMENTS	31
6.8	EFFECT OF NON-PAYMENT OF ASSESSMENTS	31
6.8	CREATION OF LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS	32
6.7.	STATEMENT OF ACCOUNT	32
6.8	SUBORDINATION OF THE LIEN FOR ASSESSMENTS	33
6.9.	MECHANIC'S LIENS	33
6.10.	NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION	34
7.	CONDEMNATION	34
7.1.	CONDEMNATION OF COMMON AREAS	34
8.	SPECIFIC RESTRICTIVE COVENANTS	35
8.1.	RESIDENTIAL USE OF PROPERTY; NUMBER OF DWELLINGS	35
8.2.	DWELLING CHARACTERISTICS	36
8.3.	EASEMENTS	36
8.4.	RIGHT OF FIRST REFUSAL TO PURCHASE LOT AND IMPROVEMENTS	37
8.4.1.	<i>General Statement of Right of First Refusal</i>	37
8.4.2.	<i>Notice of Proposed Transfer of Lot</i>	37
8.4.3.	<i>Written Release of Right of Refusal</i>	38
8.4.4.	<i>Closing Procedure If Right Is Exercised</i>	38
8.4.5.	<i>Termination of Right of First Refusal</i>	38
8.6.	PROVISIONS FOR LOTS NEAR GOLF COURSE (LOTS 4-12)	39
8.5.1.	<i>Activities Affecting Play on Golf Course</i>	39
8.5.2.	<i>Entry Onto Lot by Golfers</i>	39
8.5.3.	<i>Easement for Golf Course Maintenance</i>	39
8.5.4.	<i>Setbacks from Golf Course</i>	40
9.	GENERAL PROVISIONS	40
9.1.	AMENDMENTS BY ASSOCIATION	40
9.2.	AMENDMENTS BY DECLARANT	41
9.3.	ENFORCEMENT	42
9.4.	DURATION	43
9.5.	PERPETUITIES	43
9.6.	INTERPRETATION	44

**DECLARATION OF COVENANTS, CONDITIONS
AND
RESTRICTIONS FOR RICE FIELDS AT BULLS BAY**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RICE FIELDS AT BULLS BAY HOMEOWNERS ASSOCIATION, INC. is made this 8 day of January, 2003, by RICE FIELDS 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, located in Rice Fields at Bulls Bay, 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 defined below, and the orderly and proper governance of the Property.

NOW THEREFORE, this Declaration and the covenants, restrictions and easements set forth herein shall be covenants to run with the land and all the Property is subject and subordinate to the provisions of this Declaration. The Declaration shall inure to the benefit of and shall be binding upon each Owner 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, RICE GRANTEEES, ASSIGNS AND MORTGAGEES SHALL BE DEEMED TO HAVE AGREED TO BE BOUND BY THIS DECLARATION AND THE BY-LAWS OF THE ASSOCIATION.

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. "Added Property(s)" means real property, whether or not owned by the Declarant, which is made subject to this Declaration as provided in Section 2.2.3 hereof.

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

1.1.3. "Area of Common Responsibility" means the Common Areas, Homeowners Association Areas ("HOA Areas"), and any other area for which the Association expressly assumes some or all of 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, all to the extent expressly set forth in this Declaration or any recorded amendment or supplement thereto approved in writing by Declarant, including exhibits thereto, or as set forth in any recorded plat of the Property that has been approved in writing by Declarant. The Area of Common Responsibility may include, without limitation, (a) streets, street shoulders and curbs, walkways and bicycle paths, signage, entrance ways, bridges, landscaping, street lighting, signage lighting and landscape lighting, whether within the Common Area 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 the Declarant or the Association), whether said rights-of-way are privately owned, dedicated to the public, or conveyed to the State of South Carolina or any political subdivision thereof, (b) lakes, lagoons, parks, and drainage ways, (c) any common utility lines or facilities that have not been dedicated to and accepted for maintenance by a private or public utility, and (d) recreational facilities, if any.

1.1.4. "Architectural Review Board" or "ARB" means the Architectural Review Board as constituted from time to time pursuant to this Declaration.

1.1.5. "Assessment" means the charges from time to time assessed against a Lot or Owner by the Association in the manner herein provided, and includes Regular, Special, Transfer Fee and Working Capital Assessments.

1.1.6. "Association" means the Rice Fields at Bulls Bay 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 initial By-Laws is attached as Exhibit B.

1.1.9. "Common Area" means all areas shown and designated as a Common Area or "HOA", or similar wording clearly indicating such intent, to the extent expressly set forth in this Declaration or any recorded amendment or supplement thereto approved in writing by Declarant, including exhibits thereto, or as set forth in any recorded plat of the Property that has been approved in writing by Declarant. THE DESIGNATION OF ANY OF THE PROPERTY OR IMPROVEMENTS THEREON AS COMMON AREA SHALL NOT MEAN OR IMPLY THAT THE PUBLIC AT LARGE ACQUIRES ANY EASEMENT OF USE OR ENJOYMENT THEREIN.

1.1.10. "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.

1.1.11. "Controlling Interest" means the ownership by Declarant, as of the date of such determination, of at least ten percent (10%) of the Lots subject to the Declaration, or so long as Declarant owns adjoining land that can be annexed and subjected to this Declaration. In determining whether a Controlling Interest exists, and for no other purpose, any ownership of Lots by an Affiliate of Declarant shall be

deemed to be ownership by Declarant. Declarant may relinquish its Controlling Interest, in whole or in part, at an earlier date by a recorded amendment or supplement to this Declaration approved in writing by Declarant.

1.1.12. "Declarant" means RICE FIELDS LLC, a South Carolina limited liability company, its successors and assigns, and any entity designated as a successor Declarant by RICE FIELDS LLC by a recorded amendment to this Declaration or a recorded supplemental declaration, provided, however, that this definition shall not include the purchaser, owner, or mortgagee of any Lot.

1.1.13. "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Rice Fields at Bulls Bay Homeowners Association, Inc. and all amendments or Supplemental Declarations filed for record from time to time in the Office of the Register of Mesne Conveyances for Charleston County, South Carolina.

1.1.14. "Development" means the community constructed or to be constructed upon the Property or Added Property or portions thereof.

1.1.15. "Dwelling" means a single-family detached residence on a Lot.

1.1.16. "Lot" means any parcel that is platted of record and intended for development of one (1) Dwelling.

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

1.1.18. "Occupant" means any individual lawfully occupying any Dwelling or other residential unit subject to this Declaration, including, without

limitation, any Owner or any family member, guest, invitee, licensee, or tenant.

1.1.19. "Owner" means any Person that owns fee simple title to any Lot or other Property subject to this Declaration. "Owner" shall not mean a mortgagee (unless such mortgagee has acquired title to the Lot or other Property subject to this Declaration) or any Person having a contract to purchase a Lot or other Property subject to this Declaration, but to which title has not been conveyed of record.

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

1.1.21. "Property" means all the land and improvements thereon described in Exhibit A and any Added Property.

1.1.22. "Wetland Tract" means any piece or tract of the Property designated on a recorded plat as a "Wetland Tract" (or comparable language clearly indicating such intent) which is the subject matter of a Department of the Army Permit issued by the U.S. Army Corps of Engineers (the "Corps") or is the object of a mitigation plan under any such permit; and is subject to the Corps Permit and the Wetlands Covenants set forth in Section 3.1, below.

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 causing the development and construction of such roads within the Property as Declarant determines are required for effective circulation within the Property (the "Roads"). Unless the Roads, or portions thereof, are dedicated to the applicable public authority, such Roads shall, after completion, be privately owned and shall be Common Area of the Association. As long as Declarant has a Controlling Interest, Declarant shall have the right to dedicate the Roads, or any portions thereof, after completion, to the applicable public authority. After Declarant no longer has a Controlling Interest, the Association shall have the right to dedicate the Roads, or any portions thereof, after completion, to the applicable public authority, provided that Owners of two-thirds (2/3) of the Lots approve such dedication by vote or ballot conducted in accordance with the By-Laws. Declarant shall be solely responsible for causing (a) the initial installation of such Roads, walkways and bicycle paths, signage, landscaping, street lighting, signage lighting and landscape lighting in the Common Area as Declarant shall determine are appropriate, (b) the initial installation of drainage ways, main storm water lines, easements, and retention or detention ponds and lagoons serving the drainage needs of the Property, and (c) the installation of primary water, sanitary sewer, cable television and electrical lines and facilities within the Property which are adequate to permit the Owner of a Lot to obtain access thereto for the Lot upon payment of standard tap-in or service fees and construction of any secondary lines or facilities needed to connect to such primary

lines and facilities. All such facilities shall be built in conformity with the standards of applicable regulatory agencies.

2.2.2. Conveyance of Common Area and Area of Common

Responsibility

Declarant may convey Common Area within the Property to the Association at any time, provided that the conveyance shall be free and clear of all liens or encumbrances that would materially and adversely affect the use of the Common Area for its intended purpose (other than those liens or encumbrances expressly accepted by the Association). 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 one hundred eighty (180) days after the date of closing the sale of the last Lot in the Property; provided, however, (a) the Declarant may convey any or all Common Area within the Property at an earlier date if Declarant so determines, and (b) shall convey any Common Area within the Property at an earlier date if required by a governmental agency having jurisdiction over the Property (such as the Veterans Administration or Federal Housing Administration). After designation or conveyance of a Common Area or an Area of Common Responsibility, the Association shall be fully responsible for its operation, maintenance and repair.

2.2.3. Subjecting Added Property to the Declaration

Any Person may apply to the Association to subject Added Property to this

Declaration. Upon approval of the Board of Directors of the Association, the owner of the Added Property and the Association shall execute a Supplemental Declaration subjecting said Added Property to this Declaration and to such other terms and conditions as shall be required by the Association as a condition of such approval. Declarant reserves the right to allow AER, LLC and Copahee Sound Company LLC to subject any portion of their property to the Declaration as Added Property, without the consent of the Board of Directors, provided that (i) the Declarant and AER, LLC shall comply with the provisions of Section 5.2 relating to Class C Associates, (ii) a copy of the document subjecting the property to the Declaration shall be approved in writing by Declarant and recorded and (iii) a copy of such recorded document shall be promptly provided to the Board of Directors.

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. WETLANDS

3.1. WETLANDS PERMIT AND PROTECTIVE COVENANTS

Portions of the Property may be designated as "Wetlands" pursuant to Department of the Army Nationwide Permit Numbers 14 and 39 Charleston District Corps of Engineers Permit No. SAC-39-2002-0290H, as amended from time-to-time (cumulatively, the "Corps Permit").

3.2. REQUIRED NOTICE OF WETLANDS PROTECTIVE COVENANTS

Pursuant to the Corps Permit, all Owners shall include the following notice on all deeds, mortgages, plats, or any other legal documents used to convey any interest in the Property. Failure to comply with the preceding sentence shall not impair the validity or enforceability of this Declaration or the Corps Permit.

"NOTICE: This Property is subject to provisions regarding wetlands set forth in Section 3 of the Declaration of Covenants, Conditions and Restrictions for Rice Fields at Bulls Bay recorded in the RMC Office for Charleston County, South Carolina at (insert Book and Page of recording of this Declaration)."

4. PROPERTY RIGHTS

4.1. EASEMENTS FOR DECLARANT

During the period that Declarant or any Affiliate owns any of the Property, or until such earlier time as Declarant records a Supplemental Declaration relinquishing its rights as set forth in this section, Declarant shall have an assignable alienable and transferable right and easement on, over, through, under, and across the Common Area 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.

4.2. EASEMENTS FOR ASSOCIATION

The Association and its 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 and then, whenever practicable, only upon advance notice to the Owner directly affected thereby.

4.3. CHANGING BOUNDARIES; ADDING COMMON AREA

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 LANDSCAPING, UTILITIES AND SERVICES

The Declarant and Association shall each 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 Area and Area of Common Responsibility for constructing, installing, maintaining, repairing, inspecting and replacing landscaping and facilities for master television systems, television cable, data transmission, security services, and other utility systems and services (including, but not limited to, storm water, sanitary sewer, electrical, gas, telephone, and water). Such easements may be granted or accepted by Declarant or 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. GOVERNMENTAL EASEMENT; USE OF ROADS

Except as expressly determined by written resolution of the Board of Directors, police, fire, water, health and other authorized governmental officials, employees and vehicles shall have the right of unrestricted ingress and egress to the Common Areas and Area of Common Responsibility, and any portion thereof, for the performance of their official duties. In order to provide for safe and effective regulation of traffic, the Board of Directors shall have the right to file of record the appropriate consent documents making applicable to the Roads, or portions of the Roads, the Uniform Act Regulating Traffic on Highways of South Carolina, South Carolina Code of Laws, Chapter 5, Title 56, as it may be amended from time-to-time (the "Traffic Act"). The Board of Directors also may issue from time-to-time additional parking and traffic rules and regulations to supplement the Traffic Act.

4.6. BULLS BAY GOLF CLUB MEMBERSHIP

The golf club currently known as "Bulls Bay Golf Club" (the "Club") is not Common Area of the Association and Owners shall have no right of membership or

use in the Club solely as a result of their status as an Owner or an Associate of the Association. Declarant or the Association may grant to the Club and/or its officers, employees, members and guests a non-exclusive easement of access and use over all Roads and Common Area within the Property reasonably necessary to permit travel to or from any entrance to the Property to or from the Club, or reasonably necessary to the operation, maintenance, repair and replacement of the Club and its facilities. Such easement shall confirm, in writing, the acceptance by the owner of the Club, its successors and assigns, of its obligations under to this Declaration as a Class B Associate pursuant to Section 5.2.2, below. By acceptance of a deed to a Lot, each Owner shall be deemed to acknowledge that such Owner has been informed of such facts and that no representations or warranties have been made by Declarant, any Affiliate of Declarant, or the Association, or by any members, officers, employees or agents of such entities, that are contrary to such facts, including, without limitation, current or future membership in, access to or use of the Club, or the current or future ownership, activities, structure, development or operation of the Club.

5. THE ASSOCIATION – ASSOCIATE STATUS AND VOTING RIGHTS

5.1. ASSOCIATE STATUS

Every Owner shall be an Associate of the Association. Such status shall be appurtenant to and may not be separated from ownership of a Lot.

5.2. CLASSES OF ASSOCIATES

The Association shall have four classes of voting participation:

Class A. Class A Associates shall be all Lot Owners, with the exception of the Declarant, the Class B Associate and Class C Associates, and shall be entitled to one vote for each Lot owned. When more than one Person holds an interest in any Lot, all such Persons shall be Associates. The vote for such Lot shall be exercised as the Associates owning such Lot determine, but it shall be cast as a single vote. The Board of Directors may require written evidence from such Owners of authority of the Person purporting to vote on behalf of such Owners and may reject any vote that fails to conform to such required evidence of authority.

Class B. If the Declarant or the Association grants to the Club (as defined in Section 4.6) and/or its members and guests a non-exclusive easement of access and use over all Roads and Common Area with the Property pursuant to Section 4.6, then the owner of the Club shall be the sole Class B Associate. The Class B Associate shall pay a Regular Assessment equal to the Regular Assessment of the number of Lots reasonably equivalent to its benefit for the use of the primary access road and shall have voting rights equivalent to the voting rights of the same number of Lots. The Class B Associate shall not pay any Working Capital Assessment, Transfer Fee or Special Assessments other than Special Assessments pursuant to Section 6.2.2 or a proportionate share of any Special Assessments required for repair or maintenance of Roads and shall not be entitled to vote on any Special Assessment other than Special

Assessments required for repair or maintenance of Roads.

Class C. If any portion of the property owned by AER, LLC is subjected to this Declaration pursuant to Section 2.2.3, and such portion of the property is developed for residential uses other than Dwellings (as defined in Section 1.1.15), then Declarant and AER, LLC, by the document subjecting such property to this Declaration or a separate documents signed by the AER, LLC and Declarant, shall specify an equitable Regular Assessment and voting formula, approved by Declarant, for such property. The owner(s) of the residences on such property shall be Class C Associates. When more than one Person holds an interest in any such residence, all such Persons shall be Associates. The vote for such residence shall be exercised as the Associates owning such residence determine, but it shall be cast as a single vote. The Board of Directors may require written evidence from such Owners of authority of the Person purporting to vote on behalf of such Owners and may reject any vote that fails to conform to such required evidence of authority.

Class D. The Class D Associate shall be the Declarant. As long as the Declarant has a Controlling Interest, the Class B Associate shall have the same number of votes as the combined number of votes for all Class A, Class B and Class C Associates, plus one additional vote. The Class D Associate status shall cease and be converted to Class A Associate status (that is, the Declarant shall be entitled to one vote for each Lot owned) on the happening of any of the following events, whichever occurs earlier:

- (a) when the Declarant no longer has a Controlling Interest, or
- (b) when the Declarant relinquishes its Class D Associate status, as evidenced by a recorded supplemental declaration so stating, or
- (c) on January 1, 2013.

5.3. BOARD OF DIRECTORS

5.3.1. Prior to Loss of Controlling Interest by Declarant

While Declarant has a Controlling Interest (see Section 1.1.11), 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. It is not required that Directors be Owners or Associates of the Association.

5.3.2. Subsequent to Loss of Controlling Interest by Declarant

When Declarant no longer has a Controlling Interest, the Board of Directors shall consist of such number of individuals as may be selected in accordance with the Bylaws. It is not required that Directors be Owners or Associates of the Association.

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 Common Areas, subject to the terms of this Declaration and the Bylaws of the Association. The initial Rules and Regulations of the Association are attached hereto as **Exhibit C**.

5.5. ARCHITECTURAL REVIEW**5.5.1. Architectural Review Scope**

No clearing, grading or excavation; removal or severe pruning of a tree having a trunk diameter greater than six (6) inches at five (5) feet above surrounding grade; landscaping; or construction of any Dwelling, building, fence or wall, pool, fountain, terrace, patio, deck, road, walkway, antennae, lighting, or other structure on a Lot shall commence, and no exterior modification thereto shall occur (such commencement or modification being cumulatively referred to as "Development Activity"), until such Development Activity has been approved by the Board of Directors or an Architectural Review Board (hereinafter ARB) composed of three (3) or more representatives appointed by the Board. No approval shall be required if the Development Activity consists solely of replacement, repair or maintenance of previously approved Development Activity. It is not required that ARB representatives be Owners or Associates of the Association. The ARB may also select such non-voting advisors or consultants as it may determine are useful in evaluating a submission for Development Activity. Any property that is part of the Club, as defined in Section 4.6, shall not be subject to Section 5.5.

5.5.2. Architectural Review Standards and Procedure

The Board of Directors may, from time to time, establish or approve written architectural and/or landscape design standards, procedures, rules and policies for review of Development Activity. The architectural and landscaping review procedures in existence at the time of recordation of this Declaration are attached hereto as

Exhibit D, but such procedures may be modified from time-to-time as set forth herein. A copy of the current design standards, procedures, rules and policies that apply to a particular Lot shall be provided to any Owner by the Association upon written request to the ARB, in care of the Association. The Association may charge a reasonable fee to cover the delivery, administrative and reproduction costs for so providing. The Board of Directors may, in its sole discretion, modify or waive such standards, procedures and policies in order to deal with hardships determined to exist, if, in the opinion of the Board, it would be in the best interests of the Property or the Association. If the Board or the ARB fails to approve or disapprove a proposal for Development Activity within thirty (30) days after all required information has been submitted to it (including any additional information requested by the Board or the ARB regarding the proposal), approval for the proposal shall be deemed to have been granted.

5.5.3. No Liability for Defects

Neither Declarant, the Board of Directors nor any member of the ARB shall be responsible or liable in any way for any defects in any plans or specifications approved by Declarant, the Board of Directors, or the ARB, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant, the Board of Directors nor any member of the ARB shall be liable for damages arising out of, or in connection with, the approval or disapproval or failure to approve or disapprove any such plans or specifications, if such damages occurred as the result of a decision, act, omission or error made in good faith, and regardless of whether intentionally or negligently made. Every person and Owner or agent or

representative of an Owner who submits plans or specifications to the ARB for approval waives any right to bring any action or suit against Declarant, the Board of Directors, or the ARB.

5.5.4. Enforcement

The Declarant or the Board of Directors shall have authority to halt or require modification of Development Activity not executed in accordance with approved plans or established standards, procedures and policies. Enforcement shall occur in accordance with Section 9.3 of this Declaration.

5.5.5. Fees for Review of Development Activity

The Board of Directors may establish a schedule of fees for review or inspection of Development Activity in order to cover the reasonable costs to the ARB or the Association regarding such matters, such as administrative and operating expenses, storage of materials, consultation, site inspections; etc. The Board of Directors may also require applicants for approval to deposit with the Association reasonable sums to permit the Association to undertake corrective activity resulting from failure to complete the Development Activity in accordance with approved plans or established standards, procedures and policies. If the Development Activity is completed in accordance with approved plans and established standards, procedures and policies, then any deposits not expended by the Association shall promptly be refunded to the applicant.

5.6. INDEMNIFICATION OF BOARD, OFFICERS, ARB AND MANAGING AGENT

The members of the Board of Directors, the officers of the Association as may be elected by the Board, such other employees of the Association or the Managing Agent of the Association as the Board shall specify by written resolution of the Board from time-to-time, and members of the ARB shall not be liable to the Owners or Association for any mistake in judgment or acts or omissions unless such act or omission was made in bad faith or was the result of gross negligence or fraud by such Persons. The Association shall indemnify and hold harmless such non-liable Persons against all liabilities to others arising out of any agreement made by such Persons on behalf of the Association unless such agreement was fraudulently made or made with gross negligence.

5.7. BOARD, MANAGING AGENT AND OFFICERS ACT FOR ASSOCIATION

Unless otherwise expressly indicated in writing, and in the absence of fraud, bad faith or gross negligence, all contracts and agreements entered into by the Board of Directors, the Managing Agent or the officers of the Association on behalf of the Association shall be deemed executed as agent for the Association.

5.8. BOARD OF DIRECTORS DETERMINATION BINDING

If a disagreement arises between Owners or, during the period that Declarant owns a Controlling Interest, among or between the Association, Owners and Declarant related to the Common Area, Area of Common Responsibility, or the interpretation

and application of this Declaration, the Bylaws, or the Rules and Regulations, the decision of the Board of Directors regarding the proper disposition of such matter shall be final and binding upon the entities involved and the Association unless clearly in violation of this Declaration, the Bylaws, the Rules and Regulations, or applicable law.

5.9. MANAGEMENT

The Board of Directors may, in its discretion, retain one or more Managing Agents or employees of the Association to manage the Common Area 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 30 days prior written notice; and (ii) be for a period of not more than five (5) years. Such contracts may permit renewals thereof for periods not to exceed five (5) years at a time provided that the parties approve such renewal. Nothing herein shall prohibit the Association from entering into a management contract with the Declarant or any Affiliate of the Declarant if the terms of such contract are reasonable and consistent with the above provisions.

5.10. INSURANCE

5.10.1. Obtaining Insurance Coverage

If such insurance is available at reasonable cost, the Board of Directors shall endeavor to obtain insurance coverage, in such amounts and with such deductibles as

it shall reasonably determine, for the Common Area, 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 the Declarant and 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 insure against the following events:

- A. 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); provided that coverage against flood may be limited to the amount available through federal flood insurance programs.
- B. risks such as vandalism, theft and malicious mischief.
- C. comprehensive general public liability and, if applicable, automobile liability insurance, covering loss or damages resulting from accident or occurrences on or about the Common Area 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.

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

5.10.2. 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, employee 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 the Association and its Board of Directors, employees and agents, and Owners, members of their household and mortgagees.

5.10.3. 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.

5.10.4. 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 Directors may pursue such other options as it may determine are reasonable under the circumstances.

6. ASSESSMENTS AND CHARGES

6.1. REGULAR ASSESSMENTS AND BUDGET

Regular 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 Regular 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, Regular Assessments, and Total Assessments in effect for the current year shall automatically be increased effective the first day of the fiscal year by five (5%) percent. Such adjusted Budget and Regular Assessments shall be the Budget and Regular Assessments for the succeeding year, until a new Budget and/or Regular Assessment is adopted. The Board of Directors shall endeavor to 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 by March 31 of the year following the close of the Association's fiscal year. Upon written 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 Area 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 and deductibles; 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 that 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 Regular and Special Assessments

Each Owner of a Lot shall pay to the Association: (1) Regular Assessments or charges, and (2) Special Assessments, all of which Assessments shall be established and collected as provided herein. The Regular and Special Assessments, together with interest, costs, and reasonable attorneys' fees, shall be the personal obligation of the person who was the Owner of the Lot when the Assessment fell due and a continuing lien upon the Lot against which each such Assessment is made. 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 Regular and Special Assessments on Lots owned by them in the same manner as other Lot Owners; provided, however, that the Declarant may elect, in lieu of paying such Assessments for such Lots, to contribute to the Association from time to time such funds as may be required to offset any operating deficit of the Association which exists after subtracting Common Expenses incurred during the year from Regular and Special Assessments and other revenues received during the year. Unless the Declarant notifies the

Association otherwise by March 1 of the applicable fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the preceding fiscal year.

6.1.5. Commencement and Payment of Regular Assessments

6.1.5.1. Commencement of Regular Assessments.

The Board of Directors shall determine the date of the commencement of Regular Assessments. The Board shall give each then-existing Owner at least fourteen (14) days notice prior to the date Regular Assessments will commence; provided no notice shall be required for Owners acquiring Lots after the date that Regular Assessments have commenced. Until such time as all the Common Areas have been completed and dedicated to the Association, the Regular Assessment shall be increased as necessary, in the opinion of the Board of Directors, to pay the actual cost of maintenance of the Common Areas and other Common Expenses.

6.1.5.2. Notice of Regular Assessments.

Unless the Board of Directors elects a shorter payment period, the Regular Assessment shall be payable 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 Regular Assessment payable by such Owner.

6.1.5.3. Payment.

Unless otherwise expressly approved by the Board of Directors, Regular Assessments shall be payable by the later of (i) the tenth (10th) day of January in the

calendar year to which the Regular Assessment is applicable or (ii) fourteen (14) days after notice of such Regular Assessment shall have been given to the Owner. If, pursuant to Section 6.1.4, Declarant has elected to contribute to the Association funds to offset any operating deficit of the Association, then Owners purchasing Lots from Declarant or an Affiliate of Declarant shall pay to the Association at closing of the purchase of the Lot a prorated portion of the Regular Assessment for the balance of the current fiscal year of the Association.

6.1.6. Cap on Regular Assessments; Declarant Subsidy

The initial maximum Regular Assessment per Lot has not been determined because of the difficulty of projecting Common Expenses in advance and because the roads and other common areas have not been completed. The initial maximum amount will be determined at such time as all of the Common Areas have been completed. Once there has been one (1) full year of operation of all the Common Area, the Board of Directors shall set the initial maximum Annual Regular Assessment and thereafter the Board shall not increase the Annual Regular Assessment by more than ten (10%) percent per year unless such increase is approved (i) at a duly-called meeting of the Owners, with a quorum present, by the majority of the Owners present, or (ii) by a majority of the Owners by written ballot held in accordance with the Bylaws. If the Annual Regular Assessment is not actually increased by the maximum amount in any year, this shall not preclude including the balance of such maximum amount in calculating the maximum amount of Annual Regular Assessment in a subsequent year.

6.2. SPECIAL ASSESSMENTS**6.2.1. Special Assessments for All Lots**

In addition to the regular Assessments authorized above, the Board of Directors may levy one or more Special Assessments that cumulatively do not exceed Five Hundred (\$500.00) Dollars per Lot during any fiscal year. The maximum Special Assessment shall be adjusted annually, however, in the same manner as for Regular Assessment, 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 and assessments; any unbudgeted costs or expenses of any construction, reconstruction, repair or maintenance of Common Areas; 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 be approved (i) at a duly-called meeting of the Owners, with a quorum present, by the majority of the Owners present, or (ii) by a majority of the Owners by written ballot, each of which shall be in accordance with the meeting or ballot procedures set forth in the Bylaws. The notice shall state generally the purpose and amount of the proposed Special Assessment.

6.2.2. Special Assessments for Specific Lots

In addition to Special Assessments for all Lots (or any other type of Class C residential unit created pursuant to Section 5.2), the Board of Directors may levy a Special Assessment against a specific Lot, residential unit or Owner (a) to cover the cost of providing services to or on behalf of a particular Lot, residential unit or Owner

at the request of such Owner, or (b) as the result of the failure of the Owner or to execute any responsibility such Owner may have under this Declaration, the Bylaws or the Rules and Regulations.

6.2.3. When Special Assessments Are Due

Special Assessments shall be payable by the date determined by the Board of Directors, but no earlier than fourteen (14) days after notice of such Assessment.

6.3. TRANSFER FEE ASSESSMENTS

A "Transfer Fee" equal to one-fourth of one percent (1/4 of 1%) of the sales price of such Lot shall be collected at closing from the purchaser of each Lot, Dwelling or other residential unit and paid to the Association; provided, however, that no Transfer Fee shall be payable (a) for the first sale of each Lot from the Declarant or an Affiliate to an Owner (including an Owner who purchases such Lot for the sole purpose of constructing a single-family residential dwelling thereon for resale to an ultimate user), or (b) for a conveyance to a mortgagee pursuant to a foreclosure or deed in lieu of foreclosure, or (c) for a conveyance that would be exempt from the payment of a deed recording fee pursuant to South Carolina Code Section 12-24-40, as it may be amended from time-to-time. This Transfer Fee 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. In the event of non-payment of such Transfer Fee, the amount due shall bear interest and shall be collected as a Special Assessment pertaining to that Lot only. The Association may require the purchasing and/or selling owner to provide reasonable written proof of the applicable sales price, such as an executed

closing statement, contract of sale, copies of deed, or other such evidence. The Transfer Fee shall be separate from the Annual Regular Assessment due from each Owner.

6.4. WORKING CAPITAL ASSESSMENTS

Each Owner who purchases a Lot from Declarant or an Affiliate, or from AER, LLC or Copahee Sound Company LLC pursuant to Section 2.2.3, above (including Owners who purchase such Lot for the sole purpose of constructing a single-family residential dwelling thereon for resale to an ultimate user), shall pay at the time of the Closing of the purchase a one-time working capital assessment of One Thousand (\$1,000.00) Dollars. 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.

6.5 EFFECT OF NON-PAYMENT OF ASSESSMENTS

Any Assessment that is not paid to the Association when due by an Owner shall be delinquent. Unless waived for good cause, as determined in the sole discretion of the Board of Directors, all delinquent Assessments shall incur an administrative charge of five percent (5%) of the amount due, plus interest on the amount due at a rate of one percent (1%) for each month or portion of any month from the date such amount is due until payment is received by the Association. No Owner may waive or otherwise escape liability for the Assessments by non-use of the Common Area or abandonment

of his Lot.

6.6 CREATION OF LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS

All Assessments 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, 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 Sections 6.11 and 9.3.

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 relating to

the Lot:

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

6.8 SUBORDINATION OF THE LIEN FOR ASSESSMENTS

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.

6.9. 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 Area. 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.

6.10. NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION

Any delinquent Assessment that is not paid when due by an Owner to the Association, shall be delinquent. Thereupon, the Association may enforce its rights in accordance with Section 9.3.

7. CONDEMNATION

7.1. CONDEMNATION OF COMMON AREAS

Whenever any part of the Common Area 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 Area 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 Area 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. SPECIFIC RESTRICTIVE COVENANTS

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

8.1. RESIDENTIAL USE OF PROPERTY; NUMBER OF DWELLINGS

All Lots, Dwellings and other residential units permitted by any Supplemental Declaration shall be used solely for residential purposes and related normal ancillary uses, provided that a Supplemental Declaration approved by Declarant subjecting Added Property to this Declaration may define other permitted uses for such Added Property. Only one (1) Dwelling shall be built upon any Lot. No business or business activity shall be carried on within a Dwelling or other residential unit at any time; provided, however, that (a) nothing herein shall prevent Declarant or any builder of any Dwelling or other residential unit on the Property from using any Dwelling or other residential unit owned by Declarant or such builder for the purpose of carrying on business related to the development, improvement, sale or rental of the Property and (b) to the extent allowed by applicable zoning laws, a private office may be maintained in a Dwelling or other residential unit as long as such use is incidental to its primary residential use, does not violate any applicable law, does not involve any exterior signage or advertising of the residence as a place of business, and does not contribute to parking, traffic or security problems, all in the opinion of the Board of Directors of the Association or the Board of Directors of the Master Association. Any property that is part of the Club, as defined in Section 4.6,

shall not be subject to this section.

8.2. DWELLING CHARACTERISTICS

Each Dwelling or structure erected on the Property shall be located and built in accordance with applicable zoning, building, height, setback, buffer and similar development standards ordinances of Charleston County, South Carolina (or, in the event that the Property is annexed as part of a municipality, then such municipality), and in accordance with the restrictions and requirements contained in this Declaration and the Rules and Regulations adopted pursuant to such Declaration. Whichever ordinance, restriction or requirement is more restrictive shall apply.

8.3. EASEMENTS

The Property shall be subject to those easements, if any, as shown and set forth on any recorded plat of a Lot, the Property or any portion of the Property, if approved in writing by the Declarant. Declarant hereby reserves an easement for utilities and drainage facilities over the front, side and rear ten (10') feet of each lot or parcel containing any other type of residential unit. 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, as determined by Declarant. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot or parcel, except for those improvements for which a public authority or utility company is responsible, or as otherwise approved in writing by Declarant or the Association.

8.4. RIGHT OF FIRST REFUSAL TO PURCHASE LOT AND IMPROVEMENTS**8.4.1. General Statement of Right of First Refusal**

In the event of any proposed conveyance or transfer of title to a Lot to another Person, Declarant shall have the right to repurchase the Lot and all improvements thereon on the terms set forth below; provided, however, that this provision shall not apply to any conveyance or transfer (a) by Declarant or an Affiliate of Declarant, (b) if the conveyance or transfer would be exempt from the payment of a deed recording fee pursuant to South Carolina Code Section 12-24-40, as it may be amended from time-to-time, or (c) by the Lot Owner to a mortgagee in a foreclosure proceeding or by deed in lieu of foreclosure. Declarant's election not to exercise its right of first refusal as to any proposed transfer of a Lot shall not be deemed a waiver of the right to exercise such right of first refusal as to any subsequently proposed transfer of such Lot.

8.4.2. Notice of Proposed Transfer of Lot

Prior to transfer of any Lot not exempted pursuant to the preceding subsection, the Owner of the Lot shall cause to be delivered to Declarant, in writing, pursuant to the Notice provisions of this Declaration, the name, address, telephone number, and, if reasonably available, the telecopier and e-mail address of the Owner, the proposed transferee and the attorney coordinating the proposed closing, and either (a) a copy of the agreement or other documents stating the terms and conditions of the proposed transfer, or (b) a summary fairly stating such terms and conditions. Declarant shall have five (5) business days after receipt of such notice to elect whether to exercise its right to purchase such Lot on the terms and conditions set forth in the contract or written summary, net of any commissions. If Declarant fails, within such five (5) business day period, to give written

notice to the party proposing to transfer title that Declarant elects to exercise its right of first refusal, the right of first refusal shall be deemed waived.

8.4.3. Written Release of Right of Refusal

If Declarant does not elect to exercise its right of first refusal, Declarant shall provide to Owner or its successor-in-title a written release of Declarant's right to repurchase the Lot, in recordable form; provided, however, neither issuance nor recordation of such release shall be necessary to terminate Declarant's right to repurchase such Lot, such release being intended merely to document the termination of the right to repurchase. Declarant may charge a reasonable fee to cover the administrative and legal costs of preparing and delivering such release.

8.4.4. Closing Procedure If Right Is Exercised

If Declarant elects to exercise its right of first refusal, the Lot and improvements thereon shall be conveyed to Declarant or its designee within thirty (30) days after the date of receipt of Declarant's notice by Owner. Closing shall be at a date, time and place in Charleston County, South Carolina, specified by Declarant. Conveyance shall be by general warranty deed, subject only to the exceptions set forth in the contract or summary of the proposed transfer or such other exceptions as may be approved in writing by Declarant or its designee.

8.4.5. Termination of Right of First Refusal

The right of first refusal shall terminate twenty (20) years from the date set forth on the first page of this Declaration.

8.5. PROVISIONS FOR LOTS NEAR GOLF COURSE (LOTS 4-12)**8.5.1. Activities Affecting Play on Golf Course**

Owners of Lots 4 through 12, which are adjacent or proximate to the golf course of the Club (as defined in Section 4.6), shall not conduct or permit others to conduct on or from such Lot any activities that would materially and adversely affect the playing conditions on the Club golf course. Such prohibited activities shall include, but shall not be limited to running, walking, playing or bicycling on the golf course; picking up golf balls on the golf course or the easement area referenced in Section 8.5.3, below; or allowing pets to be present on the golf course or to intimidate players on the golf course.

8.5.2. Entry onto Lot by Golfers

Golfers who are registered with the Club and their caddies shall have a limited, non-exclusive right and easement to enter by foot (and not on golf carts) onto the unimproved portions of Lots 4 through 12 for a reasonable period of time, during normal playing hours, to attempt to find or to remove a played ball, subject to the official rules of the Club, provided that the golfer or caddy shall not damage any foliage or improvements on the Lot and shall not conduct themselves in a rude, loud or obnoxious manner or in a manner that reasonably would be deemed a nuisance.

8.5.3. Easement for Golf Course Maintenance

The Club and its agents, employees, successors and assigns shall have a perpetual, non-exclusive right and easement over that portion of Lots 4 through 12 which extends from the property line of such Lot that abuts property of the Club for a perpendicular distance of fifty (50) feet from the property line (the "Easement

Area"). Until such time as a landscaping plan has been submitted by an Owner of a Lot and such plan as been approved by the ARB and implemented by the Owner of the Lot, such right and easement shall permit, but shall not require, the Club and its agents, employees, successors and assigns to go upon the Easement Area to maintain or landscape the unimproved portions of the Easement Area, including, without limitation; fine grading that does not adversely affect the drainage of the Lot; planting of grass or foliage, including trees; watering, fertilizing and applying legal pesticides to grass, foliage or trees; and pruning of foliage, removal of stumps and removal of trees whose trunk diameter is less than six (6) inches at five (5) feet above surrounding grade. After a landscaping plan has been submitted by an Owner of a Lot and such plan as been approved by the ARB and implemented by the Owner of the Lot, such right and easement shall permit, but shall not require, the Club and its agents, employees, successors and assigns to go upon the Easement Area to remove dead or diseased limbs that might constitute a hazard for golfers and to prune limbs or debris that are intruding onto property of the Club.

8.5.4. Setbacks from Golf Course

Unless otherwise expressly approved in writing by Declarant, no Dwellings, decks, porches, gazebos, walks or other above-ground structures shall be located within the Easement Area, as defined in Section 8.5.3.

9. GENERAL PROVISIONS

9.1. AMENDMENTS BY ASSOCIATION

Amendments to this Declaration, other than those authorized by Section 9.2

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 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 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.

9.2. AMENDMENTS BY DECLARANT

Notwithstanding any other provision of this Declaration or the Bylaws, 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 the 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 Lots subject to this Declaration; (iii) enable any mortgagee to make mortgage loans 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 Bylaws 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 shall be grounds for imposing fines, for instituting an action to recover sums due against a delinquent Owner, for damages and/or for injunctive relief or specific performance, or such other actions as are permitted by applicable law, including foreclosure of the lien against a 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 property foreclosed. Such actions shall 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 against an Owner or former Owner, 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 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 Bylaws or any rules and regulations of the Association.

9.4. DURATION

The provisions of this Declaration, as amended from time-to-time in accordance with this Declaration, shall run with the land and be binding upon the title to the Property, shall be binding upon and inure to the benefit of all Owners, the 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.

9.5. PERPETUITIES

If any of the covenants, restrictions or other provisions of this Declaration shall be 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 President George H. 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 the 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 property 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, Owners, the Association, and their mortgagees, and by such recording, no other Person, including any adjoining property 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 Area or in the enforcement of any of the provisions hereof, and subject to the rights of Declarant and mortgagees herein provided.

9.10. NOTICE OF SALE, LEASE OR MORTGAGE

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

transferee.

9.11. NOTICES

Notices required hereunder shall be deemed given when in writing and delivered by (a) hand, (b) private or public carrier that provides evidence of delivery, with delivery charges prepaid, (c) facsimile, in which event receipt shall be the date of written electronic or addressee confirmation of receipt, (d) if the address is within the United States, three (3) calendar days after being deposited in the United States Mail, First Class, postage prepaid, or (e) certified mail, return receipt requested, postage prepaid, 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 Dwelling or other residential unit on the Property that is owned by such Owner, or at the address then shown as that of the Owner of the Lot or residential unit on the property tax records of Charleston County.

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

Association at:

c/o Rice Fields at Bulls Bay Homeowners Association, Inc.

4445 Highway 17, North

Awendaw, South Carolina 29429

Attention: Forrest M. Edwards

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

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

c/o RICE FIELDS LLC
25 Bridgeside Drive
Mount Pleasant, South Carolina 29464
Attention: Joseph F. Rice

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

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 the Declarant, the Association, and Owners and their respective heirs, legal representatives, successors, assigns and successors in title.

IN WITNESS WHEREOF, the Declarant has executed this Declaration this 8 day of January, 2003.

WITNESSES:
[Signature]
[Signature]

RICE FIELDS LLC
BY: [Signature]
Forrest M. Edwards
Its: Member

ACKNOWLEDGEMENT

I, *Forrest M. Edwards*, the undersigned Notary Public for the State of South Carolina, do hereby certify that RICE FIELDS LLC, by Forrest M. Edwards, its Member, personally appeared before me this day and acknowledged the due execution of the foregoing Declaration.

Witness my hand and official seal this 8 day of Jan, 2003.

Forrest M. Edwards
Notary Public for South Carolina

(SEAL)

My commission expires: 02-03-2003

EXHIBIT A: PROPERTY DESCRIPTION

ALL those pieces, parcels and tracts of land shown and designated as Lots 4 through 45 and on a plat entitled, "A CONDITIONAL SUBDIVISION PLAT OF RICE FIELDS AT BULLS BAY LOTS 4 THRU 45 PHASE I & II OWNED BY RICE FIELDS, LLC AND AER, LLC LOCATED IN CHRIST CHURCH PARISH CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Southeastern Surveying, Inc., dated November 1, 2002, and last revised November 12, 2002 and recorded in Plat Book EG at Pages 109 through 113, in the RMC office for Charleston County, South Carolina.