

Amended & Restated Declaration Covenants & Restrictions of the Hilton Head Plantation Property Owners' Association, Inc.

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS, hereinafter referred to as the "Declaration", executed this 16th day of April 1997, by Hilton Head Plantation Property Owners' Association, Inc., a South Carolina non-profit corporation, hereinafter called "Association".

WITNESSETH:

WHEREAS, The Hilton Head Plantation Company, Inc., created a planned development community known as Hilton Head Plantation with certain facilities, amenities and services for the use and benefit of all property owners within such community and subjected said property with such additions as may thereafter have been made, to a Declaration of Covenants and Restrictions dated July 11, 1973, which was recorded in the R.M.C. Office for Beaufort County, South Carolina, Deed Book 211 at Page 1487; "(Original Declaration)"; and

WHEREAS, The Hilton Head Plantation Company, Inc. caused to be incorporated under the laws of the State of South Carolina, a non-profit corporation, the Hilton Head Plantation Property Owners' Association, Inc., for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth; and

That Original Declaration of Covenants and Restrictions was previously amended by amendments which were recorded in the Beaufort County, South Carolina Records as follows:

Record Dates	Deed Book Page
1/02/79	276/282
1/20/81	314/663
5/26/81	323/663
9/22/81	332/2033
4/12/82	345/5
6/28/82	350/79

WHEREAS, on or about June 9, 1981, there was recorded a certain "Covenant Agreement" verifying the fact that a certain 4.96 acre parcel of land along Skull Creek was encumbered by the aforementioned Declaration. The said "Covenant Agreement" was recorded, in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 324 at Page 1239; and

WHEREAS, on or about the 19th day of January 1982, a certain "Covenant Agreement" pertaining to a 0.13-acre parcel of land in Hilton Head Plantation was likewise recorded to verify the fact that said 0.13-acre parcel of land was affected by said Original Declaration. The said Covenant Agreement was recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 340 at Page 1523; and

WHEREAS, on the 28th day of March, 1983, Hilton Head Plantation Property Owners' Association, Inc., and Hilton Head Plantation Company, Inc., did cause to be executed and recorded that certain AMENDED AND

RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS OF HILTON HEAD PLANTATION PROPERTY OWNERS' ASSOCIATION AND HILTON HEAD PLANTATION COMPANY, INC., hereafter referred to as the "RESTATED DECLARATION" which was recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Book 367 at Page 656 et sec and

WHEREAS, the Restated Declaration was amended by amendments recorded in the Beaufort County, South Carolina records as follows:

Record Dates	Deed Book Page
2/09/84	388/26
5/3/84	393/1421
4/30/86	447/18
5/22/87	447/929
8/27/87	484/1473
6/1/88	502/1903

WHEREAS, on the 10th day of May, 1990, the Hilton Head Plantation Company, Inc., did execute Amendatory Declaration to the above mentioned Restated Declaration that verified the fact that a certain 7.5 acre parcel of land now known as The Bay Club encumbered by said Restated Declaration, which Addendum was recorded in the Office of the Register of Mesne Conveyance for Beaufort County, South Carolina, on May 16, 1990, in Deed Book 553 at Page 953; and

WHEREAS, on the 29th day of August, 1991, the Hilton Head Plantation Property Owners' Association, Inc., did execute a further Amendatory Declaration to the above mentioned Restated Declaration, that verified the fact that a certain 15.87 acre and 6.26 acre (total 22.13 acres) parcel of land, formerly known as the "Brown Out-Parcel" was encumbered by said Restated Declaration, which Amendatory Declaration was recorded in the Office of the Register of Mesne Conveyance for Beaufort County, South Carolina, on September 26, 1991, in Deed Book 583 at Page 2478; and

WHEREAS, the Hilton Head Plantation Company, Inc., did, on or about July 1, 1995, convey to the Association all of the "Declarant Rights" under the aforementioned covenants and restrictions, which assignment was recorded in the R.M.C. Office for Beaufort County, South Carolina, on July 21, 1995, in O.R.B. 791 at Page 1349; and,

WHEREAS, on the 19th day of November, 1996, the Hilton Head Plantation Property Owners' Association, Inc., did execute a further Amendatory Declaration to the above mentioned Restated Declaration, verifying the fact that a certain 10.08 acre parcel of land, now know as Oyster Reef Crossing Subdivision, was encumbered by said Restated Declaration, which Addendum was recorded in the Office of the Register of Mesne Conveyance or Beaufort County, South Carolina, on January 2, 1997, in Deed Book 912 at Page 504; and

WHEREAS, pursuant to Article VIII Section 2 of Restated Declaration, the Declaration may be amended by the affirmative vote of three/fourth (3/4) of the votes cast at a duly called meeting. This Amendment was adopted at a duly called meeting on March 22, 1997.

WHEREAS, the total number of votes was 4,376 with 4,134 voting in favor of this Amendment, 242 voting in opposition, and 0 votes abstaining. The affirmative vote was in excess of the required three/fourths (3/4) affirmative vote required for passage. This Declaration shall become effective sixty (60) days from March 22, 1997.

NOW THEREFORE, the Association declares that the Restated Declaration of Covenants and Restrictions and all amendments thereto are hereby replaced by the following Amended and Restated Declaration of Covenants and Restrictions called Declaration for the real property described in Exhibit A and such additions thereto as may hereinafter be made is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used, subject to the covenants, restrictions, conditions, easements, changes, assessments, and affirmative obligations herein.

Article I: Definitions

Section 1.

The following words and terms when used in this Declaration or any supplemental Declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

(a) "Association" shall mean and refer to the Hilton Head Plantation Property Owners' Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

(b) "Covenants" shall mean the Land Use Restrictions and Protective Covenants collectively referred to as the Class "A" covenants dated February 15, 1973 as amended (originally recorded in Deed Book 211 at page 1470); the Class "B" covenants dated April 18, 1974 as amended (originally recorded in Deed Book 219 at page 1882); the Class "C" covenants dated November 12, 1986 as amended (originally recorded in Deed Book 463 at page 1514); and the Class "D" Covenants dated March 3, 1987 as amended (originally recorded in Deed Book 425 at page 1790).

(c) "By-Laws" shall mean the Amended and Restated By-Laws of the Hilton Head Plantation Property Owners Association, Inc. originally recorded on September 30, 1978, as amended. A copy of Amended By-Laws of the Hilton Head Plantation Property Owners' Association effective March 21, 1997 is hereto as Exhibit B.

(d) "Board" shall mean those Members elected to govern the affairs of the Association.

(e) "Company" shall mean Hilton Head Plantation Company, Inc., its successors and assigns.

(f) "Master Plan" shall mean and refer to the conceptual plan for the development of Hilton Head Plantation originally prepared by the Company, as revised.

(g) "Intended Use" shall mean the use shown on the current Master Plan of Hilton Head Plantation or the use to which a particular parcel of land is restricted by applicable local law or by this Declaration.

(h) The "Properties" shall mean and refer to the Existing Property described in Article II hereof, and additions or deletions thereto.

(i) "Common Properties" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the betterments and improvements located thereon, now or hereafter owned or leased by the Association for the common use and enjoyment of the Members. All common Properties are to be devoted to and intended for the common use and enjoyment of the Members, persons occupying dwelling units, Members' guests or tenants, and visiting members of the general public (to the extent permitted by the Board) subject to the fee schedule and operating rules adopted by the Association, provided, however, that any lands leased by the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such lease. Common Properties shall not include those tracts of land falling within the definition of Restricted Common Properties herein. The Common Properties shall include, but are not limited to:

- (1) All community roads and rights-of-way;
- (2) All common-use leisure trails, watercourses and lagoons, which are wholly contained within a public or commercial site, multi-family tract, or development unit parcel.
- (3) The Cypress Swamp Conservancy;
- (4) The Salt Marsh Conservancy;
- (5) A portion of Seabrook Farm containing 25 acres, more or less; and

(6) The Pine Island and Dolphin Head Recreation area.

(j) "Restricted Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are actually deeded or leased to the Association and designated in all such deed or lease as "Restricted Common Properties." All Restricted Common Properties are to be devoted to and intended for the common use and enjoyment of Owners of Residential Lots and Family Dwelling Units, their immediate families, guests accompanying such Owners, tenants of such Owners holding leases of 9 months duration or longer, and to be closed to use of (1) tenants of such Owners holding leases less than 9 months duration; and, (2) visiting members of the general public; with all use of Restricted Common Properties to be subject to the fee schedules and operating rules adopted by the Association. Any lands, which are leased by the Association for use as Restricted Common Properties, shall lose their character as Restricted Common Properties upon the expiration of such leases. The Restricted Common Properties shall include, but are not limited to (1) areas between the lot line and state owned beaches and marshes below the mean high water mark adjacent to lots fronting thereon, estimated to contain approximately 25 acres; and (2) the Whooping Crane Pond conservancy of approximately 137 acres.

(k) "Private Open Space" shall mean land designated on recorded plats, which is subject to an easement of enjoyment limited to Owners and their guests and tenants of property contiguous and adjacent to such land.

(l) "Private Recreational Property" shall mean and refer to those parcels or tracts of land conveyed by the Company to third parties under Covenants and Restrictions permitting or requiring development and operation of such property as a private-member recreational facility for golf, tennis, hand ball or similar recreational activity to be a private facility located within the Properties, the membership criteria of which shall be totally selected and determined by the governing body of such private recreational property. Any such "Private Recreational Property" has imposed upon it Covenants running with the land which provide such restrictions to reasonably ensure aesthetic control regarding the Property so transferred.

(m) "Owner" shall mean and refer to the Owner as shown by the real estate records in the Office of the Clerk of Court for Beaufort County, South Carolina, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot, Family Dwelling Unit, Multi-Family Tract, Public and Commercial Site, Public and Commercial Unit, Development Unit Parcel, or Unsubdivided Land situated upon the Properties but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

In the event that there is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, a long-term contract of sale covering any lot or parcel of land within the Properties, the Owner of such lot or parcel of land shall be the purchaser under said contract and not the fee simple titleholder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond 9 months from the date of the contract, and where the purchaser does not receive title to the property until such payments are made although the purchaser is given the use of said property.

(n) "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Section 1 of Article III hereof.

(o) "Family Dwelling Unit" shall mean and refer to any improved property intended for use as a single-family dwelling, including any single family detached dwelling, patio home, condominium unit, townhouse unit, cooperative apartment unit, or apartment unit.

(p) "Public and Commercial Unit" shall mean and include any improved parcel of land within the Properties which is intended and designed to accommodate public, commercial or business enterprises to serve residents and guests of Hilton Head Plantation and/or the public, including but not limited to all those enterprises enumerated in subparagraph (f) above.

(q) "Improved Property" shall mean a parcel of land on which the improvements constructed thereon have their roof and windows installed.

(r) "Residential Lot" shall mean any unimproved parcel of land located within the Properties, which is intended for use as a site for a single family detached dwelling, townhouse, or patio dwelling as shown upon any recorded final subdivision map of any part of the Properties. Property shall not be classified for the purposes of the covenants and the annual assessments as a Residential Lot until the first day of January after the recording of a plat in the office of the Clerk of Court of Beaufort County, South Carolina showing such Residential Lot.

(s) "Multi-Family Tract" shall mean any unimproved parcel of land located within the Properties, intended for use as sites for multi-family dwellings including, without limitations, condominium regimes, cooperative apartments, or apartments. For the purposes of this Declaration, a parcel of land shall not be deemed a "Multi-Family Tract" until such time as a plat identifying such property for multi-family use is recorded in the Office of Clerk of Court of Beaufort County, South Carolina.

(t) "Public and Commercial Site" shall mean any unimproved parcel of land within the Properties, intended for use as a site for improvements designed to accommodate commercial or business enterprises to serve residents and guests of Hilton Head Plantation and/or the public, including but not limited to business and professional offices, facilities for the retail sale of goods and services, social clubs, restaurants, inns, lounges, indoor recreational facilities, marinas, and automobile parking facilities; provided, however, that a parcel of land shall not be deemed a "Public and Commercial Site" until such time as a plat identifying such property as a public or commercial site is recorded in the Office of the Clerk of Court of Beaufort County, South Carolina.

(u) "Development Unit Parcels" shall mean and refer to those parcels or tracts of land of five (5) acres or more conveyed by the Company to third parties under covenants and restrictions permitting the division of such parcel or tract into smaller units such as Residential Lots, Multi-family Residential Tracts, or Public and Commercial Sites.

"Unsubdivided Land" shall mean and refer to all land in the existing property described in Article II hereof, and additions thereto, as are subjected to this Declaration or any Supplemental Declaration under the provisions of Article II hereof which has not been subdivided into Residential Lots, Multi-Family Residential Tracts, Public and Commercial Sites, or Development Unit Parcels, through metes and bounds subdivision plats filed for record in the Office of the Clerk of Court of Beaufort County, South Carolina. For the purposes of this Declaration, the following classifications of Property shall not be deemed "Unsubdivided Land" and shall be expressly excepted from the definition thereof.

- (1) All lands committed to the Association through express written notification by the Company to the Association of intent to convey.
- (2) All lands designated on the Master Plan for intended use, or by actual use if applicable, for outdoor recreation facilities, operating farms, woodland, marsh and swamp conservancies, medical centers, hospitals, clinics, nursing, care, rest and convalescent homes and charitable institutions.
- (3) All lands below the mean high water mark.
- (4) All lands designated in any way as Common Properties or Restricted Common Properties.

Article II: Existing Property & Additions or Deletions Thereto

Section 1. Existing Property.

The real property, which is, and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to this Declaration, is described as follows:

All that tract or parcel of land, situated, lying and being on Hilton Head Island, Beaufort County, South Carolina, which is more particularly described in Exhibit "A" attached hereto and by specific reference made a part hereof.

Section 2. Additions to or Deletions from the Properties.

Additions to or deletions from the Properties may be made upon receiving three fourths (3/4) of the Member vote in accordance with the procedure in Article VI of the By-Laws. In the case of an addition, the Association shall file or record an addendum to the Declaration and the Land Use Restrictions and Protective Covenants with respect to the additional property, which shall extend the operation and effect of these documents to such additional property.

Section 3. Mergers and Consolidations.

Upon merger or consolidation of the Association with another association, as provided for in the By-Laws of the Association, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligation of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the existing property, together with the covenants and restrictions established upon any other properties, as one plan. No merger or consolidation shall effect any revocation, change or addition to the covenants established by this Declaration within the Existing Property, including, without limitation, the maximum limits on assessments and dues of the Association, or any other matter substantially affecting the interests of Members of the Association.

Article III: Membership & Voting Rights in the Association

Section 1. Membership.

Every Owner shall be a Member of the Association. The Hilton Head Plantation Company, Inc., may be a Member of the Association by virtue of property ownership within Hilton Head Plantation.

An Owner shall automatically become a member of the Association upon taking title to his property and shall remain a member for the entire period of ownership. As may be more fully provided below, a spouse of a member may exercise the powers and privileges of the member. Membership does not include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to the property and shall be transferred automatically by conveyance of that property and may be transferred only in connection with the transfer of title.

Section 2. Entity Members.

In the event an Owner is a corporation, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director, or other designated agent of such corporation, partner of such partnership, beneficiary or other designated agent of such trust, or manager of such other legal entity shall be eligible to represent such entity in the affairs of the Association. Such person's relationship with the Association shall terminate automatically upon the termination of such person's relationship with the entity, which is the Owner. This will create a vacancy in any elected or appointed position within the Association in which such person may have been serving.

Section 3. Voting Rights.

The Association shall have four types of regular voting membership:

-TYPE "A" - Type "A" Members shall be all those Owners of Residential Lots and any type of Family Dwelling Units, whether detached or multi-family. A Type "A" Member shall be entitled to two votes for each Family Dwelling Unit, which he owns. An owner of a Residential Lot upon which a Family Dwelling Unit has not been constructed shall be entitled to one vote for each Residential Lot, which he owns. It is the intent of this provision that so long as property qualifies as a Residential Lot by virtue of the fact that improvements have not been constructed thereon the owner thereof shall have only one vote; but that once improvements are constructed on said Lot and it loses its character as a Residential Lot and becomes a Family Dwelling Unit, the Owner thereof shall have a total of two votes for the ownership of such property. If a Family Dwelling Unit is constructed on more than one (1) Residential Lot, the Owner shall have two (2) votes for the Family Dwelling Unit and one (1) lot and one (1) additional vote for each other Residential Lot comprising a part of the total consolidated home or building site.

-TYPE "B" - Type "B" Members shall be all those owners, of platted Public or Commercial Sites and Multi-Family Tracts. A Type "B" Member shall be entitled to one vote for each one-fourth (0.25) of one acre contained in the Public or Commercial Site(s) or Multi-Family tract(s) which such Member owns, provided, however, that in computing the number of votes such Member shall have, the area contained in such property shall be rounded off to the nearest 0.25 of an acre.

-TYPE "C" - Type "C" Members shall be all such owners, of Public and Commercial Units and Private recreational property. All Type "C" Members shall be entitled to One (1) vote for each amount in annual assessments paid to the Association equal to the amount currently assessed to and paid by the owner of a residential lot upon which a family dwelling unit has not been constructed. In computing the amount of votes that such an owner shall have, the amount of assessments will be rounded off to the nearest multiple of the assessment for a residential lot.

-TYPE "D" - Type "D" Members shall include all those owners of Unsubdivided Lands and Development Unit Parcels held and intended for future development. A Type "D" Member shall be entitled to One (1) vote for each amount in annual assessments paid to the Association equal to the amount currently assessed to and paid by the owner of a residential lot upon which a family dwelling unit has not been constructed. In computing the amount of votes that such an owner shall have, the amount of assessments will be rounded off to the nearest multiple of the assessment for a residential lot.

When any property entitling the Owner to membership as a Type "A", "B", "C" or "D" Member of the Association is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the secretary of the Association, their acts with respect to voting shall have the following effect:

- (1) If only one vote, in person or by proxy, his act binds all;
- (2) If more than one vote, in person or by proxy, the act of the majority so voting binds all;
- (3) If more than one vote in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled its proportionate share of the vote or votes;
- (4) If the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or even split for purposes of this paragraph shall be a majority or even split in interest;

The principles of Section 3 paragraph shall apply, insofar as possible, to the execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

The Type "A", "B", "C" and "D" Members are sometimes hereinafter collectively referred to as the "Members."

Section 4. Board of Directors.

A Board of Directors consisting of a nine (9) shall govern the Association or eleven (11) members as determined by the Board. The positions will be filled by those receiving the largest number of votes in accordance with Article VII, Section 6 of the By-Laws. There shall be no cumulative voting.

Section 5. Members Right to Approve or Disapprove Certain Board Actions.

Where specifically provided for in the Declaration, the Members shall have the power to approve or reject certain actions by written ballot in accordance with the procedures in Article VI of the By-Laws. In the event of a dispute as to whether a Member vote is required, the following action may be taken: Within sixty (60) days after the adoption by the Board of any action which is, in the opinion of the Members, subject to a Member vote, a petition signed by not less than twenty-five percent (25%) of the total membership of the Association may be filed with the Secretary of the Association requesting that any such action be submitted to a vote of the Members.

Article IV: Property Rights in the Common Properties

Section 1. Easements for Use and Enjoyment.

Every member and every tenant and guest of a member shall have a right and easement of ingress and egress, use, and enjoyment in and to the Common Properties which shall be appurtenant to and shall pass with the title to his property. Any member who leases his property shall be deemed to have delegated his rights under this Article I to the lessee of the property. This easement shall be subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Properties and Restricted Common Properties; to limit the number of guests of members and tenants who may use the Common Properties and Restricted Common Properties; and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by a Member, his or her family, tenants, guests, and invitees.

(b) the right of the Association to suspend the voting rights of a Member and the right of a Member to use the recreational facilities in the Properties for any period during which any assessment against his property which is provided for herein remains unpaid and for a reasonable period of time for an infraction of the Declaration, Covenants, By-Laws, or rules and regulations.

(c) the right of the Association to enforce Declarations, Covenants, By-Laws, and rules and regulations promulgated by the Board.

(d) the right of the Association to borrow money as may be set forth in the By-Laws. The lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for any Property or Property Owner or the holder of any Mortgage, regardless of when executed, which encumbers any property located within the Property. Any provision in this Declaration or in any such mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of any property or Member or the holder of any Mortgage, regardless of when executed, which encumbers any Lot or other property located within the Property.

(e) the right of the Association to dedicate or transfer, to any public or private utility, utility easements or any other required easements on any part of the Common Properties and Restricted Common Properties.

(f) the right of the Association to charge a reasonable fee or toll for the use of the roads belonging to the Association, provided, however, that such rights of the Association shall not be construed to impair or qualify an Owner's rights of ingress and egress to his property. The Board shall have full discretion to determine the amount of the fee or toll for use of said roads; provided, however, that such fee or toll shall be limited to an amount which generates sufficient sums to the Association to cover the cost of the operation of entry control security stations; to repair, rehabilitate, resurface and otherwise maintain said roads; to provide for the maintenance and clean-up of right-of-ways; to provide drainage along said roads and to provide for motorized security patrols. The Board shall further have the power to place any reasonable restrictions upon the use of the Association's roads, subject to an Owner's right of ingress and egress, including but not limited to the type and size of vehicles permitted to use said roads, the maximum and minimum speeds of vehicles using said roads, all other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. The fact that such restrictions on the use of the roads shall be more restrictive than the laws of any state or local government having jurisdiction over the Properties shall not make such restrictions unreasonable.

The Association may supplement, with an allocation of a portion of the receipts from the annual assessment on the property, the funds (if any) received from road use fees or tolls to carry out the functions and activities as discussed in this paragraph.

(g) the right of the Association to give or sell all or any part of the Common Properties and Restricted Common Properties, including lease-hold interests, to any public agency, authority, public service district, utility or private concern or to make additions thereto for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift, sale, acquisition, or determination as to the purposes or as to the conditions thereof shall be effective unless such dedication, transfers and determinations as to purposes and conditions shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast in accordance with Article VI of the By-Laws . A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President and Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties or Restricted Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership. The above may not apply in the event of condemnation by a public entity.

Section 2. Easement for Utilities and for Entry.

(a) Easement for Utilities. There is hereby reserved to the Association blanket easements upon, across, above and under all property within the Property for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Property or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other services such as, but not limited to, a master television antenna system, cable television system, or security system which the Association may have installed to serve the Property. It shall be expressly permissible for the Association or its designee, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

(b) Easement for Entry. The Association shall have an easement to enter onto any property for emergency, security, safety, and for other purposes reasonably necessary for the proper maintenance and operation of the Property, which right may be exercised by the Board, officers, agents, employees, managers, and all police officers, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after notice to the Owner or occupant. This right of entry shall include the right of the Association to enter a

property to cure any condition, which may increase the possibility of a fire or other hazard in the event that an Owner fails or refuses to cure the condition upon request by the Board.

Article V: Assessments

Section 1. Power and Purpose of Assessments.

The Association shall have the power to levy assessments as provided for herein. The assessments for Common Expenses shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and occupants as may be authorized by the Board.

Section 2. Creation of the Lien and Personal Obligations of Assessments.

Each Owner of any Residential Lot, Family Dwelling Unit, Multi-Family Tract, Public and Commercial Site, Public and Commercial Unit, Development Unit Parcel, or Unsubdivided Land, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all terms and provisions of this Declaration and to pay to the Association: (1) Annual assessments or charges; and (2) Special assessments or charges for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special assessments together with such interest or late charges thereon and costs of collection therefore as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such assessment is made. Each such assessment, together with such interest or late charges thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such real property at the time the assessment first became due and payable. In the case of co-ownership of a Residential Lot, Family Dwelling Unit, Multi-Family Tract, Public and Commercial Site, Public and Commercial Unit, Development Unit Parcel, or any Unsubdivided Land, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 3. Application of Minimum and Maximum Assessment.

There shall be a minimum and a maximum annual assessment range as set forth in the schedule herein below. The minimum annual assessment shall be levied unless the Board of the Association determines that the important and essential functions of the Association may be properly funded only by an assessment above the minimum but not more than the maximum annual assessment for that year. The assessment amount approved by the Board each year shall be known as the annual assessment and shall in no event exceed the applicable maximum annual assessment.

The annual assessment minimum and maximum amounts shall be the sums calculated in accordance with the following schedule as may be increased in each instance by an inflation adjuster as set forth in paragraph "m" herein below.

Note: 1997 figures. May change annually by Board vote under paragraph "m" or "n".

Category	Minimum Annual Assessment	Maximum Annual Assessment
----------	---------------------------	---------------------------

Note: 1997 figures may change annually by Board vote under paragraph "m" or "n"

(a) Residential Lots:	\$273.00 per lot	\$547.00 per lot
(b) Family Dwelling Unit:	\$457.00 per unit	\$911.00 per unit
(c) Public and Commercial Unit	\$.58/sq. ft. of enclosed heated and air-conditioned space	\$1.16/sq. ft. of enclosed heated and air-conditioned space
(1) Motels, inns, and any		

other commercial facility offering year-round overnight transient accommodations:

(2) Other Commercial Units operated for profit, (restaurant retail store, real estate sales office etc.):	\$.58/sq. ft. of enclosed heated and air-conditioned	\$1.16/sq. ft. of enclosed heated, and air-conditioned
---	--	--

(3) Commercial Office Space:	\$.58/sq. ft. of enclosed heated and air-conditioned space	\$1.16/sq. ft. of enclosed heated and air-conditioned space
	5.71% of gross receipts	11.41% of gross receipts

(4) All agencies renting bicycles, automobiles, electric carts, or other vehicles within the properties shall pay an assessment on their site, whether owned or leased, of:

(5) Outdoor Recreation Facilities:	2.28% of revenues from hourly, daily, or weekly user fees	4.57% of revenues from, hourly, daily, or weekly user fees
------------------------------------	---	--

For purposes of the above assessment hourly, daily, or weekly user fees shall be strictly construed to exclude any annual Member dues or initiation fees.

(d) Private Recreational Property:	\$79.00 per acre or 1% of annual operating budget, whichever is greater	\$158.00 per acre or 1% of annual operating budget, whichever is greater
------------------------------------	---	--

(e) All Unsubdivided Land contained within the property:	\$58.00/acre	\$118.00/acre
--	--------------	---------------

(f) Multi-Family Tract:	.58% of bona fide sales price	1.16% of bona fide sales price
-------------------------	-------------------------------	--------------------------------

(g) Public and Commercial Site:	.58% of bona fide sales price	1.16% of bona fide sales price
---------------------------------	-------------------------------	--------------------------------

(h) All Development Unit Parcels contained within the property:	.58% of bona fide sales price	1.16% of bona fide sales price
---	-------------------------------	--------------------------------

For purposes of (f), (g), and (h) assessments, "bona fide sales price" shall be the sales price at which the Company originally conveyed such property, or its successors or assigns, to a third party purchaser.

- (i) The Company shall pay as assessments one percent (1%) of land sales contracts entered into by the Company for sale of its own land (but not brokerage accounts) for Residential Lots, Multi-Family Tracts, and Public or Commercial Sites, as such sales are recognized as current (rather than deferred) revenues in accordance with generally accepted accounting practices. For voting purposes, this provision shall be construed to mean that the Company shall be considered a Type "C" Member by virtue of its payment of this assessment and, as such, entitled to one (1) vote for each amount in annual assessments paid to the Association equal to the amount currently assessed to and paid by the owner of a residential lot upon which a family dwelling unit has not been constructed. In computing the amount of votes that such an owner shall have, the amount of assessments will be rounded off to the nearest multiple of the assessment for a residential lot.
- (j) For purposes of these assessments and voting rights hereunder, a property will be classed as unimproved, and not as a Family Dwelling Unit or Public or Commercial Unit until roof and windows have been installed; and assessment at the improved property rate shall begin on the next January 1st thereafter.
- (k) The Company will provide to the Association upon request a copy of all plats of Hilton Head Plantation properties recorded at the Office of the Clerk of Court, Beaufort County, by the Company.
- (l) The assessments charged by the Association shall be rounded off to the nearest dollar.
- (m) From and after January 1, 1997, the minimum and maximum annual assessment may be increased each year by the Board by an amount not in excess of five percent (5%) per year, or the percentage increase between the first month and the last month on an annual assessment period in the Consumer Price Index, U.S. City Average, All Items (1967-100) (hereafter "C.P.I.") issued by the U.S. City Average, Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas" whichever of these two percentage figures is larger, unless three-fourths (3/4) of the votes cast in accordance with Article VI of the By-Laws, vote to increase or decrease the minimum and maximum annual assessment. 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. Any increase or decrease in the amount of the minimum or maximum annual assessment shall be made in such a manner that the proportionate increase or decrease in such minimum or maximum annual assessment is the same for Owners of Residential Lots, Family Dwelling Units, Multi-Family Tracts, Public and Commercial Sites, Public and Commercial Units, Development Unit Parcels, Unsubdivided Land or Private Recreational Property
- (n) The Board may, after consideration of current costs and future needs of the Association, fix the annual assessment for any year at an amount less than the applicable minimum annual assessment; but such action shall not constitute a waiver by the Association of its right to revert to an assessment within the minimum and maximum annual assessment range in subsequent years. However, if the Board fixes such an assessment at an amount less than the minimum and it subsequently is determined by the Board that the amount assessed will not be sufficient, the Board shall have the power to make a supplemental annual assessment; but in no event shall the sum of the initial and supplemental annual assessment in any one year exceed the applicable maximum annual assessment. Any time the annual assessment levied by the Board is less than the minimum annual assessment such decrease shall be apportioned among the Owners of Residential Lots, Family Dwelling Units, Multi-Family Tracts, Public and Commercial Sites, Public and Commercial Units, Development Unit Parcels, Unsubdivided Land, and Private Recreational Property, such that the proportionate decrease received by each type of Owners of the various types of property may be altered only by the favorable vote of ninety percent (90%) of the votes cast in accordance with Article VI of

the By-Laws and with a ninety percent (90%) approval by the Members of each type of membership whose proportionate share is being altered.

Section 4. Special Assessments for Improvements and Additions.

In addition to the annual assessments authorized by Section 3 hereof, the Association may levy special assessments for (a) construction, reconstruction, repair, or replacement of capital improvements upon the Common Properties, including the necessary fixtures and personal property related thereto, (b) additions to the Common Properties or Restricted Common Properties, (c) to provide for the necessary facilities and equipment to offer the services authorized herein, or (d) to repay any loan made to the Association to enable it to perform the duties and functions authorized herein, provided that such assessments shall be approved by the members by written ballot in accordance with the provisions in Article VI of the By Laws. However, additions to the Common Properties or Restricted Common Properties requires approval by three-fourths (3/4) of the Member votes.

Owners of each type of property shall pay a special assessment in an amount that is proportionate to their share for annual assessments. Such special assessment in any one year may not exceed the amount of the maximum annual assessment for such year except for emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss.

Section 5. Budget Reserve.

The Board may establish funds equal to fifteen percent (15%) of its receipts from its annual assessments to be held in reserve in an interest drawing account or investments as a reserve for (a) major rehabilitation or major repairs, and (b) for emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss.

Section 6. Responsibility of the Board.

Unless otherwise provided herein the Board shall prior to January 1 of each assessment year:

- (a) assess all property according to its character as of January 1 of the assessment year,
- (b) determine the applicable Minimum and Maximum assessments and the actual amount of assessment of each type of property,
- (c) fix the date upon which assessment notices are to be sent to the property owners,
- (d) fix the date upon which the assessments shall become due and payable, but not less than 30 days after the assessment notices are sent to the property owners,
- (e) determine whether the annual assessment may be paid in more than one installment, and if so, on what terms,
- (f) confirm that the collection and Late Charge program described in Section 7 hereafter continues to be applicable,
- (g) cause to be prepared an index of the properties and assessments applicable thereto, which shall be open to inspection by any property owner.

The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effect of Non-Payment of Assessment:

The Personal Obligation of the Owner, the Lien, Remedies of Association. An assessment not paid on or before the due date established by the Board shall be delinquent.

The Association may bring an action at law against Owners personally for the collection of delinquent assessments. There shall be added to delinquent assessment amounts, until judgment, the late charges as hereinafter provided, along with the costs of preparing and filing the complaint in such action. In the event a judgment is obtained, such judgment shall include interest on the assessment amount at the rate of eighteen percent (18%) per annum, or the maximum rate as permitted by the laws of the State of South Carolina, and reasonable attorney fees to be fixed by the court, together with the costs of the action. Those assessments not paid on or before the due date shall be delinquent and a late charge will be added to the assessment as follows:

- (a) If payment is received within thirty (30) days after the due date, the late charge shall be fifteen percent (15%) of the assessment, which amount shall be added thereto and shall be collectable as a part of said assessment.
- (b) If payment is received more than thirty (30) days after the due date, but on or before sixty (60) days after the due date, the late charge shall be twenty-one percent (21%) of the assessment, which amount shall be added thereto and shall be collectable as a part of said assessment.
- (c) If payment is received more than sixty (60) days after the due date, but on or before ninety (90) days after the due date, the late charge shall be twenty-six percent (26%) of the assessment, which amount shall be added thereto and shall be collectable as a part of said assessment.
- (d) If payment has not been received within (90) days after the due date of any assessment, the assessment, together with the applicable late charge as set forth in the immediately preceding paragraph ©, shall begin to accrue a continuing late charge of one and one-half percent (1 1/2%) per month of such amount, compounded monthly, until payment of all assessments, together with all late charges, attorney fees, and the cost of the action are received.

All unpaid obligations resulting from a delinquent assessment shall become a charge and continuing lien on the land and all improvements thereon. Such amount shall also be the personal obligation of the person who is the owner of such Lot at the time when the assessment fell due. Each owner and his grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance.

In addition to the rights set forth above, the Board may suspend the membership rights of any Owner for the period during which the Owner's delinquent assessment remains unpaid. Upon payment of such assessment and late charges and all judgment amounts, the Owner's suspended membership rights shall be automatically restored. Provided, however, that this provision, stated immediately above, shall not be interpreted as empowering the Board to suspend the Owner's rights of access to the assessed property or to use the roads within the Plantation.

Section 8. Subordination of the Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding or deed in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments accruing after conveyance by mortgage to a subsequent owner.

Section 9. Exempt Property.

The following property, individuals, partnerships or corporations, subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

- (a) The grantee in conveyances made for the purpose of granting utility easements;
- (b) All Common Properties and Restricted Common Properties
- (c) Property which is used for any of the following purposes:

- (1) Maintenance and service of facilities within the properties;
- (2) Operating farms; woodland, marsh and swamp conservancies; hospitals, clinics, nursing care, rest and convalescent homes; facilities of non-profit associations; and charitable institutions;
- (3) All lands below the mean high water mark.

Section 10. Annual Statements.

The Board shall cause an annual audit of the Association's finances to be performed. Copies of said annual audit may be mailed to the members at the discretion of the Board or shall be available at the Association's office during normal business hours for review.

Article VI: Functions of the Association

Section 1. Ownership and Maintenance of Common Properties and Restricted Common Properties.

The Association shall be authorized but not required to own and maintain Common Properties and Restricted Common Properties, equipment, furnishings, and improvements devoted to the following uses:

- (a) for roads or roadways, and parkways along said roads or roadways throughout the Properties;
- (b) for sidewalks, walking paths, or trails and leisure paths throughout the properties;
- (c) for transportation facilities throughout the Properties other than privately owned automobiles, e.g., buses, electric vehicles, etc.;
- (d) for police protection and security including police, guardhouses and police equipment; and buildings used in maintenance functions;
- (e) for emergency health care including ambulances and emergency care medical facilities and the equipment necessary to operate such facilities;
- (f) for purposes set out in deeds or long-term leases by which Common Properties and Restricted Common Properties are conveyed or leased to the Association, provided that such purposes shall be approved by the Members of the Association as set forth in Article IV, Section 1 (g);
- (g) for lakes, lagoons, play fields, tennis and golf facilities, historic parks, wildlife areas, fishing facilities, open spaces, wildlife conservancies other recreational facilities of any nature; and community meeting facilities serving the Properties;
- (h) for water and sewage facilities and any other utilities, if not provided by a private utility or public service district;
- (i) for insect control within the Plantation;
- (j) for drainage facilities serving the Plantation;
- (k) for providing any of the other services which the Association is authorized to offer under Section 2 of this Article.

Section 2. Services. The Association shall be authorized but not required to provide the following services:

- (a) cleanup and maintenance of all roads, roadways, parkways, lakes, lagoons and other Common Properties and Restricted Common Properties, within the Properties and also all public properties which are located within or in a reasonable proximity to the Properties such that their deterioration would affect the appearance of the Properties as a whole;
- (b) lighting and/or landscaping of roads and parkways, sidewalks and walking paths and any other Common Properties or Restricted Common Properties;
- (c) internal transportation facilities other than privately owned automobiles, e.g., buses, electric vehicles, etc.;
- (d) police protection and security, including but not limited to the employment of police and security guards, maintenance of electronic and other security devices and control centers for the protection of

persons and property within the Existing Property, and assistance in the apprehension and prosecution of persons who violate the laws of South Carolina within the Properties;

- (e) fire protection and prevention;
- (f) garbage and trash collection and disposal;
- (g) insect and pest control to the extent that it is necessary or desirable in the judgment of the Board to supplement the service provided by the state and local governments;
- (h) maintenance of lakes and lagoons located within the properties, including the stocking of such lakes and lagoons;
- (i) to take any and all actions necessary to enforce all covenants and restrictions affecting the Properties and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Properties;
- (j) to operate an Architectural Review Board;
- (k) improvement of fresh and salt water fishing available to Members within the Properties;
- (l) to conduct recreation, sport, craft, and cultural programs of interest to Members, their children and guests;
- (m) to provide legal and scientific resources for the improvement of air and water quality within the Properties;
- (n) to maintain water search and rescue boats for the protection and safety of those in the waters located on or adjacent to the Properties;
- (o) to provide safety equipment for storm emergencies;
- (p) to construct improvements on Common Properties, or Restricted Common Properties, for use for any of the purposes or as may be required to provide the services as authorized in this Article;
- (q) to provide administrative services including but not limited to: legal; accounting and financial; and communication services informing Members of activities, notice of meetings, etc., incident to the above listed services;
- (r) to provide liability and hazard insurance covering improvements and activities on the Common Properties, Restricted Common Properties, and Purchased Common Properties;
- (s) to provide insurance to indemnify Officers and Directors;
- (t) to provide water, sewage and any necessary utility services;
- (u) to provide, conduct, or maintain shoreline erosion abatement measures including, without limitation, maintenance and repair of shore revetments and groins, nourishment of beaches with sand reclaimed from drift deposits from the beach or adjacent areas or other sources, and the employment of consultants who are specialists in that field, as may be needed, in the judgment of the Board; and
- (v) the services or coverage necessary or desirable in the judgment of the Board to carry out the Association's obligations and business under the terms of this document.

Section 3. Mortgage and Pledge.

The Board shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions subject to Article IX, Section 3 of the By-Laws.

Article VII: Architectural Control

Section 1. Establishment of the Architectural Review Board.

The Board shall establish an Architectural Review Board (hereinafter the ARB) as a function of the Association. The Board will establish the ARB's mission and authority. Subject to the Board's approval, the ARB will develop Guidelines, Review Procedures, Rules and Regulations. The ARB shall have the authority to (a) review plans and approve or disapprove all plans for real property improvements, (b) accept property owners' compliance

deposits, (c) establish and collect fees, (d) assess fines subject to the Board's approval, and (e) other functions as designated by the Board.

Section 2. Review and Approval of Plans.

The ARB shall review for approval the plans and specifications for new construction, additions, alterations, landscaping and drainage on all residential lots, Common Properties, and Restricted Common Properties.

- (a) No building, wall, fence, swimming pool or any other structure shall be commenced, erected or maintained upon any residential lot or lots, Common Properties or Restricted Common Properties without written approval from the ARB.
- (b) No significant alteration to landscaping shall be done nor shall any exterior addition to or alteration to, including re-staining or re-roofing, any existing structure be done until the plans and specifications thereof have been approved in writing by the ARB.
- (c) Plans and specifications must show the nature, kind, shape, height, materials, finishes, colors, and location of all buildings, additions, alterations, landscaping, or changes to any of them.
- (d) The standard of approval of such improvements shall include but not be limited to aesthetic consideration, materials to be used, harmony with the external design of the existing buildings, lots, structures and the location in relation to surrounding structures and topography.
- (e) As a condition of approval for an architectural change, modification, addition, or alteration, an Owner, on behalf of himself and his successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement and insurance to and on such change, modification, addition, or alteration. In the discretion of the Board or the ARB, an Owner may be made to verify such condition of approval of himself and all successors-in-interest.
- (f) Review and approval of any application pursuant to this paragraph may be made on any basis, including solely the basis of aesthetic considerations, and neither the Board nor the ARB shall bear any responsibility for ensuring the design, quality, structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes, zoning regulations and other governmental requirements. Neither the Board, the ARB, or any member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner, design, or quality of approved construction or modifications to any Property.
- (g) In respect to waiver of future approvals each Owner acknowledges that the members of the Board and the ARB will change from time to time and that interpretation, application and enforcement of the architectural standards may vary accordingly. The approval of either the Board or the ARB of any proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval of the Board or the ARB shall not constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

In addition to the above, the Board shall have the authority and standing, on behalf of the Association, to impose reasonable fines and to pursue all legal and equitable remedies available to enforce the provisions of this paragraph and its decisions or those of the ARB.

If an Owner or Occupant makes any exterior change, alteration, or construction (including landscaping) upon the Common Property in violation of this Paragraph, he or she does so at his or her sole risk and expense. The Board may require that the change, alteration or construction remain on the Common Property without reimbursement to the Owner or Occupant for any expense he or she may have incurred in making the change, alteration, or construction.

Article VIII: General Provisions

Section 1. Duration and Ability to Terminate.

This Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of twenty-five (25) years from the date this Declaration becomes effective and shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited 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; provided, however, that there shall be no renewal or extension of this Declaration if, during the last year of the initial 25 year period or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4) of the votes cast in accordance with Article VI of the By-Laws and Section 3 of this Article vote in favor of terminating this Declaration at the end of its then current term. . It shall be required that written notice of any vote at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given each Member at least 30 days in advance of said vote. In the event that the Association votes to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date vote on which such resolution was adopted, the date that notice of such vote was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum, the number of votes necessary to adopt a resolution terminating the Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be recorded in Official Real Estate Records for Beaufort County, South Carolina and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendment Procedure.

This Declaration may be amended at any time as follows: All proposed amendments shall be submitted to a vote of the Members in accordance with Article VI of the By-Laws and Section 3 of this Article; and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast vote in favor of such proposed amendment. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the certification of the election results), the date ballots were distributed and the deadline for their receipt, the number of responses needed to meet the quorum requirements, the percentage of votes needed for approval, and the number of votes cast for and against the amendment. Such Addendum shall be recorded in the Official Real Estate Records of Beaufort County, South Carolina.

Section 3. Quorum for Termination or Amendment.

The quorum required for any action authorized to be taken by the Association under Sections 1 and 2 shall be as follows:

The first time any vote of the Members is called to take action, the participation of the Members or proxies entitled to cast more than fifty percent (50%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming, a second vote may be called subject to the giving of proper notice; and the required quorum for such subsequent vote shall be the participation of Members or proxies entitled to cast forty percent (40%) of the total vote of the Association.

Section 4. Notices.

Any notice required to be sent to any Member or Owner under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the last known address of the person or entity who appears as Owner in the public records of Beaufort County, South Carolina, on the first day of the calendar month in which said notice is mailed. Notice to one of

two or more co-owners of a Residential Lot, Family Dwelling Unit, Multi-Family Tract, Public and Commercial Site, Public and Commercial Unit, Development Unit Parcel, Unsubdivided Land or Private Recreational Property shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes an Owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 5. Enforcement. The Association shall have the rights of enforcement as provided below:

(a) Authority and Enforcement. Upon the violation of the Declaration, the Covenants, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments, the Board shall have the power (1) to impose reasonable monetary fines which shall constitute an equitable charge and a continuing lien upon the Lot or Dwelling, (2) to suspend an Owner's right to vote in the Association, or (3) to suspend an Owner's right (and the right of such Owner's family, guests, and tenants and of the co-Owners of such Owner and their respective families, guests, and tenants) to use any of Recreational Amenities; and the Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants or by his Co-Owners or the family, guests, or tenants of his Co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter not to exceed sixty (60) days.

(b) Due Process Procedure. Unless an Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association, in which case such penalties shall be automatic, the Board shall not impose a fine or suspend the right to vote or to use the Common Property unless and until notice of the violation is given as provided in subsection (1) below. Any such penalties may be effective or commence upon the sending of such notice or such later date as may be set forth in such notice, notwithstanding the violator's right to request a hearing before the Board to challenge such penalties under subsection (2) below.

(1) Notice. If any provision of the Declaration, the Covenants, the By-Laws, or any rule or regulation of the Association is violated, the Board shall serve the violator with written notice sent certified mail, return receipt requested, which shall state: (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a statement that the violator may challenge the fact of the occurrence of a violation, the proposed sanction; or both, by written challenge and written request for a hearing before the Board, which request must be received by the Board within ten (10) days of the date of the notice; (iv) the name, address, and telephone number of a person to contact to challenge the proposed action. If a timely challenge is made and the violations cured within ten (10) days of the date of the notice, the Board, in its discretion, may, but is not obligated to waive any sanction or portion thereof. In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense; and fines may be imposed on a per diem basis without further notice to the violator.

(2) Hearing. If the alleged violator timely challenges the proposed action, a hearing before the Board shall be held in executive session affording the violator a reasonable opportunity to be heard. The hearing shall be set at a reasonable time and date by the Board, and notice of the time, the date and place of the hearing, and an invitation to attend the hearing and produce any statements, evidence, and witnesses shall be sent to the alleged violator. The date shall be not less than ten (10) days from the giving of notice without the consent of the alleged violator. The minutes of the meeting shall contain a written statement of the results of the hearing. This section shall be deemed complied with if a hearing is held and the violator attends and is provided an opportunity to be heard, notwithstanding the fact that the notice requirements contained herein are not technically followed.

(3) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board, may elect to enforce any provisions of the Declaration, the

Covenants, the By-Laws, or the rules and regulations by self-help which may include, but is not limited to, the towing of vehicles that are in violation of parking rules and regulations. The Association may initiate a legal proceeding to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth in Section 5 of this Article. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation for which abatement is sought shall pay all costs, including attorney's fees.

The Association or its duly authorized agents shall have the power to enter a property or upon any portion of the Common Property to abate or remove, using such force as may be reasonably necessary, any structure, thing, or condition which violates the Declaration, the By-Laws, or the rules and regulations. All costs of self help, including reasonable attorney's fee, shall be assessed against the violating property Owner.

Section 6. Severability.

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

Section 7. Interpretation.

The Board shall have the right to determine all questions arising in connection with this Declaration and to construe and interpret its provisions, and its determination, construction or interpretation, shall be final and binding. In all cases, the provisions of this Declaration shall be given that interpretation or construction that will best tend toward the consummation of the general plan of improvements. Wherever in the Declaration a pronoun is used in the masculine it shall be read and construed in the feminine or neuter as an alternative if applicable or more appropriate; and whether a word is used in the singular or plural it shall be read and construed as whichever would best apply.

Section 8. Authorized Action.

All actions, which the Association is allowed to take under this instrument, shall be authorized actions of the Association if approved by the Board in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provide otherwise.

Section 9. Result of Termination of Declaration.

If the Members of the Association should vote not to renew and extend this Declaration as provided for in Article VIII, Section 1, all Common Properties and Restricted Common Properties owned by the Association at such time shall be transferred to a Trustee appointed by the Court of Common Pleas of Beaufort County, South Carolina, which Trustee shall own and operate said Common Properties and Restricted Common Properties for the use and benefit of Owners within the Properties subject to the provisions of this Declaration.

Exhibit A Legal Description - Hilton Head Plantation

Exhibit B Amended By-Laws