

STATE OF SOUTH CAROLINA)	CLASS "C" DECLARATION OF COVENANTS,
)	CONDITIONS AND RESTRICTIONS
COUNTY OF BEAUFORT)	(ZERO LOT LINE)

WHEREAS, HHP Limited Partnership, a South Carolina limited partnership, (hereinafter referred to as the "Declarant"), is the owner of that certain real property located within Hilton Head Plantation in Beaufort County, South Carolina, and more particularly described in the attached Exhibit "A" (the "Property").

WHEREAS, the Declarant, in accordance with the resolution of its general partners adopted at a meeting held on November 12, 1986, wherein the president and secretary of The Rosemel Company, Inc., the managing general partner of Declarant, were authorized to make this Declaration and to execute the same on behalf of Declarant; and

WHEREAS, Declarant now wishes to declare that all of the Property and each part thereof shall be held, sold, and conveyed subject to the following easements, covenants, conditions and restrictions which shall constitute covenants running with the land and shall be binding on all parties having any right, title, or interest in the Property or any part thereof, their heirs, executors, administrators, successors and assigns and shall inure to the benefit of each owner thereof.

NOW, THEREFORE, for the purpose of enhancing and protecting the value, attractiveness and desirability of the Property, the Declarant does hereby declare that the Property and each part thereof and such additions thereto as may hereinafter be made pursuant to the provisions of Section Two herein shall be held, sold, transferred, conveyed, given, donated, leased, occupied and used subject to the following covenants, restrictions, conditions, easements, charges,

assessments, affirmative obligations and liens contained herein which shall constitute covenants running with the land and shall be binding upon all parties having any right, title or interest in and to the Property or any part thereof, their heirs, executors, administrators, successors and assigns and shall inure to the benefit of each Owner thereof.

SECTION ONE

Definitions

As used herein, the following terms shall have the following meanings:

1. Association shall mean and refer to The Hilton Head Plantation Property Owners' Association, Inc., a South Carolina non-profit corporation, its successors and assigns, as described in Section Four hereof.

2. Board shall mean and refer to the Hilton Head Plantation Architectural Review Board, as currently constituted or hereinafter modified, its successors and assigns, for so long as Declarant delegates the functions and authority specified herein.

3. Declarant shall mean and refer to HHP Limited Partnership, a South Carolina limited Partnership, its successors and assigns.

4. Declaration shall mean and refer to all covenants, conditions, restrictions, easements and obligations as set forth in this Class "C" Declaration of Covenants, Conditions and Restrictions.

5. Dwelling Unit shall mean and refer to any attached or detached single-family residential structure which is developed,

sold and conveyed subject to this Declaration and which is located on any Lot or Lots (as hereinafter defined) within the Property.

6. Golf Fairway Property shall mean and refer to any portion of the Property and each and all Lots and Dwelling Units located adjacent to any golf course located in Hilton Head Plantation.

7. Hilton Head Plantation shall mean and refer to the lands in Beaufort County, South Carolina, and nearby areas which are shown as a part of Hilton Head Plantation on the Declarant's Master Development Plan as revised.

8. Lot shall mean and refer to any subdivided portion of the Property as shown upon any final recorded subdivision plat which contains the delineation and dimensions of such Lots and surrounding streets, rights-of-way and Open Space Areas (as herein defined) and upon which Dwelling Units and other improvements may be constructed or created thereon.

9. Owner shall mean and refer to the record owner, either one or more persons or entities, of fee simple title to the Property or any Lot or Dwelling Unit which is encumbered by this Declaration but shall not include those holding title merely as security for the performance of an obligation.

10. Privacy Wall shall mean and refer to the wall constructed along the designated side boundary line of each Lot as shown and depicted on a Subdivision plat of the Property, a portion of which includes one (1) exterior wall of the Dwelling Unit constructed on each Lot.

11. Subdivision shall mean and refer to the subdivision of the Property into Lots, common areas for the use of Lot and

Dwelling Unit Owners, rights-of-ways, Open Space Areas, easements and roadways as shown and depicted on a recorded final subdivision plat or plan of the applicable portion of the Property which clearly and completely indicates the intended use of the Property for the construction, occupation and use of Dwelling Units. The Property, or any portion thereof, will not be deemed to be subdivided until the above-referenced final subdivision plat has been recorded thereby clearly and fully evidencing the intended use of the Property for the construction, use and occupation for single family residential purposes.

SECTION TWO

Annexation of Additional Property

1. Additional Property. The Declarant is the Owner of that certain real property which is more particularly described on the attached Exhibit "B" (hereinafter referred to as the "Additional Property"). The Declarant shall have the unilateral right, privilege and option to subject the Additional Property or any portion thereof, to the provisions of this Declaration, as amended from time to time, by referencing this Declaration in any deed or other instrument of conveyance executed by Declarant conveying all or any portion of the Additional Property to any individual or entity. Such encumbrance of all or any portion of the Additional Property with the provisions of this Declaration shall not require any vote of any Owners within the Property, and such encumbrance of all or any portion of the Additional Property with the provisions of this Declaration shall in no way require the approval of the Association. Any such annexation of all or any portion of the

Additional Property shall be effectuated by the execution and recording of any deed or other instruments of conveyance by the Developer conveying all or any portion of the Additional Property which specifically references this Declaration thereby encumbering a portion of the Additional Property conveyed by Declarant. The Declarant shall have the unilateral right to transfer, sell or convey any portion of the Additional Property without subjecting the same to the encumbrance of this Declaration, and the Declarant shall have the sole and unilateral right to assign to any person or entity the above-described right, privilege and option to annex all or any portion of the Additional Property which is herein reserved to the Declarant.

SECTION THREE

Architectural Review

1. Architectural Review Board. Hilton Head Plantation Company Inc., as proprietor of Hilton Head Plantation has established the Hilton Head Plantation Architectural Review Board (the "Board"), and Declarant does hereby appoint the Board as its designated agent to administer the architectural review and control provisions contained herein. Declarant hereby vests, assigns and transfers all of its right, title and powers with regard to architectural review control as established under the provisions of this Declaration to the Board, and the Board is hereby empowered to exercise any and all rights, privileges, powers and duties with regard to architectural and review control pursuant to the terms and provisions of this Declaration. By and through the acceptance and recording of a deed or other conveyance document to any Lot,

Dwelling Unit or other portion of the Property, the Owners of such Lots, Dwelling Units and other portions of the Property shall be deemed to covenant and agreed to submit said Lot, Dwelling Unit or other portion of the Property to the architectural controls, guidelines, restrictions and standards established hereunder and promulgated by the Board pursuant to the provisions of this Declaration. The approval of the Board, and its designated agents, successors and assigns, shall be required on the design, development and construction of all improvements placed or situated within the Property.

2. Plan Review. The Board shall have the right to examine and approve or disapprove all proposed architectural and landscaping plans and specifications for all Lots, Dwelling Units or other structures and improvements, and any additions thereto and remodeling thereof, intended to be placed or constructed on any portion of the Property. The placement, location and orientation of all structures, improvements, buildings and Dwelling Units to be constructed and placed within the Property must be approved in writing by the Board. No Dwelling Unit, building, structure, accompanying facility or other improvement of any kind, including, but not limited to, mailboxes, signs or other forms of advertising, sidewalks, driveways, parking lots, decks, patios, courtyards, swimming pools, greenhouses, awnings, privacy walls, fences, exterior lights, garages, guest or servant quarters shall be erected, placed or altered on the Property until: (i) architectural and landscaping plans and specifications, (ii) construction

material and site plans (including construction schedules) (iii) plans for outdoor lighting, (iv) drainage plans, (v) tree survey (vi) fill plan indicating area to be filled or excavated, (vii) measures to be taken to ensure conservation of trees within the Property, (viii) plans for internal traffic and pedestrian circulation, and (ix) any other material or information requested by the Board have been approved in writing by the Board. In reviewing and approving the proposed construction, erection, placement or maintenance of any sign within any portion of the Property, the Board shall consider and must approve the proposed location, orientation, height, dimensions, color, content, interior and exterior illumination system, lettering, construction materials, attendant landscaping and any additional information, plans and specifications reasonably requested by the Board in reviewing the plans for a proposed sign to be erected and maintained within the Property. No restoration, alteration, change, renovation or construction of any exterior addition to any existing structure or other improvement within any Lot or other portion of the Property, including without limitation the painting or staining of the exterior of any such improvement or structure, shall be undertaken without the written approval of the Board. One copy of all plans and related data shall be furnished the Declarant for its records. Any such renovation, repair, alteration or construction of an exterior addition to any existing structure or improvement within any Lot or other portion of the Property shall conform with and be undertaken in complete compliance with all rules and regulations adopted and promulgated by the Board for such activities.

3. Plan Approval. Primary consideration in granting or revising of architectural and landscaping plans for improvements, Dwelling Units and Lots shall be: (i) quality of design, workmanship, and materials, (ii) harmony of external design with existing or approved structures, (iii) reasonable aesthetic considerations, (iv) landscaping plan and location with respect to topography and finish grade elevations, (v) as well as any other appropriate and reasonable considerations. In addition, the Board shall have the right to establish and approve the site location within any Lot of any Dwelling Unit or other improvement proposed by any Owner to be placed thereon, the type of construction material used, exterior color and appearance of any and all such improvements, all in addition to the basic design and shape of any Dwelling Unit or other improvement to be placed or situated upon any Lot or parcel within the Property. The refusal of approval of plans and specifications for any improvement or Dwelling Unit to be placed or situated within any Lot or other portion of the Property may be based by the Board upon any ground which is consistent with the objectives and purposes of this Declaration including purely aesthetic considerations, as long as such grounds are not arbitrary or capricious. In the event approval of such plans is neither granted nor denied within ninety (90) days following receipt by Board of written demand for approval, the Board shall be deemed to have waived its authority. Any approval granted by the Board shall terminate if construction has not commenced within ninety (90) days after the date of the Board's approval notification and all plans must be resubmitted to the Board for full consideration, as if a

new application was being submitted. All dwelling units and other structures shall be completed within the time specified in the construction and landscaping schedules approved by the Board. The failure to complete such improvements as provided herein shall subject the applicable owner to show cause before the Board why such construction has not been completed within the applicable time limits. The landscaping of any Lot or other portion of the Property must be completed within the time specified in the construction and landscaping schedules approved by the Board, and the failure to do so shall subject the applicable owner to show cause before the Board why such construction has not been completed within the applicable time limits. If such cause is not deemed satisfactory by the Board to justify such delay in construction and landscaping, it shall be considered a breach of this Declaration by such Owner, and the Board may restudy the plan already approved and take such action as it deems beneficial and appropriate including rescission or modification of the prior Board approval.

4. Regulations. The Board shall have the right, but not the obligation, to formulate, adopt and promulgate rules, regulations, guidelines and policies which shall specifically govern the construction of Dwelling Units and other structures and improvements within the Property. All architectural and landscaping plans for the Property or any Lot or other portion thereof which are submitted to the Board for review must comply with all of the promulgated rules, regulations, guidelines and policies. Copies of such rules, regulations, procedures and guidelines for the construction of Dwelling Units and other structures and landscaping of Lots

within the Property shall be made available by the Board for the use of Owners in developing architectural and landscaping plans and specifications for improvements, Dwelling Units and Lots within the Property.

5. Minimum Square Footage. No plans will be approved by the Board unless the proposed house will have the minimum of one thousand five hundred (1,500) square footage of enclosed dwelling area. The term "enclosed dwelling area" as used in these minimum size requirements shall mean that total enclosed heated and air conditioned area within a Dwelling Unit; provided, however, that such term does not include garages, terraces, decks, open porches, and the like; provided further, that shed-type porches, even though attached to the house, are specifically excluded from the definition of the aforesaid term "enclosed dwelling area." The term does include, however, screen porches, if the roof of such porches forms an integral part of the roof line of the main dwelling or if they are on the ground floor of a two-story structure.

6. Vegetation and Topography. In order to protect the natural beauty of the vegetation and topography of the shoreline, marsh and lagoon edges located throughout Hilton Head Plantation, written approval of the Board is hereby required for the removal, reduction, cutting down, excavation or alteration of topographic and vegetation characteristics. Written approval will be granted for the minimum amount of earth movement required in plans and specifications approved pursuant to the provisions of this Section Three.

7. Set Back Lines. Since the establishment of standard inflexible building setback lines for location of Dwelling Units on Lots tend to force construction of houses both directly behind and directly to the side of other Dwelling Units with detrimental effects on privacy, view, and the preservation of important trees, no specific set back lines are established by these covenants with the exception of Privacy Walls as discussed hereinafter. In order to assure, however, that location of Dwelling Units will be staggered where practical and appropriate so that the maximum amount of view and breeze will be available to each Dwelling Unit; that the structures will be located with regard to the ecological constraints and topography of each individual Lot, taking into consideration the elevations of each lot, the location of large trees and similar considerations, the Declarant reserves unto the Board, its successors and assigns, the right to control absolutely and solely to decide the precise site and location of any house or Dwelling Unit or other structure upon all Lots and every Lot within the Property; provided, however, that such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site.

8. Completion of Exteriors of Improvements. The exterior of all Dwelling Units must be completed in accordance with those construction schedules established by the Board according to the provisions of Paragraph 3 herein, but where no such construction schedule has been established by the Board, the exterior of all Dwelling Units and other structures must be completed within one (1) year after the construction of same shall have commenced,

except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamities. Dwelling Units and other structures may not be temporarily or permanently occupied until the exterior thereof has been completed.

9. Permitted Structures and Building Restrictions. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family dwelling and one (1) small one-story accessory building which may include a detached private garage and/or servant's quarter, provided the use of such dwelling or accessory building does not overcrowd the Lot or other portion of the Property and provided further, that such building is not used for any activity normally conducted as a business or commercial activity. Such accessory building may not be constructed prior to the construction of the main building. A guest suite or like facility without a kitchen may be included as part of the main dwelling or accessory building, but such suite may not be rented or leased except as part of the entire premises including the main dwelling, and provided, however, that such guest suite would not result in over-crowding the site. No Dwelling Unit or other structure shall be constructed within any Lot or other portion of the Property which has a height exceeding the height limitation and regulations adopted and promulgated by the Board. All Dwellings Units and other improvements constructed within the Property shall; (i) have as a minimum first floor elevation the level of the 100 year flood as designated on the official Federal

Emergency Management Agency flood map for Beaufort County County, South Carolina; and (ii) be designed and constructed in compliance with the requirements of all federal, state and local governmental bodies and agencies relating to residential construction and flood hazard areas.

10. Parking Requirements. Each Owner shall provide space for parking two (2) automobiles off the street prior to the occupancy of any Dwelling Unit constructed on said Lot in accordance with reasonable standards established by the Board.

11. Surface Coverage. In order to prevent excessive drainage or surface water run-off, the Board shall have the right, but not the obligation, to adopt specific standards regulating the amount or percentage of each Lot or other portion of the Property which may be covered by Dwelling Units, buildings, driveways, swimming pools and any other type of non-permeable surface. Such Lot coverage standards shall be promulgated and formulated on the basis of the percolation rate of the soil, grade of the soil, soil types and conditions, vegetation, and other environmental factors and consideration within the Property.

12. Inspection. Following the approval of any architectural landscaping plans and specifications by the Board, the Board or their agents and employees shall have the right during reasonable hours to enter upon and inspect any Lot or Dwelling Unit which is under construction to determine whether such improvements are being constructed in accordance with the approved plans and specifications. Where the Board determines that the construction of any Dwelling Unit or landscaping within any Lot or other portion

of the Property is not in compliance with the approved plans and specifications, the Board shall be entitled to enjoin further construction and require the removal or correction of any work-in-place which does not comply with the approved plans and specifications.

13. Construction Escrow. The Board, at its sole discretion, may require that an Owner place in escrow with the Board an appropriate sum, to be determined in its sole discretion, in order to assure the completion of all improvements, including landscaping, according to the construction and landscaping plans and schedules approved by the Board. Said escrow funds, or payment bond in lieu thereof, shall be paid to the Board after approval of the proposed plans and specifications but prior to the commencement of any construction or landscaping within the Lot or other portion of the Property. In the event that such improvements or landscaping are not completed within the time periods established under the construction and landscaping schedules approved by the Board, the Board shall be entitled to collect any escrowed sums or enforce any payment bond made by the Owner required hereunder. Furthermore, the Board shall be entitled to retain any sums so held in escrow or collected from a payment bond as a penalty for the failure to complete such improvements, and such sums held as a penalty shall be remitted to the Association. Any such sums held in escrow shall, at the discretion of the Board, be invested as to earn interest, and any interest thereon shall be paid to the Owner making such escrow deposit if its escrow deposit is refunded, but if such escrow funds are remitted to the Association according to

the provisions set forth herein, any and all such interest shall be the property of the Association. The Board, in its sole discretion, may waive or forego any construction escrow requirements established pursuant to the provisions of this Paragraph 13 hereunder on a case by case basis.

SECTION FOUR

The Hilton Head Plantation Property Owners' Association

The Hilton Head Plantation Property Owners' Association exists for the purpose of exercising certain enumerated functions as described in the Amended and Restated Declaration of Covenants and Restrictions of the Hilton Head Plantation Property Owners' Association and Hilton Head Plantation Company, Inc., recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 367 at Page 656 and all amendments and supplements thereto (the "Amended Declaration"). The Amended Declaration provides that every Owner, as defined therein, has those certain rights and obligations of membership as set forth in the Amended Declaration. These rights and obligations include, but are not limited to, voting rights, rights in Common Property (as defined therein), easement rights and obligations for payments of assessments. By acceptance of a deed to any Lot, or Dwelling Unit, or other portion of the Property, the Owner or Owners of the Property, and any portion thereof, and all such Lots, Dwelling Units or other portions of the Property shall be deemed to covenant and agree to become a member of the Association and shall be bound by the equitable servitudes, duties and obligations contained within the Declaration, all amendments and supplements thereto and the By-Laws of the Association.

SECTION FIVEEasements

The Declarant, with such term to include its successors and assigns, hereby reserves the following easements as follows:

1. Landscape Maintenance Easement. An easement over any portion of the Property which is unimproved and upon which no landscaping plan has been implemented and any portion of the Property which, in the opinion of the Declarant, is not properly maintained is hereby reserved for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, or other unsightly growth, which in the opinion of the Declarant detracts from the overall beauty, setting and safety of the Property and adjacent parcels within Hilton Head Plantation. The Declarant may also enter upon any Lot or other portion of the Property to remove any trash or garbage which has collected on such Lot or other portion of the Property. Entrance upon any such portion of the Property for the purposes described herein shall not be deemed a trespass. The provisions of this Paragraph 1 shall not be construed as an obligation on the part of the Declarant to mow, clear, cut or prune any vegetation within any portion of the Property or provide garbage or trash removal services.

2. Intersection View Easement. An easement over the Property for the purpose of removing, trimming or altering any structure, lower branches of trees or other vegetation which obstructs the view at intersections of roads and streets and private drives adjacent to or within the Property is hereby reserved by the Declarant. The Declarant may also enter upon any Lot, or other

portion of the Property to remove any trash or garbage which has collected on such Lot or other portion of the Property. Entrance upon any portion of the Property for the purposes described in this Paragraph 2 shall not be deemed a trespass. The provisions of this Paragraph 2 shall not be construed as an obligation on the part of the Declarant to remove, trim or alter any structure, lower branches or trees or other vegetation which obstructs the view at the intersections of roads, streets and private drives adjacent to or within the Property.

3. Utility Easements. Perpetual, alienable and releasable easements and rights on, over, across and under the Property, to erect, construct, install, maintain and use sidewalks and pathways, electric and telephone poles, wires, cables, conduits and other suitable equipment for the conveyance and use of electricity, sanitary and storm water sewers, water mains, telephone and cable television equipment, telephone equipment, gas, storm water runoff, sewer, water, television and other private or public conveniences or utilities on, in, over, across or under that portion of the Property measuring and extending ten (10) feet in width along all boundaries of each Lot as may be reasonably required for the above-described utility purposes. The Declarant may additionally cut drain ways for surface water wherever and whenever such action may appear to the Declarant to be necessary in order to maintain reasonable standards of health, safety and appearance for the Property and Hilton Head Plantation. The utility easements and rights reserved herein expressly include the right to cut trees, bushes, or shrubbery, to make any gradings of the soil, or to take

any similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance. Within these utility easements, no structures, plantings, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of such utilities, or which may damage or interfere with or change the directional flow of drainage facilities within such utility easements. Except for those Open Space Areas and rights-of-way maintained by the Association, all such utility easement areas shall be continuously maintained by the Owner of such Lot or Dwelling Unit within which such easements are located. No improvements of any kind shall be built, erected or maintained on any and such utility easements, with the exception of the improvements scheduled to be constructed thereon and approved by the Board. Such easements shall at all times be open and accessible to the Declarant for the right and privilege of doing whatever may be necessary in, on, across under and above such locations so as to carry out any of the purposes for which such utility easements are reserved. The provisions of this Paragraph 3 herein shall not be construed to create an obligation on the part of the Declarant to construct, erect, maintain or repair any of the sidewalks, pathways or utility systems and equipment described herein.

4. Pest and Fire Control Easement. A perpetual, alienable, releasable easement on, over, across and under the Property to dispense pesticides and take other action which in the opinion of the Declarant is necessary or desirable to control insects and

vermin, to cut fire breaks or undertake other activities which in the the opinion of the Declarant are necessary or desirable to control fires on the Property or Hilton Head Plantation.

5. Lagoon Maintenance Easement. A perpetual, non-exclusive easement and right-of-way for ingress and egress on, over, across and under the Property in order to maintain, repair or reconstruct any and all drainage lagoons which may be constructed within the Property. The easement reserved herein shall measure twenty (20') feet in width from the edge of the water within any such drainage lagoon situated or constructed within the Property, provided that where any Dwelling Unit, building or other structure is located within twenty (20') feet of the edge of the water of such lagoon, the easement reserved herein shall extend only from the edge of the water of such lagoon to within one (1') foot from the exterior surface of such Dwelling Unit or structure. The easement reserved herein is to be utilized by the Declarant and its successors and assigns when in its sole discretion it is necessary to maintain, repair or reconstruct any and all drainage lagoons which are situated or constructed within the Property. The Declarant is entitled, but not obligated, to undertake any and all activities within the easement reserved herein necessary to maintain or preserve safe, efficient and aesthetically acceptable water levels and water quality within any and all drainage lagoons situated or constructed within the Property. The activities which the Declarant is permitted to undertake under the easement reserved herein shall include, without limitation, dredging, erosion control, debris removal, underbrush clearing, mowing and water

treatment of said drainage lagoons and the embankments associated therewith.

SECTION SIX

Special Restrictions Affecting Improvements to the Property

1. Privacy Wall. Dwelling Units must be constructed so as to utilize a Privacy Wall. Said Privacy Wall shall be constructed simultaneously with the Dwelling Unit and shall be located so that the exterior of the same shall be located directly on the designated boundary line of the Lot.

2. Windows in Privacy Wall. The Dwelling Unit shall utilize a portion of the Privacy Wall as one of its exterior walls and shall be constructed so that neither the Privacy Wall nor the Dwelling Unit provides any view openings from which individuals can view or look into or over-viewing the adjacent Lot. The Privacy Wall shall contain no door, access way or entry way into said adjacent Lot. The Privacy Wall and Dwelling Unit attached thereto may contain those windows or openings through which sunlight may enter the Dwelling Unit but from which no individual within the Dwelling Unit can look into, over or across the adjacent Lot or Dwelling Unit (hereinafter referred to as "Permitted Privacy Wall Windows"). All Permitted Privacy Wall Windows must be approved by the Board, and the Board may require an Owner to provide construction floor plans in order to establish that any opening or window within the Privacy Wall qualifies as a Permitted Privacy Wall Window. Any use of a Permitted Privacy Wall Window to look into, over or across the adjacent Lot or Dwelling Unit is prohibited hereunder.

3. Responsibilities of Owners. The cost of construction, maintenance and repair of a Privacy Wall shall be the sole responsibility of the Owner on whose Lot the same is situated.

4. Gutters. Said Dwelling Unit shall be constructed with gutters to insure that no excessive rain water is discharged upon the adjoining Lot.

5. Privacy Wall Easement. An easement is hereby reserved and granted to Owners on, over and across that portion of each adjoining Lot opposite the boundary line along which the Privacy Wall is to be constructed (said easement is hereinafter referred to as "Privacy Wall Easement"). The Privacy Wall Easement shall extend and measure eight (8) feet in width from the side boundary line of the applicable Lot along which the Privacy Wall has been constructed or situated. The Privacy Wall Easement shall be utilized by the Owners of the Lot on which the Privacy Wall and Dwelling Unit is located for the construction, maintenance and repair of their Privacy Wall and Dwelling Unit. The use of the Privacy Wall Easement by an Owner shall neither exceed a reasonable period of time during construction nor shall it exceed a period of thirty (30) days each calendar year for essential maintenance. Any shrubbery or planting located within the Privacy Wall Easement that is removed or damaged by the adjoining Lot or Dwelling Unit Owner during the construction, maintenance or repair of the Privacy Wall or Dwelling Unit shall be repaired or replaced at the expense of said Owner. In addition, an easement and right of ingress and egress is hereby reserved and granted across the applicable adjoining Lot upon which the Privacy Wall Easement is located for

the benefit of the Owner of the Lot on which the Privacy Wall and Dwelling Unit is located in order to gain access to and from the Privacy Wall Easement.

6. Roof Overhang Easement. Since Privacy Walls will be situated on the applicable designated boundary line between Lots, the roofs, roof overhang structures and embellishments and eaves of such Dwelling Units may extend on, over and across the applicable Lot boundary line into the adjoining Lot. An easement is hereby observed and granted to Lot Owners on, over and across that portion of each adjoining Lot over which the roofs, roof overhangs, eaves or other roofing structures or embellishments extend across the Lot boundary line along which the Privacy Wall is situated (hereinafter referred to as the "Roof Overhang Easement"). The Roof Overhang Easement shall in no way be utilized by Lot Owners to extend and construct living areas within Dwelling Units across the applicable Lot boundary line, but the Roof Overhang Easement shall be utilized to allow and permit the encroachment and extension of roof overhangs, eaves and roof embellishments across the applicable Lot boundary line. The Roof Overhang Easement shall additionally be utilized for the construction, maintenance and repair of all roof overhang structures, eaves and embellishments which extend across the applicable Lot boundary line. The Roof Overhang Easement shall measure eight (8') feet in width and run parallel to the side boundary line of the applicable Lot along which the Privacy Wall has been constructed or situated. The use of the Roof Overhang Easement by a Lot Owner shall neither exceed a reasonable period of time during the construction of a Dwelling Unit nor shall it

exceed a period of thirty (30) days each calendar year for the necessary maintenance of the roof overhang structures, eaves and embellishments situated within the Roof Overhang Easement. Any shrubbery or plants located within the Roof Overhang Easement that is moved or damaged by a Lot or Dwelling Unit Owner during the construction, maintenance or repair of such roof overhang structures, eaves or embellishments shall be repaired or replaced at the expense of said Lot Owner. In addition, an easement and right of ingress and egress is hereby reserved and granted across the applicable adjoining Lot upon which the Roof Overhang Easement is located for the benefit of the Owner of the Dwelling Unit whose roof overhang structure, eaves and embellishments extend into the Roof Overhang Easement in order to gain access to and from the Roof Overhang Easement.

7. Party Wall. Notwithstanding the foregoing, Owners of two (2) contiguous Lots may apply to the Board for approval to construct and maintain a party wall along their common boundary line, provided that:

(a) Such party wall shall constitute an integral part of each Dwelling Unit.

(b) The Board's approval of the construction of a party wall will not relieve an Owner's responsibility to construct a Privacy Wall which shall be located directly on the boundary line opposite that over which the party wall is to be constructed.

(c) If the provisions of this Paragraph 8 conflict or are inconsistent with provisions of the preceding Paragraphs 6 and 7, the provisions of Paragraphs 6 and 7 shall control.

SECTION SEVEN

Use Restrictions

The following use restrictions shall apply to the Property:

1. Use of Lots and Dwelling Units. Each Lot and Dwelling Unit within the Property shall be used for single-family residential purposes only, and no trade, business, commercial, industrial or institutional activities of any kind may be carried on within the Property or any portion thereof with the exception of utilizing the Property by the Declarant, and its successors and assigns, or any Owner or agent of any Owner in developing and selling the Property, Lots or Dwelling Units thereon. Except for sales offices of the Declarant and Owners as permitted above, the utilization of any Dwelling Unit, Lot or any other portion of the Property as an office by an Owner or a tenant thereof shall be considered to be a violation of this Declaration where such utilization of a Dwelling Unit, Lot or other portion of the Property as an office creates any type of customer, client or employee vehicular or pedestrian traffic to and from any such Dwelling Unit or Lot. No Lot or Dwelling Unit within the Property, or any portion thereof, shall be used as the office or storage area of any building contractor or real estate developer except those sales offices of the Declarant and the Owner or Owners of the Property as permitted above.

2. Nuisances. No noxious or offensive activities shall be carried on within the Property or any portion thereof, and each

Dwelling Unit and Lot Owner, his family, tenants, guests, invitees, servants and agents shall refrain from any act or the use of any Lot or Dwelling Unit within the Property which would cause disorderly, unsightly or unkept conditions to exist within the Property or which would cause embarrassment, discomfort, annoyance or nuisance to the occupants and residents of other portions of the Property and Hilton Head Plantation. No rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon any Lot or Dwelling Unit or other portion of the Property so as to render any portion of the Property unsanitary, unsightly, offensive or detrimental to persons using or occupying any other portions of the Property or surrounding parcels within Hilton Head Plantation. No noxious or offensive activities shall be carried on within the Property or any Lot or Dwelling Unit contained therein which would cause either a diminution in the value or enjoyment of the Property or the Lots and Dwelling Units contained therein or which could result in a cancellation of any insurance for any portion of the Property.

3. Animals and Pets. No animals, livestock, birds or poultry of any kind shall be raised, bred or kept by any Owner or lessee of a Lot or Dwelling Unit within the Property, provided that a reasonable number of generally recognized house pets may be kept in Dwelling Units within the Property subject to rules and regulations adopted by the Association through its Board of Directors.

4. Signage. No signs, coping, retaining or other walls shall be erected or maintained on the Property except as approved in writing by the Board. No commercial signs, including "For

Rent", "For Sale", or other similar signs shall be erected, placed or maintained on the Property except as approved in writing by the Board or except as may be required by legal proceedings; provided that Declarant or an Owner developing and selling the Lots or Dwelling Units may erect, place or maintain commercial signs with the written permission of the Board. It is hereby acknowledged that the Board will not grant permission for said signs unless their erection is necessary to avert serious hardship to the Owner. If such permission is granted, the Declarant reserves the right to restrict size, color and content of such signs. Property identification and like signs exceeding a combined total of more than two (2) square feet may not be erected without the written permission of the Declarant.

5. Tree Replacement. No live trees within the Property measuring three (3) inches or more in diameter at a point two (2) feet above the ground may be removed without the written consent of the Board. If any Owner removes such a tree without the approval of the Board, the Owner shall replace the same with a tree of comparable value, species and size. In the event any Owner fails within thirty (30) days to satisfactorily replace such lost tree, the Owner shall pay the Board the cost of replacing the removed trees which sum shall not be less than Five Hundred and No/100 (\$500.00) Dollars per lost tree, and the Board shall have the right to enter the Property for the purpose of replacing such lost tree.

6. Subdivision. No portion of the Property shall be subdivided nor its boundary line or any Lot lines changed except upon written approval of the Declarant.

7. Service Yards. Each Owner shall provide a screened area to serve as a service yard in which all garbage receptacles, fuel tanks, other similar storage receptacles, gas and electric meters, air-conditioning equipment, and vehicles, materials and supplies and equipment must be stored or placed. All of the above-referenced receptacles, fixtures and other items of personalty must be concealed or visually screened from the view of adjacent roadways and surrounding Lots within the Property and Hilton Head Plantation. All such visual barriers or screens shall be at least six (6) feet high and shall consist of fencing or other materials and vegetation approved by the Board. Plans for such fencing and screening setting forth the size, design, texture, appearance and location must be approved by the Board prior to construction.

8. Timesharing. No Lot or Dwelling Unit, or any portion thereof, may be sold, conveyed or utilized under any type of timesharing, time interval or similar right to use program of any type established under the South Carolina Vacation Timesharing Act or any other statute or ordinance.

9. Water and Sewage Treatment. Prior to the occupancy of a Dwelling Unit on any Lot, proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer mains of the Hilton Head Plantation Utilities, Inc., its licensee, successor or assigns and all sewage shall be emptied or discharged into such sewer main. No sewage or other waste materials shall be emptied or discharged into the ocean, any creek, marsh, lagoon, river, sound, any waterway or beach or shorelines thereof. No

private water wells will be drilled or maintained on any Lot or other portions of the Property, and no septic tanks or similar individual sewage treatment and disposal facilities maybe installed and maintained in any Lot or other portion of the Property.

10. Water Conservation. In order to promote good water conservation (and to lessen the burden of treating and disposing sewage effluent), all water faucets, showerheads and nozzles located within Dwelling Units and other structures within the Property shall provide for a maximum flowage rate not to exceed two and one-half ($2\frac{1}{2}$) gallons per minute, and all toilets and commodes located within the Property shall have maximum flowage rates not to exceed three and one-half ($3\frac{1}{2}$) gallons of water per flush. If within any Dwelling Unit or other structure approved for construction within the Property by the Board it can be determined that because of the use planned for that Dwelling Unit or structure it will be practically impossible to limit all water faucets located therein to the maximum flowage rates set forth hereinabove, then maximum flowage rates for certain nozzles and faucets may exceed those provided for herein, but only with the written consent of the Board and only where necessary due to the practical impossibility of limiting such faucets and nozzles to the maximum flowage rate set forth herein.

11. Antennas. No television antenna, radio or television receiver or sender, satellite receiving dish or other similar device shall be attached to or installed on any portion of the Property, unless contained and entirely enclosed within the interior of a Dwelling Unit or other structure; provided that this

provision shall not apply to the Declarant or Association for the installation and use of mobile radio systems. No radio or television signals or any other form of electromagnetic radiation shall be permitted to originate from any Lot, Dwelling Unit or any other portion of the Property which may unreasonably interfere with the reception of television or radio signals within the Property or any other portions of Hilton Head Plantation.

12. Irrigation. All irrigation systems within the Property shall not utilize any lagoon, lake or ditch within the Property or Hilton Head Plantation as a source of irrigation water. No water from any lake, lagoon or ditch within the Property or Hilton Head Plantation shall be pumped or drained into any Lot or other portion of the Property for irrigation purposes.

13. Temporary Structures. No structure of a temporary character shall be placed upon any Lot or other portion of the Property at any time, provided, however, that this prohibition shall not apply to shelters or temporary structures used by the contractor during the construction of the Dwelling Unit, and such temporary construction shelters may not, at any time, be used as residences or permitted to remain on the Lot after completion of construction. The design and color of structures temporarily placed on a Lot by a contractor shall be subject to reasonable aesthetic control by the Board.

14. Vehicles and Outbuildings. No travel trailers, mobile homes, campers or other habitable motor vehicles of any kind (whether self propelled or not), school buses, tractors, trucks or commercial vehicles (including pick-up trucks of any type or size),

boats and boat and commercial trailers shall be kept, stored or parked overnight on any portion of the Property except within enclosed garages or within storage areas for such areas which have been approved by the Board. No Owners or occupants or lessees of any Lots or Dwelling Units shall repair or store any vehicle of any kind upon or within any Lot or Dwelling Unit or other portion of the Property except (i) within enclosed garages or workshops; or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. The Association will provide an area for the storage of boat trailers, campers, boats, utility trailers and other recreational vehicles for a reasonable user fee. No tent, barn, treehouse or other similar outbuilding or structure shall be placed on any Lot at any time on either a temporary or permanent basis.

15. Excavations. No Owner shall excavate or extract earth within the Property by any method for any purpose unless written approval is first obtained from the Board or its designated representative. No elevation or topography change shall be permitted within the Property which materially affects the surface grade of the Property or the drainage of surrounding Lots unless first approved in writing by the Board or its designated representative.

16. Docks. No boathouses, docks, piers or wharfs shall be constructed within any portion of the Property without first obtaining the written approval of the Board or its designated representative.

17. Exterior Appearance. Any unenclosed garages or carports located within any Lot or Dwelling Unit must be adequately screened from the view of all adjoining streets, Lots or other parcels within the Property and Hilton Head Plantation. No foil or other reflective material shall be used on any windows within any Dwelling Units or other structures within the Property for sunscreens, blinds, shades or other purposes, nor shall any window mounted heating or air-conditioning units be permitted within any Dwelling Units or other structures within the Property. All blinds, curtains or other window treatments within the Dwelling Units or other structures located within the Property must conform to regulations established by the Board. Except within screened-in service yards, outside clothes lines or other outside facilities for drying or airing clothes is specifically prohibited and should not be erected, placed or maintained within the Property or any portion thereof. No clothing, rugs or other items shall be hung on any railing, fence, hedge or wall of any Dwelling Unit or other structure within the Property.

SECTION EIGHT

Golf Fairway PROPERTY

The following restrictions shall apply to any and all Golf Fairway Property in addition to the other restrictions contained in this Declaration:

1. Landscaping. Those portions of any Golf Fairway Property within thirty (30') feet of the boundary line bordering any golf course shall be in general conformity with the overall landscaping pattern for the golf course fairway area established by the

applicable golf course architect. All Golf Fairway Property Owners must have their landscaping plans approved by the Board before the implementation thereof.

2. Golf Course Maintenance Easement. There is hereby reserved by the Declarant, its successors and assigns, and any owner of the adjacent golf course, a golf course maintenance easement over all Golf Fairway Property which shall be utilized at the election of the Declarant or any owner of the adjacent golf courses to conduct any maintenance and landscaping activities on the adjacent golf course. Such easement shall extend within thirty (30') feet of the boundary line of Golf Fairway Property bordering the adjacent golf course; provided, however, that such easement shall apply to the entire Lot until the Owner has filed with the Board a landscaping plan for such Lot or, in the alternative, a Dwelling Unit is constructed on the Lot. Entrance upon such portion of the Property specified for the purposes described in this Paragraph 2 shall not be deemed a trespass.

3. Golf Play Easement. Until such time as a Dwelling Unit or other improvement is constructed on a Lot, the Declarant, its successors and assigns, hereby reserves an easement to permit and allow registered golf course players to enter upon such unimproved Golf Fairway Property to recover a ball or play a ball subject to the official rules of the golf course without such entry being deemed a trespass. After a Dwelling Unit has been constructed within Golf Fairway Property, such easement shall be limited to that portion of the applicable Lot included within the golf course maintenance easement described in Paragraph 2 herein, and the

easement reserved herein over such improved Golf Fairway Property shall be utilized only for the recovery of golf balls and no golf play shall be permitted within such easement areas. Golfers shall not be entitled to enter on any Lot or Dwelling Unit with a golf cart or other vehicle, to spend unreasonable time on such Lot or in any way commit a nuisance while on said Lot or Dwelling Unit.

4. Prohibited Activities. Owners of Golf Fairway Property, as well as their families, tenants, guests, invitees and pets, shall be obligated to refrain from any actions which would detract from the playing qualities of the golf course. Such prohibited activities shall include, but not be limited to, the maintenance of dogs or other pets under conditions which interfere with golf course play due to loud barking or other actions, running or walking on the fairways or cart paths, picking up golf balls, burning of trash or debris which would cause smoke to cross onto the adjacent golf course or engage in any type of activities which would interfere with or detract from the play of golf within the golf course areas located adjacent to such Golf Fairway Property.

5. Improvements on Easement Area. Notwithstanding the provisions of this Section Eight, the Declarant hereby reserves the right to allow an Owner to construct a Dwelling Unit over a portion of the aforementioned golf course easement area in those cases where it, in its sole discretion, determines that such construction will not materially lessen the beauty or playing qualities of the adjacent golf course.

SECTION NINESpecial Restrictions Affecting Open Space Areas

1. Open Space Areas. Declarant has or will convey subject to open space restrictions to the Association, certain areas which the Declarant designates as "Open Space Areas" or "Private Open Space Areas" on final subdivision plats currently or hereinafter filed of record in the Office of the Register of Mesne Conveyance of Beaufort County, South Carolina, by the Declarant or its predecessors, its successors or assigns. It is intent and purpose of this Section Eight herein to protect the salt marshes and sound bluffs, contained within such Open Space Areas, to maintain and enhance the conservation of natural and scenic resources within Open Space Areas, to promote the conservation of soils, wet lands, sound bluffs, tidal marshlands, wildlife, game and migratory birds, within Open Space Areas, enhance the value of abutting and neighboring residential areas adjacent to such forests, wildlife preserves, natural reservations or sanctuaries, and to afford and enhance recreation opportunities within such Open Space Areas.

2. Open Space Easement. At the time that Open Space Areas are delineated on final subdivision plats of the Property and such Open Space Areas have been conveyed to the Association, a non-exclusive easement will be created in and for the Owners of Dwelling Units and Lots within the Property, and subject to the rights of the Declarant and the Association as set forth herein, such Open Space Areas will remain as undeveloped and natural woodland, shoreline or tidal marshlands, (hereinafter referred to as the "Open Space Easement"). The Open Space Easement granted

hereby shall entitle such Owners, their guests and tenants to enjoy the Open Space Areas subject to the rules and regulations adapted by the Declarant and the Association.

3. Private Open Space Easement. Land designated by the Declarant as "Private Open Space Areas" on final subdivision plats of the Property shall be subject to the easement granted in Paragraph 2 of this Section Eight in every respect except that the enjoyment thereof shall and is hereby limited to Owners (their guests and tenants) of property immediately contiguous and adjacent to such land (hereinafter referred to as the "Private Open Space Easement"). The Private Open Space Easement hereby granted shall not extend to any area not shown on the plat referenced in the Owner's deed, nor to areas on such plat not clearly designated as "Private Open Space Areas."

4. Prohibition of Improvements and Vehicles. No building, tent, trailer, camper, recreational vehicle, or other structure, either temporary or permanent, except as noted elsewhere herein, shall be erected or caused to be placed on any lands shown and set aside on a final recorded subdivision plat of the Property as Open Space Area.

5. Wildlife Conservation and Nature Study. Pursuant to its overall program of wildlife conservation and nature study, the right is expressly reserved to the Declarant and to the Association to erect wildlife feeding stations, to plant small patches of cover and food crops for quail, turkeys and other wildlife, to make access trails or paths or boardwalks through said Open Space Areas and Private Open Space Areas for the purpose of permitting

observation and study of wildlife, hiking, and riding, to erect small signs throughout the Open Space Areas and Private Open Space Areas designating points of particular interest and attraction, and to take such other steps as are reasonable, necessary and proper to further the aims and purposes set forth in Paragraph 1 herein and community use and enjoyment of the Open Space Areas. Nothing contained within this Paragraph 5 herein shall in any way obligate the Declarant to undertake any wildlife management activities, trail or boardwalk construction or other wildlife conservation and nature study activities within Open Space Areas and Private Open Space Areas.

6. Erosion Protection and Adequate Drainage. The Declarant and the Association shall have the right, but not the obligation, to protect from erosion the land described as Open Space Area or Private Open Space Area by planting trees, plants, and shrubs where and to the extent necessary by such mechanical means as bulkheading, or other means deemed expedient or necessary by the Declarant or the Association. The right, but not the obligation, is likewise reserved to the Declarant and to the Association to take necessary steps to provide and insure adequate drainage ways, canals or lagoons in Open Space, to cut fire breaks, remove diseased, dead, or dangerous trees and carry out other similar activities.

7. Utility Easements. The Declarant reserves unto itself, its successors and assigns, the right to go on, over, across and under the ground to erect, maintain and use poles, wire, cables, conduits, sewers, water mains, and other suitable equipment for the

conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities in said Open Space Areas and Private Open Space Areas. These reservations and rights expressly include the right to cut any trees, bushes, or shrubbery, rights to make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Declarant further reserves the right to locate wells, pumping stations and tanks within such Open Space Areas and Private Open Space Areas. Such rights may be exercised by any licensee of the Declarant, but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility or service.

8. Prohibition Against Dumping. No dumping of trash, garbage, sewage, sawdust or any unsightly or offensive material shall be placed upon such Open Space Areas or Private Open Space Areas, except as is temporary and incidental to the bona fide improvement of the area in a manner consistent with its classification as Open Space Areas.

9. Limitation of Easements. The granting of this easement does in no way grant to the public or to the owners of any real property surrounding or adjacent to Hilton Head Plantation, the right to enter such Open Space Areas without the express permission of the Declarant.

10. Reservation of Use by Declarant. The Declarant expressly reserves to itself, its successors and assigns, every reasonable use and enjoyment of said Open Space Areas, in a manner not inconsistent with the provisions of this Declaration.

11. No Trespass by Declarant. Where the Declarant is permitted by this Declaration to correct, repair, clean, preserve, clear out or do any action on the restricted property, entering the property and taking such action shall not be deemed a trespass.

12. No Affirmative Requirements of Declarant. It is expressly understood and agreed that the granting of this easement does in no way place a burden of affirmative action on the Declarant, and the Declarant is not bound to make any of the improvements noted herein, or extend to any Owner any service of any kind.

SECTION TEN

Repurchase Option

No Owner shall convey any portion of the Property or any Lot or Dwelling Unit without first delivering to the Declarant, or its successors and assigns, written notice of his intention to convey such Property, Lot or Dwelling Unit stating the names and addresses of the intended grantee or grantees and the price and other terms of such conveyance. The Declarant shall then have the option to purchase that portion of the Property or any Lot or Dwelling Unit at the same price and on the same terms described in the written notice, which option shall be effective for a period of thirty (30) days from the latter of: (a) the date of such offer, or (b) the date upon which all assessments owed to the Association by the Owners are paid, or (c) the receipt of said notice by Declarant. If the Declarant elects not to exercise its option, it shall within thirty (30) days shall deliver its assent to the intended conveyance in recordable form and the Owner shall have the right to sell at the exact price and terms submitted to the Declarant.

Should, however, such sale not be closed within six (6) months of the date of the notice delivered to Declarant, the terms and conditions of this Section Nine herein shall again be imposed upon any sale by the Owner. If Declarant elects to purchase said Lot, Dwelling Unit or other portion of the Property, the transaction shall be closed within thirty (30) days following the delivery of notice of Declarant's election from Declarant to the Owner at the address on the original notice from Owner. The provisions of this Section Nine shall not apply to bona fide gifts of Lots or Dwelling Units, bona fide mortgages or foreclosure proceedings, including foreclosure sales, nor to devisees of said Lots or Dwelling Units.

SECTION ELEVEN

Assessment Provisions Applicable to Site Developers and Unimproved Lot Maintenance Fees.

1. Assessments. Pursuant to the terms and provisions of that certain Statement of Understanding entered into by and between Declarant and the Association dated March 15, 1986, where the Declarant sell, transfers and conveys all or any portion of the Property in an unsubdivided and undeveloped state to any Owner, the Declarant shall not be obligated in any way under the provisions of this Declaration to pay any type of an assessment, charge or fee to the Association resulting from sale, transfer or conveyance of all or any portion of the Property in an undeveloped and unsubdivided state. For the purposes of this Declaration, any sale, transfer or conveyance of all or any portion of the Property by the Declarant to any Owner "in a undeveloped and unsubdivided state" shall mean and refer to the conveyance of any portion of the Property where:

(i) the plat utilized in undertaking such conveyance simply identifies and delineated the perimeter boundary lines of the applicable portion of the Property and such plat does not clearly and completely delineate, designate and subdivide the applicable portion of the Property into streets, rights-of-way, Lots and Open Space Areas; and (ii) the applicable portion of the Property is conveyed in an unimproved state wherein no streets and right-of-ways have been designed, designated or constructed, no Lots have been designated, marked or identified and no subdivision improvements reasonably accompanying the marketing and sale of Lots have been undertaken prior to the conveyance of said portion of the Property. Where the Declarant conveys all or any portion of the Property to an Owner in an undeveloped and unsubdivided state and subsequent to such conveyance the applicable Owner subdivides, develops, markets and sells Lots within such portion of the Property (said Owner is hereinafter referred to as a "Site Developer"), the Site Developer shall pay to the Association the sum of one (1%) percent of the gross sales price of such Lot at the time of the closing of the sale and conveyance of such Lot. Where the Site Developer develops, constructs, markets and sells Dwelling Units within the above-referenced portion of the Property, the Site Developer shall pay to the Association at the time of the closing of the sale of such Dwelling Unit, the sum of twenty-five hundredths (.25%) percent of the gross sales price of such Dwelling Units (such payments by Site Developer to the Association resulting from the sale of Lots and Dwelling Units is hereinafter jointly referred to as the "Lot Sale Assessment"). Each Site Developer by

acceptance of a deed or other conveyance of an applicable portion of the Property, whether or not is should be so expressed in such deed of conveyance, is deemed to covenant and agrees to pay to the Association the Lot Sale Assessment as provided herein.

2. Non-payment or Late Payment. If the Lot Sale Assessment is not paid on or before the ninetieth (90) day following the date of the closing of the sale of such Lot or Dwelling Unit, then the Lot Sale Assessment shall become delinquent and shall, together with a late charge thereon at the rate of one and one-half (1.5%) percent per month from the due date (and cost of collection thereof as hereinafter provided), thereupon become a charge and continuing lien on the Lot or Dwelling Unit sold by the Site Developer. The obligation and lien of the Lot Sale Assessment shall constitute a personal obligation of the Site Developer and the individual Owner acquiring such Lot or Dwelling Unit from the Site Developer. Such personal obligation of the Site Developer and applicable Owner purchasing or acquiring a Lot or Dwelling Unit from the Site Developer shall remain the personal obligation of the Site Developer and applicable Owner, but such obligation shall not pass as a personal obligation to their successors-in-title unless expressly assumed by them. If the Lot Sale Assessment is not made within thirty (30) days after the past due date, the Association may bring an action at law against the Site Developer and the Owner acquiring the applicable Lot or Dwelling Unit from the Site Developer, and there shall be added to the amount of the Lot Sale Assessment the applicable late charges and the cost of preparing and filing the complaint in such action. In the event a judgment

is obtained, such judgment shall include such interest on the Lot Sale Assessment at the rate of eighteen (18%) percent per annum or the maximum lawful rate on such judgments and a reasonable attorneys fee to be fixed by the court together with the cost of the action. In addition to the rights of the actions set forth herein, the Board of Directors of the Association may suspend the membership rights of any Site Developer or Owner acquiring a Lot or Dwelling Unit from the Site Developer during the period that the Lot Sale Assessment remains unpaid. Upon payment of the delinquent Lot Sale Assessment and late charges, as well as the other fees due, the rights of the Site Developer and applicable Owner shall be automatically restored. This provision shall not empower the Board of Directors of the Association to suspend the rights of the Site Developer or applicable Owner to use the roads within Hilton Head Plantation.

3. Enforcement. The provisions of this Section Ten may be enforced by either the Association or the Declarant.

4. Unimproved Lot and Maintenance Fee. In order to provide a source of funds to clear underbrush and mow individual unimproved Lots within the Property prior to the time that Dwelling Units and attendant landscaping are constructed and placed upon such Lots, each Owner of a Lot upon which no Dwelling Unit has been constructed shall pay annually to Declarant the annual sum of Thirty-five and No/100 (\$35.00) Dollars per Lot each year (said sums are hereinafter referred to as the "Unimproved Lot Maintenance Fee"). From and after January 1, 1987, the Declarant may increase the Unimproved Lot Maintenance Fee by the percentage of increase in

the Consumer Price Index, U.S. City Average All Items (1967-100) (hereinafter referred to as the "C.P.I.") issued by the U.S. Department of Labor, Labor Statistics, in its monthly report entitled "Consumer Price Index U.S. City Average Selected Areas", or, at the option of Declarant, the Unimproved Lot Maintenance Fee may be increased each year up to five (5%) percent of the maximum authorized for the previous year, whichever of these two percentage figures is larger. In the event that the C.P.I. referred to above shall be discontinued, there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living. The Unimproved Lot Maintenance Fee herein established shall be due and payable on or before April 1 of the calendar year for which it is applicable. If the Unimproved Lot Maintenance Fee is not paid within thirty (30) days of said due date and within fifteen (15) days after receipt by said Owner or Owners of an invoice setting forth the amount of said enforcement, a late charge of one and one-half (1.5%) percent per month shall accrue on the unpaid amount from the date of such invoice to the date payment is received by Declarant. Said Owner or Owners shall also be liable for the cost of collection, including reasonable attorneys fees and court costs incurred by Declarant in any proceeding or collection effort undertaken to collect the unpaid Unimproved Lot Maintenance Fee. Acceptance of a partial payment of an Unimproved Lot Maintenance Fee or late charge which is due or past due shall not act as a waiver of the unpaid portion of such Unimproved Lot Maintenance Fee or late charge, and such amount paid shall be applied first against the late charge due

and then against the Unimproved Lot Maintenance Fee due with any remaining balance continuing to be due and owing and subject to the above indicated late charge, lien and collection rights. The Unimproved Lot Maintenance Fees paid by Owners to Declarant as described hereunder may be utilized by Declarant when, in its sole discretion and opinion, when any unimproved Lot within the Property is not being properly maintained. The Unimproved Lot Maintenance Fees may be utilized by the Declarant at its sole discretion for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth which in the opinion of the Declarant detracts from the overall beauty, setting, safety and value of the Property. No provisions contained in this Paragraph 4 herein shall in any way be construed to create any type of obligation or duty upon the Declarant, and its successors and assigns to any way maintain, mow or remove any type of underbrush, weeds or other vegetation from any unimproved Lot. The Declarant hereby reserves the right to assign to any individual or entity the right of Declarant to receive Unimproved Lot Maintenance Fees as established hereunder.

SECTION TWELVE

General Provisions

1. Enforcement. The Declarant, Association or any Owner shall have the right to enforce, by any proceedings at law or in equity, all of the restrictions, conditions, covenants, easements, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure of the Declarant or any Owner to enforce any covenant or restriction herein contained shall

in no event be deemed as a waiver of the right to do so thereafter. The Declarant shall have no affirmative duty to enforce the provisions of this Declaration in any way, and the failure of the Declarant to enforce the provisions of this Declaration shall not subject it to any liability arising from any type of action, claim or proceeding by any party. In furtherance of the right reserved herein and all of the rights and reservations held by the Declarant and the Association, the Declarant hereby reserves unto itself, its employees, agents, and its successors and assigns, the right to enter upon the Property, or any portion thereof, or any Lot or Dwelling Unit for the purpose of inspecting the same in order to ascertain compliance with the terms and provisions of this Declaration. In addition to the foregoing, the Declarant and the Association shall each have the right, whenever there shall have been built on any Lot any structure which is in violation of these restrictions, to enter upon such property where such violations exist and summarily abate or remove the same at the expense of the Owner, if after thirty (30) days written notice of such violation, it shall not have been corrected by the Owner. Any person entitled to file legal action for the violation of these covenants shall be entitled to recover reasonable attorneys fees for part of such action. Any such entry and abatement or removal shall not be deemed a trespass.

2. Severability. Invalidation of any covenants, restrictions, term, phrase or clause of this Declaration by the adjudication of any court or tribunal shall in no way affect the the remaining provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

3. Duration. This Declaration and the provisions herein shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Declarant or any Owner for a period of twelve (12) years from the date hereof, and thereafter shall continue automatically in effect for additional periods of ten (10) years, unless an instrument signed by a majority of the then Owners of Lots or Dwelling Units within the Property.

4. Assignment. The Declarant shall have the right to assign to any one or more persons, firms, corporations, partnerships or associations any and all rights, powers, titles, easements and estates reserved or given to the Declarant in this Declaration.

5. Amendment. The covenants, conditions, and restrictions contained in this Declaration may from time to time be amended by the recording of instruments signed by the Owners of a majority of the Lots substantially affected by a proposed change or amendment to this Declaration. Unless the contrary shall be determined by a court of competent jurisdiction, "subsequently affected" as used in this Paragraph five (5) herein shall be deemed to mean those Lots or Dwelling Units shown on a final subdivision plat of the Property showing the Lots to be modified by the change or amendment in this Declaration. Notwithstanding the above conditions, any modification of this Declaration must be approved in advance by the Declarant, its successors and assigns, for so long as the Declarant owns any real property within or adjacent to the Property. Additionally, until the Declarant conveys all the real property owned within Hilton Head Plantation, the Declarant retains the right to amend this Declaration encumbering any portion of the

Property which is still owned by the Declarant in any way that the Declarant may in its own discretion deem desirable or to limit therein the application of these covenants, conditions and restrictions.

6. Access. Ingress and egress to and from the Property shall be on and over the roads of Hilton Head Plantation existing at the date of this Declaration. No roads, paths, walkways, gates, bridges, rights-of-way or other access to and from the Property shall be cleared, constructed, placed or used without the prior written and recorded consent of the Board. In reviewing and approving such access to the Property, the Board shall consider the impact on the integrity, safety, value and attractiveness of any such access to Hilton Head Plantation, among other considerations including without limitation the impact on Declarant owned lands.

7. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Mrs. Rose Kennedy, mother of former U.S. President John Fitzgerald Kennedy.

8. Plantation Covenants. That certain Amended and Restated Declaration of Covenants and Restrictions of the Hilton Head Plantation Property Owners' Association, Inc., and Hilton Head Plantation Declarant, Inc., affecting properties in Hilton Head Plantation including the Property is recorded in the appropriate records in the Office of the Clerk of Court for Beaufort County in Deed Book 367 at Page 656.

WITNESS its hand and seal this 12th day of November,
1986.

WITNESSES:

HHP Limited Partnership
By: The Rosemel Company, Inc.
Its General Partner

William M. Foiles

By: [Signature]
James P. Coleman,
its President and authorized
signatory

Susan J. Flynn

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me William M. Foiles,
who states on oath that he saw the within named HHP Limited
Partnership, by The Rosemel Company, Inc., its Managing Partner, by
James P. Coleman its President, as its act and deed, sign, seal and
deliver the within and foregoing Class "C" Declaration of Covenants,
Conditions and Restrictions (Zero Lot Line) and that he with
Susan J. Flynn witnessed the execution thereof.

William M. Foiles

SWORN TO BEFORE ME this 12th day
of November, 1986.
Susan J. Flynn (L.S.)
Notary Public for South Carolina
My Commission Expires: 4-15-93

EXHIBIT "A"

All that certain piece, parcel or tract of land situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, designated as "Block Z" as shown on that certain plat of survey entitled "A Plat of Block "Z", "A Portion of Hilton Head Plantation", dated November 6, 1986, prepared by Thomas & Hutton Engineering company, William G. Foster, South Carolina Reg. Land Surveyor #2753, and recorded in the Register of Mesne Conveyances for Beaufort County, South Carolina, in Plat Book 34 at Page 72. For a more detailed description, reference may be had to the above-referenced plat of record.

EXHIBIT "B"

ADDITIONAL PROPERTY

ALL those certain pieces, parcels or tracts of land lying and being within Hilton Head Plantation, Hilton Head Island, Beaufort County, South Carolina containing 396.06 acres, more or less, which are more particularly shown as "AREA N-P, R-U (193.466 ac.)", "AREA Q (30.458 ac.)", "AREA II (6.018 ac.)", "AREA JJ (6.395 ac.)" and "AREA VWZ-BB (159.720 ac.)" as shown on that certain plat of survey entitled "A PLAT SHOWING LANDS OF SOUTHEAST HOLDING COMPANY, LTD. AND SKULL CREEK HOLDING CORP." dated August 26, 1985 and recorded in the records of the Register of Mesne Conveyance for Beaufort County, South Carolina in Plat Book 33 at Page 119.

ALL that certain piece, parcel or tract of land lying and being within Hilton Head Plantation, Hilton Head Island, Beaufort County, South Carolina containing 28.15 acres, more or less, and being shown and designated as "28.152 ACRES" on that certain plat of survey entitled "A PLAT OF HEADLANDS PARK TRACT II" dated October 24, 1985 and recorded in the records of the Register of Mesne Conveyance for Beaufort, South Carolina, in Plat Book 33 at Page 118.

McGraw

RECORDED THIS 21st DAY
 OF November 1986
 IN BOOK 8 PAGE 831
 FEES, \$
Mary Ann Gray / WRH
 AUDITOR, BEAUFORT COUNTY, S. C.

FILED AT	BEAUFORT COUNTY S. C.	RECORDED IN BOOK
<u>9.34</u> O'CLOCK	NOV 17, 1986	<u>63</u> PAGE
<u>a m</u>		<u>1514</u>

Blayk Dalton, RMC