

The following document is a representation of the *Declaration of Covenants, Restrictions and Limitations and Provisions for Membership in Palmetto Hall Plantation Owners' Association, Inc.* as amended. These Declarations have been amended fifteen (15) times. The First Amendment through the Ninth Amendment did not change any text in the Declarations. Text was changed by the Tenth Amendment (March 5, 2001); the Eleventh Amendment (February 7, 2002); the Twelfth Amendment (January 23, 2003); the Thirteenth Amendment (January 20, 2005); the Fourteenth Amendment (February 20, 2006); and the Fifteenth Amendment (January 30, 2007). Note: Article X, Section 10.9 was changed in the 10th amendment and again in the 11th amendment. Changes are shown in **bold type** with deleted text shown as ~~strikethrough~~ and inserted text shown as underlined. The amendment that changed the wording is shown as a superscript ^{7th 10th 12th}.

held, transferred, sold, devised, assigned, conveyed, given, purchased, leased, occupied, possessed, mortgaged, encumbered and used subject to these Covenants. These Covenants, the benefits of these Covenants, and the affirmative and negative burdens of these Covenants, whether pertaining to items, benefit-and obligations presently existing or to be created or executed in the future, do and shall, in equity and at law, touch and concern, benefit and burden, and run with the land and any estates in the land herein referred to as the Property, and these Covenants are intended to be covenants and servitudes burdening and benefiting all persons now or hereafter deriving a real property estate in the Property whether by assignment, succession or inheritance or other method of conveyance.

**PART ONE
GENERAL REFERENCES**

**ARTICLE I:
Definitions**

Section 1.1: Definitions. The following words and terms, when used in this Declaration, or any supplemental Declaration, unless the context clearly shall indicate otherwise, shall have the following meanings.

(a) "Architectural Review Board" ("ARB") means the architectural review board described in Section 3.2 of this Declaration.

(b) "Association" shall mean and refer to the Palmetto Hall Plantation Owners' Association, Inc., a South Carolina non-profit corporation which Declarant has formed or will cause to be formed.

(c) "Board" means the Board of Directors of the Association as defined in the By-Laws of the Association.

(d) "Common Property" shall mean and refer to those areas of land with any improvements thereon which are deeded to the Association and designated in said deed as Common Property. The term "Common Property" shall include any personal property acquired by the Association, if said property is designated as "Common Property." All Common Property are to be devoted to and intended for the common use and enjoyment of the Owners of the Properties. The term "Common Property" shall also refer to all areas provided for common use and enjoyment of Members, and designated as Common Property on the plats referred to in EXHIBIT "A" or any other approved plat or master plan evidencing a specific intent to designate Common Property, whether or not such property has been actually conveyed to the Association, and whether or not such Common Property are presently designated on the existing master plan or subsequently designated by Declarant, which shall be at Declarant's sole discretion.

Declarant may likewise modify any Common Property designation prior to actual conveyance to the Association, at Declarant's discretion.

(e) "Declarant" shall mean and refer to Greenwood Development Corporation and its successors and assigns other than purchasers of Lots within the Property.

(f) "Dwelling Unit" shall mean any improved property intended for use as a single family dwelling within the Property.

(g) "Lot" shall mean and refer to any parcel of land within the Property owned by Declarant at the date of this Declaration and intended to be conveyed in the future to others other than the Association, as well as to any previously conveyed parcel of land within the Property which may be voluntarily submitted to this Declaration by the execution and recording of appropriate amendments to this Declaration.

(h) "Member" shall mean and refer to all those Owners who are Members of the Association as provided herein.

(i) "Owner" shall mean and refer to the record Owner whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any Lots situated upon the Property, but shall not mean or refer to a mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of the Owner.

(j) "Property" shall mean and refer to the real property described in Article II hereof.

ARTICLE II:
Property Description/General Plan of Development

Section 2.1: The Property. The real property ("the Property") which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these Covenants, is described in EXHIBIT "A" to these Covenants.

Section 2.2: Additional Property. In addition to the Property described in Section 2.1 above, wherever used in these Covenants the term "the Property" shall also mean and refer to all property which may be contiguous to the Property or located nearby, If such property is voluntarily submitted hereunder by Declarant, without consent of the Association, or by the owner(s) of such property if Declarant is not the owner, with the consent of Declarant hereunder, its successors or assigns. The intent of this Section is that Declarant shall have the unrestricted right to submit additional property to these Covenants. Such submission of

additional property herein shall become effective upon filing a document of record in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, executed in recordable form, by the property owner and Declarant, describing such property and stating the intent to be bound hereby and submitted hereunder.

Section 2.3: Excluded Property. It is specifically noted by Declarant that as of the time of filing this Declaration, certain parcels or tracts of land lying within the overall conceptual master plan area known as Palmetto Hall Plantation, have not been included with the EXHIBIT "A" property and are not subject to the Covenants. Nonetheless, these properties may subsequently be developed by Declarant, at Declarant's sole discretion, or may be subsequently conveyed by Declarant as Common Property to the Association and at Declarant's discretion, at sometime in the future, be made subject to these Covenants. It is further disclosed by Declarant that certain parcels or tracts of land lying within the master planned area known as Palmetto Hall Plantation will be retained by Declarant for the purpose of operation of recreational amenities, including golf course facilities and that these specific properties may not be subject to the Declaration.

Section 2.4: General Plan of Development.

(a) For purposes of these Covenants the phrase "master plan" shall mean and refer to conceptual master plans, general land use maps, advertising brochures, designs and drawings commissioned by Declarant and prepared by landscape architects, planners, designers, engineers, graphic illustrators and artists and similar professionals displaying possible future uses of the Property, prepared as an aid for orderly development of the Property or as part of its communications with the public and property purchasers, or as part of its research programs undertaken by Declarant for future development of the Property. Declarant intends to develop the Property in accordance with its own conceptual master plan, as modified from time to time, as a residential community featuring recreational facilities, various amenities, and any other lawful activities which Declarant deems appropriate as uses for such property. Declarant reserves the right to review and modify its master plan at its sole option from time to time both prior to and after construction of any improvements.

(b) It is the intention of Declarant to convey to the Association the Common Properties as defined herein. In general, the timing of the conveyance shall be at Declarant's discretion. Once conveyed to the Association, these properties shall become Common Property. Declarant shall not be required to follow any pre-determined sequence or order of improvements and developments; and may bring within the plan of these Covenants additional lands and develop the same before completing the development of the Property.

(c) Other than as stated in this Section 2.4, Declarant shall have full power to add to, subtract from, or make changes in its master plan. No implied reciprocal equitable servitudes

or easements shall arise with respect to any lands retained by Declarant or the Club (as hereinafter defined in Article XII).

(d) In general, all future Owners of Lots and Dwelling Units within the Property and Members of the Association recognize that Declarant will have portions of this Palmetto Hall Plantation Property under development for an extended period of time. As part of the development process, it is understood that the quiet enjoyment of the Property may be interfered with from time to time to some extent by construction operations. As stated above, Declarant has presented to the public certain renderings, plans, and models showing possible future development of the Property and, as of the date of this Declaration, has constructed certain improvements and facilities in the form of roadways, common areas, recreational facilities. Declarant does not warrant in any way the designs in those renderings, plans or models or how any portions of the future improvements to the Property will actually be developed or how any portions of the existing improvements may be modified. All purchasers of Lots or Dwelling Units within the Property accept that any such renderings, plans or models are preliminary and in no way represent the final development plan of the Property. All Owners further agree that Declarant shall have the sole right of design, construction, development, improvement and modification of existing improvements of the Property.

DECLARANT EXPRESSLY DISCLAIMS THAT ANY RIGHTS SHALL ARISE, OR ANY RESTRAINTS BE CREATED, BY ANY REFERENCE OR DEPICTION OF LAND USE AS SHOWN ON ANY MASTER PLAN.

**PART TWO
LAND USE RESTRICTIONS**

**ARTICLE III:
General Land Use Restrictions and Obligations**

Section 3.1: Use of Property. Declarant does hereby declare that the Property which is the subject of this Declaration shall be utilized for residential purposes and all commercial activities upon or within said Property are hereby prohibited; provided, however, that this prohibition shall not be interpreted as preventing Declarant or its agents from maintaining sales offices, Model homes, including signage pertaining thereto, or real estate sales related promotional activities upon the Property so long as Declarant owns any Lot within the Property, or any Future Development Property, as described in Article II hereof, and from maintaining golf and tennis for-profit operations (including pro-shops, restaurant facilities and the like) within the boundaries of the Property. Furthermore, this Section shall not prevent Declarant or the Association from charging user fees or rentals in conjunction with the use of Common Property or any of its retained recreational facilities or of those facilities of the Club as

referenced below in Article XII. For the purposes of this provision, multifamily residential facilities or similar residential facilities shall not be prohibited, though such facilities must be specifically approved by Declarant and designated as such by Declarant in its deeds of conveyance.

Declarant further acknowledges that it may include additional restrictions or modifications in deeds to various properties to further define the scope of this general use condition. The allowance or approval of a proposed use under this Section shall not be interpreted as a representation that such use complies with any applicable governmental zoning and/or land use regulation. Such regulations may apply further use restrictions in addition to the above. Furthermore, if Declarant elects to allow submittal of additional property hereunder, Declarant, at its discretion, may define allowed uses on said property at that time, which may include uses not allowed on the original property. With regard to such additional property, the type and size of future development and lots shall be at the sole discretion of Declarant, its successors and assigns. Absent such further definition of use, however, the provisions of this Declaration shall be applicable to such additional property.

Notwithstanding the above, Owners may conduct activities in their dwellings which might otherwise be characterized a commercial in nature so long as:

- (a) The activity is conducted entirely within the Dwelling Unit and there is no outside storage or display of any products, equipment, goods or materials;**
- (b) The use is clearly incidental and secondary to the principal use of the Dwelling Unit;**
- (c) The activity is conducted only by a person or persons properly residing in the Dwelling Unit;**
- (d) There is no customer, client or employee traffic to and from the Dwelling Unit;**
- (e) No sign, symbol, logo or name plate identifying a business or business activity is displayed anywhere on the Lot or Dwelling Unit;**
- (f) The use is not apparent or detectable from the exterior of the Dwelling Unit by sight, sound or smell;**
- (g) The use does not otherwise create a nuisance or disturbing or offensive noise, vibration, smoke, dust, odor, heat, glare, unhealthy or unsightly condition, traffic or parking problem; and**

(h) The use does not violate any law, statute, ordinance or regulation of, or permit issued by, the United States of America, the State of South Carolina, County of Beaufort, Town of Hilton Head Island, or any political sub-division thereof.^{10th}

Section 3.2: Architectural Review of Specifications for New Construction or Additions, Reconstructions, Alterations or Changes to Structures, Landscaping and Siting.

(a) No building, fence or other structure or landscaping element shall be erected, placed or altered on said Property until the proposed building plans, specifications, exterior color and finish, landscape plan, site development and drainage plan (showing proposed location of such building or structure, setbacks, open space, drives, landscape elements, patios, decks and parking areas) and construction schedule shall have been approved in writing by Declarant, its successors or assigns. Refusal of approval of plans, location or specifications may be based by Declarant upon any reasonable grounds, including purely aesthetic considerations, which in the sole discretion of Declarant shall seem sufficient.

(b) No alterations in the exterior appearance of any building, landscape element or structure shall be made without like approval by Declarant. One (1) copy of all plans and related data shall be furnished to Declarant, or its agent, for its records and a reasonable fee may be required at the time of submission to cover costs of plan review by professionals.

(c) Among other items, design guidelines may include suggested or required building materials, colors, setbacks, buffers, paving materials, plant materials, light fixtures, signs and graphics, benches, trash receptacles, etc.

(d) The placing of individual, private mailboxes upon Lots may be totally prohibited, or at Declarant's discretion, mandatory guidelines regulating the size, color or siting and construction of all mailboxes may be adopted. Declarant may also choose to supply and install standard mailboxes for the Lot Owner and require reimbursement for its costs of same.

(e) To assure that buildings and other structures will be located so that reasonable view, privacy and breeze will be available to the largest practical number of structures built within the Property and that structures will be located with regard to the topography of each property taking into consideration the location of large trees as well as structures previously built or approved pursuant to this Article for adjacent parcels of land, and other aesthetic and environmental considerations, the Declarant shall have the right to approve (subject to the provisions of the pertinent law) the precise site and location of any structure within the Property. The location shall be determined only after reasonable opportunity is afforded the Property Owner to recommend a specific site.

(f) In submitting site development plans for review hereunder, each Lot Owner shall include calculations verified by an engineer or landscape architect regarding total pervious and impervious surface coverage, open space, gross building square footage, and any other data which may be requested. Once approved, development consistent with such calculations shall be mandatory, it being understood that this data shall be submitted to the Town of Hilton Head Island for the purpose of reporting the status and compliance of the overall master planned area with the standards imposed by law on the master planned area as a whole. Declarant shall retain the absolute right to approve site development plans and to allocate any excess open space, density or pervious/impervious acreage following final approval of any presented plan to any other Lot, and such allocation shall be at Declarant's sole discretion and shall be binding upon all Lot Owners.

Section 3.3: Architectural Review Board. Declarant may establish and periodically appoint the members of an Architectural Review Board ("ARB") to function as its agent for the purpose of reviewing and approving all activities which are made subject to Declarant's approval by this Section. At any time after the activation of the Owners' Association as hereinafter provided, Declarant may, in its sole discretion, delegate and assign unto the Association the right and duty of maintaining and administering the ARB. The ARB shall be composed of three to five members, at Declarant's discretion, the members of which need not be Owners of Lots within the Property, and such members shall serve for staggered terms of three (3) years. Standards for review may be published by the ARB and made available to Owners or prospective Owners for the cost of publication. No approval of plans, location or specifications, and no publication of architectural standards bulletins by the Declarant or the ARB shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed building or that such standards comply with pertinent law. Any established standards or guidelines may be changed from time to time at the discretion of the ARB or Declarant, without prior notice. If additional property is submitted to these Covenants in the future, Declarant may submit such property subject to the same guidelines and review process, or establish such other guidelines and review process as Declarant may deem appropriate for such additional property, at Declarant's discretion.

DECLARANT SHALL ASSUME NO RESPONSIBILITY FOR THE ACTIONS OR INACTIONS OF THE ARB AND/OR THE ASSOCIATION AND ALL OWNERS AGREE TO HOLD DECLARANT HARMLESS IN THE EVENT OF ANY DAMAGES SUFFERED THEREBY.

Section 3.4: Exterior Antennas and Towers. No television antennas, radio antennas, ~~satellite receivers or other rooftop device~~^{12th} may be placed upon any Lot; provided, however, that such devices may be allowed by Declarant, at its discretion. In those cases when such devices are allowed, Declarant shall have the right to regulate height, location and

other aesthetic features, including the right to require appropriate natural or artificial screening.

Section 3.5: Tree Removal. No trees measuring six (6") inches or more in diameter at a distance of four (4') feet above ground level may be removed without the written approval of Declarant, unless located within ten (10') feet of a building or within ten (10') feet of an approved site for such building.

Section 3.6: Screening. Owners must construct a screening fence or natural buffer to shield and hide from view any trash receptacles, fuel tanks, electric and gas meters, air-conditioning equipment and similar outside functions. Plans for such fence or screening delineating the size, design, texture, appearance and location must be approved by Declarant or the ARB prior to construction.

Section 3.7: Fuel Storage and Garbage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view, and they may be installed only within the screened area required in Section 3.6 herein, or buried underground. Further, Declarant, or the ARB, reserves the right to approve the size and location of any garbage receptacles, together with mandatory, appropriate screening

Section 3.8: Minimizing Construction Disturbances. During the continuance of construction, the Property Owner and the contractor shall maintain the Lot in a clean and uncluttered condition, and construction, both exterior and interior, may not commence before 7:00 a.m. or be continued after 7:00 p.m. Monday through Friday, and is not permitted on Saturday and Sunday. Provided however, Declarant, upon submission of a request by a property owner, may in its discretion allow weekend work based upon the factors existing at that time.

Section 3.9: Temporary Structures, Outbuilding and Construction Site Clean-Up. No structure of temporary character shall be placed upon said Property at any time, provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of any main building; it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on said Property after completion of construction. After completion of construction, it shall be the sole responsibility of the Owner to insure that all temporary structures are removed immediately and that the site is cleaned up and placed in good order immediately. The design and color of structures temporarily placed on said Property by a contractor or subcontractor shall be subject to the reasonable aesthetic control of Declarant or the ARB. No trailer, tent, barn, treehouse or other similar vehicle, outbuildings or structure shall be placed on said Property at any time, either temporarily or permanently, without the written permission and approval of Declarant or the ARB.

Section 3.10: Lot Coverage. Lot coverage will be one of the considerations in the ARB review process. In calculating the Lot coverage, the square footage comprising the approved detached buildings and paved areas and any area covered by an awning or the like which serve the function of the building shall be included. Lot coverage may be further restricted, as necessary, to comply with any governmental standards applicable to a particular site or to the master planned area.

Section 3.11: Water and Sewage. No structure may be erected on the Property unless suitable provisions have been made for water and the disposal of sewage by each Property Owner and said provisions have been approved by the Declarant or the Association following consideration by the ARB. No private potable water or irrigation wells may be drilled or maintained on the Property by anyone other than the Declarant or its assigns. Provided however, that this prohibition is not intended to prevent the Declarant or the ARB from approving heating and air conditioning systems which include a closed loop groundwater well system.

Section 3.12: Water Conservation. In light of the desire to achieve the greatest public benefit for domestic water use, sanitation and fire protection, the Declarant shall have certain reserved rights with respect to water conservation. In the absents of local or state regulatory action, in conjunction with such regulatory action, or as a supplement to such regulatory action, the Declarant may adopt regulations and restrictions regarding water conservation measures and make these part of the design criteria in the ARB approval process, e.g. water saving devices, and specific irrigation devices such as the "slow leaky pipe", etc. and/or part of the enforcement provisions of Declarant and Association in these Covenants, e.g. restrictions on water consumption in periods of drought.

Section 3.13: Waterfront Setback Requirements. Setback requirements will be addressed at the time of ARB review and the proposed plans for construction must comply with all regulatory setback requirements, at a minimum. The Declarant may have the right, in its sole discretion, to establish more stringent setback requirements if the situation calls for it.

Section 3.14: Minimum Repaired Square Footage. No plans will be approved unless the proposed house will have the minimum required square footage of two thousand (2,000) square feet of enclosed air conditioned and heated dwelling area. The term "enclosed dwelling area" as used in these minimum size requirements shall mean the total enclosed area within a dwelling; provided, however, that such term does not include garages, terraces, decks, open porches, and the like areas; 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". Provided, however, that Declarant, in its sole discretion, may develop certain sections of Palmetto Hall Plantation where lesser or greater minimum required square footage than as set forth above is required, all of which would be the subject of additional covenants and

restrictions. Provided further that Declarant, or the ARB as Declarant's successor, may grant reasonable variances to this minimum square foot requirement where, in the discretion of the Declarant or the ARB, such variance is justifiable in light of specific circumstances and where such variance is no more than ten percent (10%) of the minimum required square footage.

Section 3.15: Animals. No animals, livestock or poultry of any kind shall be raised, bred, kept or pastured on the Property other than a maximum of three (3) household pets kept in any one residence. In order to preserve the aesthetic qualities of the Property, to maintain sanitary conditions on the Property, to prevent the spread of worms and infectious diseases on the Property, to maintain a proper respect for other Property Owners and users of the Property, and to maximize the overall use and enjoyment of the Property, each person who keeps a pet within a Dwelling Unit shall abide by municipal ordinances and rules and regulations established by the Declarant or the Association from time to time. The breach of any of these ordinances, rules and regulations shall be a noxious and offensive activity constituting a nuisance.

Section 3.16: Completion of Construction. The exterior of all structures must be completed within eighteen (18) months after the construction of same shall have commenced, **or within three (3) months after the Town of Hilton Head issues a Certificate of Occupancy, whichever first occurs,**^{13th} except where such completion is impossible, impractical or would result in great hardship to the Owner of a building due to strikes, fires, national emergency or natural calamities. Substantially all of the landscaping shown in plans submitted to the ARB must be completed within ~~six (6)~~^{13th} **three (3)**^{13th} months of the date of issuance of the Town Certificate of Occupancy for the structure. As a condition of approval of proposed plans for all structures, a bond may be required by the ARB which guarantees payment of the landscape installation contractor's estimated cost of installation to implement the plan as submitted and approved by the ARB. ~~The builder's letting of a contract for the installation of the full landscaping plan by the end of the first full winter shall be a condition of any occupancy of the structures.~~^{13th}

Section 3.17: Unsightly Conditions. It shall be the responsibility of the Owner, his successors and assigns to prevent the development of any unclean, unsightly or unkempt conditions of buildings or grounds on said Property which shall tend to substantially decrease the beauty of the neighborhood.

Section 3.18: Offensive Activity. No noxious or offensive activity shall be carried on upon said Property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the other property in the neighborhood by the Owners thereof.

Section 3.19: Other Buildings. No mobile homes, trailer, tent, barn or similar out building, vehicle or structure shall be placed on any Lot at any time, either temporarily or permanently without prior approval from Declarant or ARB and such approval shall normally be limited to temporary use of such structures reasonably essential to economical, orderly, and efficient construction during a construction process only.

Section 3.20: Signs. No commercial signs, including "for rent" or "for sale" and other similar signs, shall be erected or maintained (inside or outside a structure) on said Property by anyone, including, but not limited to, the Owner, a real estate agent, a contractor or subcontractor, except with the written permission of Declarant or the ARB, or except as may be required by legal proceedings. If such permission is granted, Declarant reserves the right to restrict size, color and content of such signs.

Section 3.21: Restrictions of Use of Roadways. Subject to the rights of ingress and egress of Property Owners and guests, Declarant and its successors shall have the powers to place any reasonable restrictions upon the use of the private roadways within the Property and leading through lands owned or managed by Declarant to the Property, including but not limited to restrictions pertaining to the speeds of vehicles, traffic and parking regulations and noise levels of vehicles. 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 Property shall not make such restrictions unreasonable.

Section 3.22: Restrictions on Types of Vehicles. No boats, boat trailers, camper trailers, recreational vehicles, motorcycles, motorbikes, trucks, or utility trailers may be maintained on the Property without prior written approval of the Declarant or ARB. The term "truck" as used herein is intended to refer to those vehicles of various sizes and designs for transporting goods, moving heavy articles, or hauling quantities of cargo and which are used in a trade or business in which the truck is used because of its commercial capabilities and not merely as a means of transportation and/or which display identification on the exterior of the vehicle to a commercial enterprise. This is not intended to include attractive vehicles driven and maintained primarily a means of transportation, such as dual purpose vehicles like station wagons, jeeps, Scouts or Wagoneer type vehicles, and sport trucks and other pick-up type trucks of three-quarter (3/4) ton or less that do not have exposed signage or logo other than discreet identification approved by the Declarant or ARB and do not have exposed equipment or supplies.

Section 3.23: Landscaping Maintenance. No weeds, underbrush or other unsightly vegetation shall be permitted to grow or remain upon any Lot, and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon. All Lots and all portions of the Property and any improvements placed thereon shall at all times be maintained in a neat and attractive condition. Landscaping shall be maintained in a neat, attractive and

orderly manner, including maintenance of grass, plants, plant beds, trees, turf, proper irrigation and lake/lagoon edge maintenance. In order to implement effective control, Declarant and/or Association, its agents and assigns, shall have the right to enter upon any Lot for the purpose of mowing, pruning, removing, clearing or cutting underbrush, weeds or other unsightly growth and trash, which in the opinion of the Board detracts from the overall beauty and safety of the Property, in accordance with the provisions of these Covenants, and, further, to conduct such landscaping and landscaping maintenance activities as may be authorized as a common expense under these Covenants and the By-Laws. In the event that Declarant or the Association deems it necessary to enter upon any Lot to correct any unsightly, unkept or unsafe condition, as set forth above, all expenses incurred in such corrective action shall be the responsibility of the Owner, and such expenses may be charged and collected in like manner against such Owner as an assessment obligation.

Section 3.24: Right of Entry. Whenever Declarant or the Association is permitted by these Covenants to correct, repair, clean, preserve, clear out, or do any action on said Property, entering the Property and taking such action shall not be deemed a trespass.

Section 3.25: Subdivision/Consolidation of Property.

(a) Once a Lot has been conveyed by the Declarant to an Owner, the Property shall not be further subdivided nor its boundary lines changed, except with the written consent of Declarant; provided, however, that nothing contained herein shall be construed to prohibit the Declarant the right to re-plat any Lot or Lots which are owned by the Declarant into one (1), two (2) or more lots by subdivision, consolidation or reconfiguration, and the Declarant may take such other steps as are reasonably necessary to make such re-platted Lot(s) suitable and fit for use for its originally intended purpose. Such steps may include but are not limited to the relocation of easements, walkways, and rights-of-way to conform to the new boundaries of said re-platted Lots.

(b) In the event of an Owner or Owners owning two or more contiguous lots, said Owner(s) may apply to Declarant for a consolidation of the two or more lots into one or more. At its discretion, Declarant may then take such steps as are reasonably necessary to make this consolidation of record at the requesting Owner's cost and expense. Upon consolidation, the lot will be considered one lot for purposes of ARB guidelines; however, it will continue to be considered two lots for purposes of the assessments as referenced hereinbelow.

Section 3.26: Interval Ownership. Timesharing and Devices to Effect Interval Ownership Prohibited. No time sharing or other forms of interval ownership, including, but not limited to that defined under the Vacation Time Sharing Act, as codified in title 27, Chapter 32 of the South Carolina Code at the time this Declaration is recorded, shall be permitted on the Property. Except as acquired by will or inheritance or operation of law or as may be permitted

in writing by the Declarant, no Lot, or part thereof, may be conveyed, devised or assigned, in one transaction or a series of transactions, so that the Lot is owned by more than four (4) persons at one time. For purposes of this Section, a married couple and children (under twenty-five (25) years old) residing with the couple constitute a single owner. A Lot may be owned by a corporation or a partnership only if there are no more than four natural persons as shareholders or partners. The purpose of this subparagraph is to preclude improved Lots from being sold or held under devices designed to effect Vacation Time Sharing, Interval Ownership or similar right-to-use programs unless expressly permitted by the Declarant as herein provided.

Section 3.27: Rental Restrictions/Leases. The lease or rental of any dwelling within the Property for a period of less than three (3) consecutive months shall be prohibited, excluding rentals to members of an Owner's immediate family. Lease or rental of any dwelling for a period exceeding three (3) consecutive months shall not be considered to be a violation of this Declaration so long as the lease of such dwelling is undertaken in full compliance with and subject to the rules and regulations as may be promulgated and published from time to time by the Association. All leases of any dwelling within the Property shall be in writing and all tenants of Dwelling Units within the Property shall in all respects be subject to the terms and conditions of this Declaration.

ARTICLE IV:
Environmental Controls

Section 4.1: Topography and Vegetation. Topographic and vegetation characteristics of a Lot shall not be altered by removal, reduction, cutting, excavation or any other means without the prior written approval of the Declarant or ARB.

Section 4.2: Certain Controls. To implement effective and adequate erosion control and protect the beauty of the Property, the Declarant, its successors, assigns (including but not limited to the Association), and agents shall have the right to enter upon any property before or after a building or structure has been constructed thereon for the purpose of performing any grading or landscaping work or constructing and maintaining erosion prevention devices. Provided, however, that prior to exercising its right to enter upon the property for the purpose of performing any grading or landscaping work or constructing and maintaining erosion prevention devices, the Declarant or Association, as the case may be, shall give the Owner the opportunity to take any corrective action required by giving the Owner notice indicating what type of corrective action is required and specifying in that notice that immediate corrective action must be taken by such Owner. If the Owner fails to take the corrective action specified within thirty (30) days after having been notified, the Declarant or Association, as the case may be, may then exercise its right to enter upon the property in order to take the necessary corrective action. The cost of such corrective or erosion prevention measures when performed

by the Declarant or the Association, their successors or assigns, on an improved property, shall be paid by the Owner thereof within thirty (30) days after receipt by Owner of an invoice from the Declarant or the Association setting forth the cost of such work). If the Owner fails to voluntarily remit such reimbursement in a timely manner the Declarant or the Association shall be entitled to enforce collection thereof in a court of competent jurisdiction and shall likewise be entitled to collect all costs and expenses of collection, including reasonable attorneys fees incurred by the Declarant or the Association, as applicable, and shall further be entitled to collect a late charge equal to one and one-half percent (1¹%) per month of the amount of such invoice from the date of said invoice until fully paid.

To implement effective insect, reptile and woods fire control, the Declarant, its successors, assigns, and agents have the right to enter upon any property on which a building or structure has not been constructed and upon which no landscaping plan has been implemented. In any case which in the opinion of the Declarant detracts from the overall beauty, setting and safety of the Property, the Declarant, its successors, assigns, and agents shall have the aforementioned rights of entry for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds or other unsightly growth, removing trash, draining standing water or dispensing pesticides.

The cost of this vegetation, trash and drainage control shall be kept as low as reasonably possible and shall be paid by the respective Owner and the Declarant shall be entitled to exercise the enforced collection rights specified in the preceding paragraph. Such entry shall not be made until thirty (30) days after such Owner has been notified in writing of the need of such work and unless such Owner fails to perform the work within said thirty (30) day period.

The provisions of this Section 4.2 shall not be construed as an obligation on the part of the Declarant to mow, clear, cut or prune any property, to provide garbage or trash removal services, to perform any grading or landscaping work, construct or maintain erosion prevention devices or storm drainage improvements, or to provide water pollution control on any privately owned property. Entrance upon property pursuant to the provisions of this Section 4.2 shall not be deemed a trespass. The rights reserved unto the Declarant in this Section 4.2 shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

Section 4.3: Erosion in Common Properties. The Declarant, its successors and assigns, shall have the right, but shall not be obligated, to protect all Common Properties from erosion, by planting trees, plants, and shrubs where and to the extent necessary or by such mechanical means as construction and maintenance of siltation basins, or other means deemed expedient or necessary by the Declarant. The right is likewise reserved to the Declarant to take steps necessary, within Common Properties, to provide and insure adequate drainage ways, to cut

fire breaks, and to remove diseased, dead or dangerous trees and carry out other similar activities, the cost of which services is to be paid by assessments of the Owners.

Section 4.4: Lagoon and Wetland Easements. All lagoons, marshlands and wetland areas within the Property, lying within designated Common Property, are important aesthetic and functional resources of the overall Property development. To ensure that these important resources remain available for the enjoyment and benefit of all Owners, while not causing undue hardship to any Owner affected, the following rights and easements are hereby reserved:

(a) A non-exclusive easement for ingress, egress and access to the lagoons, marshlands and wetland areas within the Property by Declarant, including the right of Declarant to enter upon the designated areas to construct or maintain any improvements deemed necessary to facilitate the access to and enjoyment of the lagoons, marshlands and wetland areas. This easement shall be in addition to easements depicted on any recorded plat. For the purposes of this Paragraph, the designated easement areas shall extend landward for twenty (20') feet along or around the entire perimeter of any lagoon, marshland and wetland area, or ten (10') feet if such lesser amount is required as a setback by Town ordinance, whether such lagoon or wetland is presently existing or constructed in the future.

(b) An exclusive right and easement unto Declarant, assignable to the Association or to a utility company or district at Declarant's discretion, to cause treated effluent to be disposed of in marshland/wetland/lagoon areas, in any manner permitted by law. In conjunction with this right and easement, Declarant and its assigns are also granted the exclusive right to control and dictate the water level to be maintained in all lagoon, marshland and wetland areas and the right of access to all such areas to install and maintain any system deemed appropriate by Declarant for the distribution of treated effluent into storage lagoons, marshlands and wetlands.

(c) An exclusive right and easement (i) to pump water from lagoons, ponds, and other bodies of water located with Palmetto Hall Plantation for the purpose of irrigating any portions of Palmetto Hall Plantation, (ii) to drill, install, locate, maintain, and use wells, pumping stations, water towers, siltation basins and tanks, and related water and sewer treatment facilities and systems within the Common Areas, including within any portion of the recreational facilities owned by Declarant, or (iii) to spray or locate any treated sewage effluent within the Common Areas, including within any portion of the recreational facilities owned by Declarant.

(d) In addition to the rights and easements as described in Subparagraph (b) above, each Owner, its heirs, successors and assigns, further agrees that if Declarant or the Association or the utility company or district shall provide a distribution system which delivers

advanced wastewater treated effluent ("AWT") to an Owner's Lot boundary, said Owner shall be obligated to utilize said treated effluent for all landscape and lawn irrigation purposes to the extent and quantity available and to enter into the standard irrigation agreement with the utility company. A general easement over all lawn and landscaped areas of each Lot is hereby reserved for such purposes. Nothing contained in these reservations, however, shall obligate Declarant to provide such a system of treated effluent disposal and distribution, and the exercise of these rights shall be at the sole discretion of Declarant, its successors and assigns.

Section 4.5: Standard of Reasonableness. The rights reserved unto the Declarant in this ARTICLE IV shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

**ARTICLE V:
Special Restrictions Affecting Golf Fairway
Residential Areas**

Section 5.1: Landscaping. The landscaping plan for the areas of any Lot within fifty (50') feet of the boundary of the Lot line adjacent to golf fairway property shall be in general conformity with the overall landscaping pattern for the golf course fairway area established by the golf course architect, and all individual Lot landscaping plans must be approved by the Declarant, its agents, successors and assigns before implementation.

Section 5.2: Golf Course Maintenance Easement. There is reserved to the Declarant a "Golf Course Maintenance Easement Area" on each Lot adjacent to the fairways or greens of any golf course developed on the Property. This reserved easement shall permit the Declarant, at its election, to go onto any fairway lot at any reasonable hour and maintain or landscape the Golf Course Maintenance Easement Area. Such maintenance and landscaping shall include regular removal of underbrush, trees less than six (6") inches in diameter, stumps, trash or debris, planting of grass, watering, application of fertilizer, and mowing the Golf Course Maintenance Easement Area. This Golf Course Maintenance Easement Area shall be limited to the portion of such lots within fifty (50') feet of the lot line bordering the fairway, or such lesser area as may be shown as a "Golf Course Maintenance Area" on the recorded plat of such lot; provided, however, that the above described maintenance and landscaping rights shall apply to the entire Lot until there has been filed with the Declarant or Association a landscaping plan for such lot by the owner thereof, or alternatively, a residence constructed on the lot.

Section 5.3: Entry by Golfers. Until such time as a residence is

constructed on a Lot, the Declarant, its agents, successors or assigns, reserves an easement to permit and authorize registered golf course players and their caddies to enter upon a lot to recover a ball or play a ball, subject to the official rules of the course, without such entering and playing being deemed a trespass. After a residence is constructed, such easement shall be limited to that portion of the Lot included in the Golf Course Maintenance Easement Area, and recovery of balls only, not play, shall be permitted in such Easement Area. Registered players or their caddies shall not be entitled to enter on any such Lot with a golf cart or other vehicle, nor spend unreasonable time on such Lot, or in any way commit a nuisance while on such Lot. After construction of a residence on a Lot, "Out of Bounds" markers may be placed on said lot at the expense of the Declarant or Association. The Lot Owners owning lots adjacent to the golf course recognize and acknowledge that errantly struck golf balls may invade their Lot from time to time. These Lot Owners do here agree to hold harmless and indemnify Declarant, its agent successors and assigns, for any and all claims, expenses, costs, causes of actions, and attorney's fees related thereto with respect to damages caused to person or property by these errantly struck golf balls.

Section 5.4: Prohibited Activities. Owners of golf fairway Lots shall be obligated to refrain from any actions which would detract from the playing qualities of the golf courses or the development of an attractive overall landscaping plan for the entire golf course area. Such prohibited actions shall include, but are not limited to, such activities as the maintenance of unfenced dogs or other pets on the Lot under conditions interfering with play due to their loud barking, running on the fairways, picking up balls or other like interference with play.

Section 5.5: No Reserved Rights. Ownership of a Lot in itself shall not create any rights of access to any golf course constructed within the Property, and the Declarant reserves the right to use said golf course as it may choose in its sole discretion including, but not limited to, the right to permit daily fee play or to create a private club.

Section 5.6: Liability. Declarant, or any of its appointees, directors or officers, or its assignees or nominees, shall not in any; manner be held liable or responsible, either directly or indirectly, for any damage to a Lot, or to any improvements thereon or personal property, or for any injury to any person due to any golf ball, whether in motion or at rest, which has been driven from the golf course or its environs, and each lot owner, for themselves and their guests

and invitees acknowledge that risks of injury to persons or property are inherent to persons or property located upon or in close proximity to a golf course, and agree that they assume all risks resulting therefrom, including but not limited to claims of negligent design of the golf course or the Lots, negligent construction of improvements or location of improvements.

**ARTICLE VI:
Special Restrictions Affecting Open Space**

Section 6.1: Declarant's Intention for Open Space. Where land planning results in the designation of areas of open space, it is the intent of the Declarant to maintain and enhance (or to convey, subject to open space restrictions, to the Association) those areas, if any, which the Declarant designates as "Open Space" on plats hereafter filed for record in the Office of the Register of Mesne Conveyances by the Declarant. Such Open Space may, but need not necessarily be, also designated as Common Properties at the time of their conveyance to the Association. It is the further intent and purpose of these restrictions and covenants to protect the lagoons, marshes and wetlands and to maintain and enhance the conservation of natural and scenic resources, to promote the conservation of soils, wetlands, wildlife, game and migratory birds, enhance the value of abutting and neighboring residential areas adjacent to such Open Space, and to afford and enhance recreational opportunities, preserve historical sites and implement generally the master plan for development.

Section 6.2: Erosion Prevention Activities Permitted. The Declarant and the Association shall have the right to protect from erosion the land described as Open Space area by planting trees, plants, and shrubs where and to the extent necessary or by such mechanical means deemed expedient or necessary by the Declarant or the Association. The right is likewise reserved to the Declarant and to the Association to take necessary steps to provide and insure adequate drainage ways in Open Space, to cut fire breaks, remove diseased, dead, or dangerous trees and carry out other similar activities.

Section 6.3: Dumping Prohibited. No dumping of trash, garbage, sewage, sawdust or any unsightly or offensive material shall be placed upon such 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.

Section 6.4: Consistent Rights to Use Reserved. The Declarant expressly reserves to itself, its successors and assigns, every reasonable use and enjoyment of said Open Space, in a manner not inconsistent with the provisions of this Declaration.

Section 6.5: Corrective Action No Trespass. Where the Declarant is permitted by these Covenants to correct, repair, clean, preserve, clear out or to do any action on the Open Space

areas entering such property, taking such action shall not be deemed a breach of these Covenants.

Section 6.6: No General Easement Intended. The granting of this easement does in no way grant to the public or to the Owners of any surrounding or adjacent land, the right to enter such Open Space without the express permission of the Declarant.

Section 6.7: No Affirmative Action Required 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, that the Declarant is not bound to make any of the improvements noted herein, or extend to any Owner any service of any kind, except as such may be undertaken at the expense of the Association.

PART THREE
PROVISIONS FOR PALMETTO HALL PLANTATION
OWNERS' ASSOCIATION

ARTICLE VII:
Membership and Voting Rights in the Association

Section 7.1: Membership. ~~Declarant, and every~~^{14th} Every^{14th} person and entity who is a record Owner of a fee simple or undivided fee simple interest in any Lot which is made subject to this Declaration by reference in the initial deed conveyance from Declarant, or which is subsequently submitted to this Declaration by recorded deed covenant, shall be a Member of the Association, provided that any such person or entity holding such title or interest merely as a security for performance of an obligation shall not be a Member of the Association. Each Member shall have one (1) vote for each Lot owned by such Member.^{14th}

~~Section 7.2: Type of Members. In recognition of the fact that final planning and subdivision of Lots within the Property have not been completed, and the fact that Declarant finds it essential to maintain effective control of the Association during the initial development stages, Declarant hereby establishes two (2) classes of voting membership.~~

~~CLASS "A" The Class. "A" Membership shall include all those Owners as described in Section 7.1 above, including Declarant. Each Class "A" Member shall have one (1) vote for each Lot owned by such Member.~~

~~CLASS "B" The Class "B" Member shall be Declarant and any successors or assigns of Declarant's rights hereunder. The Class "B" Member shall have one (1) vote plus one (1) vote for each outstanding Class "A" vote held by any other person or entity. The Class "B" Membership and voting privileges shall cease and terminate for~~

~~Declarant upon the earlier of: (a) whenever Declarant shall cease to own any Lot within the Property; (b) when, in its sole discretion, the Declarant voluntarily gives up its Class "B" Membership; or (c) on January 1, 2006.~~^{14th}

Section 7.3: Quorum for any Action Authorized. The presence at the meeting of any Members, or of proxies, entitled to cast thirty percent (30%) of the total vote of the ~~Class "A" Membership and, for so long as the Class "B" Membership exists, a representative of the Class "B" Member,~~^{14th} membership^{14th} shall constitute a quorum. If the required quorum is not forthcoming at a meeting, the meeting shall be adjourned and another meeting shall be scheduled for a date not less than ten (10) days nor more than thirty (30) days subsequent to the initial meeting. Written notice of the time and place of the adjourned meeting shall be provided to all Members. The quorum requirement for the adjourned meeting shall be the presence of Members, or of proxies, entitled to cast twenty-five percent (25%) of the total vote of the ~~Class "A" Membership and a representative of the Class "B" Member.~~^{14th} membership.^{14th}

Section 7.4: By-Laws. The By-Laws of the Association have been drawn and approved by Declarant to govern meetings, duties, etc. of the Association. Declarant shall cause them to be recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina as EXHIBIT "B" to this Declaration. Recordation shall be deemed to be notice to the Association and all Members thereof.

Section 7.5: Powers and Duties of Declarant/Association. After activation of the Association by Declarant, Declarant shall possess all powers and rights described herein until specifically assigned to Association. In general, Declarant may assign, in whole or in part, any of its reserved rights set forth in these Covenants to the Association by a specific document which shall be recorded in the RMC Office for Beaufort County.

ARTICLE VIII:
Property Rights and Common Property

Section 8.1: Members' Easements of Enjoyment. Subject to the provisions of these Covenants and the rules and regulations of the Association, every Member shall have a right and easement of enjoyment in and to the Common Property and such easement shall be appurtenant to and shall pass with title to every Lot or development parcel within the Property.

Section 8.2: Title to Common Property. Declarant reserves the right to transfer title to the Common Property, at its sole discretion, unto the Association. Upon transfer of title of the Common Property to the Association, the Association shall have the sole responsibility of maintenance, repair, and governing of the Common Property. Prior to such transfer, the

Association and its Members shall be responsible for the maintenance and upkeep of all areas which are designated for common use or enjoyment by Members, notwithstanding the fact that title has not yet been conveyed to the Association.

Section 8.3: Extent of Members' Easements. The right and easements of enjoyment created hereby shall be subject to the following:

(a) The right of Declarant and of the Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Property and in aid thereof to mortgage their Properties;

(b) The right of the Association to take such steps as are reasonably necessary to protect the above-described Properties against foreclosure;

(c) The right of the Association, as provided in its By-Laws, to suspend the enjoyment of rights of any Member for any period for which any Assessment remains unpaid, and for any period not to exceed sixty (60) days for any infraction of its published Rules and Regulations, it being understood that a suspension for either non-payment of any Assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Members' obligation to pay the Assessments;

(d) The right of Declarant to dedicate or transfer to any public or private utility, fee title to or utility easements on or to any part of the Common Property; and

(e) The right of the Association to give or sell all or any part of the Common Property, including a leasehold interest, to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such shall be authorized by the vote of three-fourths (3/4) of the Membership at a duly called meeting and unless written notice of the proposed agreement and action thereunder is sent to every Member at least thirty (30) days in advance of any action taken. A true copy of such Resolution together with a certificate of the vote taken thereon shall be made and acknowledged by the president or vice president and secretary or assistant secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Property, prior to the recording thereof. Such certificate shall be conclusive evidence of authorization by the Membership.

Section 8.4: Use of Common Property; Liability of Association and Declarant. Neither the Association, its directors and officers, Declarant, nor its officers or directors shall be liable

to any Owner, their lessees and/or guests for any damage or injury which results from the use of the Property or any rule or regulation promulgated pursuant to these Covenants or the By-Laws. The Common Property is for the exclusive use of the Members of the Association and their guests. The Association, by its Board of Directors, may make such rules and regulations as may be deemed necessary in the future to regulate the use of the Common Property, which rules and regulations shall be binding upon all Members, their guests and invitees. Although the Association, and, initially, Declarant, will be responsible for the general upkeep and maintenance of the Common Property as provided herein, neither the Association nor Declarant shall be liable for any accident or injury thereupon which may be caused by Acts of God, negligence of parties not employed by the Association or Declarant, or careless or negligent activities of Members or their guests. All parties acquiring an interest in any portion of the Property hereby agree to hold the Association and Declarant harmless from any such accident or injury. All Members and their guests agree and acknowledge that any use of the Common Property shall be at their own risk, without recourse to the Association or Declarant. Any damage to Common Property caused by an Owner or his family or guests shall be the responsibility of the Owner, and Declarant and/or the Association shall have the right to collect for such damages. Nothing shall be done or kept on the Common Property which will increase the rate of insurance on the Common Property without the prior consent of the Association or Declarant. No Owner shall permit anything to be done or kept on the Common Property which might result in the cancellation of insurance on any part of the Common Property, which would interfere with rights of other Owners, which would be noxious, harmful or unreasonably offensive to other Owners or which would be in violation of any governmental statute, ordinance, rule or regulation.

ARTICLE IX:
Covenant for Maintenance Assessments

Section 9.1: Creation of the Lien and Personal Obligation of Assessments. The Owner of each Lot within the Property as described in Article I, Section 1, hereby covenants and by acceptance of a deed thereof shall be deemed to covenant and agree to all of the terms and conditions of these Covenants and to pay the Association: (1) annual assessments or charges; and (2) special assessments for the purposes set forth herein; such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments together with such interests thereon and cost of collection therefor as hereinafter provided shall be a charge and continuing lien on the land and all the improvements thereon against which each assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. In the case of co-ownership of a Lot, all such co-Owners of the Lot shall be jointly and severally liable for the entire amount of the assessment. The sale or transfer of any Lot shall

not affect the assessment lien nor shall such sale or transfer release such Lot from liability for any assessments thereafter becoming due.

Section 9.2: Purpose of Assessments. The assessments levied by the Association shall be used for the improvement, maintenance, and operation of roads, rights-of-way, drainage ways, lighting, signage, security operations and facilities, insect control vegetation control, drainage systems, open space maintenance, and other Common Property expenses, including but not limited to, the payment of taxes and insurance thereon and repair, replacement and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof and third party services such as legal and accounting. Special assessments shall be used for the purposes set forth in this ARTICLE IX.

Section 9.3: Basis and Maximum of Annual Assessments. ~~The total annual assessment amounts shall be determined by Declarant, at its sole discretion, through the 1995 assessment (calendar) year. Thereafter, the~~^{14th} ~~The~~^{14th} Board of Directors of the Association shall establish the budget and total annual assessment amounts, as further provided in these Covenants and in the Association By-Laws. In all cases, the total annual assessment amount shall be prorated among all ~~Class "A"~~^{14th} Members excluding Declarant, in the same proportion as each Member's votes shall bear to the total outstanding ~~Class "A"~~^{14th} votes within the Property excluding those votes of Declarant. ~~No consideration or weight shall be given to the Class "B" votes in establishing assessment liability amounts.~~^{14th} Beginning in the Association budget for calendar year 1996, the total annual assessment shall not be increased by more than fifteen (15%) percent above the previous year's annual assessment, unless such increase shall be approved by a two-thirds (2/3) vote of the Association's ~~Class "A"~~^{14th} Membership.

The initial 1991 calendar year assessment shall be \$500.00. Unimproved Lots shall be assessed at seventy-five (75%) percent of the regular annual assessment. Upon issuance of a Certificate of Occupancy by the Town of Hilton Head Island, the assessment shall be adjusted to the full rate for the next calendar year.

Section 9.4: Special Assessments for Improvements and Additions. In addition to the annual assessments authorized herein, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, expected repair or replacement of a capital improvement of the Common Property, including the necessary fixtures and personal Property related thereto or additions to the Common Property, provided that any such assessments shall have the assent of three-fourths (3/4) of the vote at a duly called meeting of Members, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting. Any such duly approved special assessment shall be prorated among Members on the same basis as annual assessments, as described in Section 9.3 above.

Section 9.5: Date of Commencement of Annual Assessments and Due Dates. The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by Declarant through calendar year 1991, to be the date of commencement. The first annual assessment shall be made for the balance of the calendar year and shall become due and payable on the date of commencement. The assessments for any year, after the first year, shall become due and payable the first day of January for said year. The due date of any special assessments shall be fixed in the resolution authorizing such assessments.

Section 9.6: Duties of the Board of Directors. In addition to the duties of the Board of Directors as set forth in the By-Laws, when the Association assumes the assessment powers as provided above, the Board shall fix the amount of the assessment for each Lot for each year and shall, at that time, prepare a roster of the Owners applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the assessment shall be sent to every Owner subject thereto. Prior to the Association assuming such responsibility, Declarant shall perform the above functions.

Section 9.7: Effect of Non-Payment of Assessment; Personal Obligation of Owner; Lien Remedies of the Association. If the assessments as described herein or any financial obligations or reimbursements due from an Owner as set forth in these Covenants are not paid ~~on~~^{10th} within sixty (60) days after^{10th} the date when due, then such assessments or other amounts due shall become delinquent and shall, ~~together with interest thereon at a rate of eighteen percent (18%) per annum (or the maximum interest rate allowable by law) from the due date, and the cost of collection as hereinafter provided, become a charge and continuing lien on the land and on improvements thereon, against which each such assessment is made.~~^{10th} bear interest at a rate of eighteen percent (18%) per annum (or the maximum interest rate allowable by law) from the date of delinquency until paid in full.^{10th} The obligation of the Owner at the time of the assessment to pay such assessments, ~~however,~~^{10th} shall remain his personal obligation and shall not pass as a personal obligation to his successors-in-title unless expressly assumed by them.

If the assessment is not paid within ~~thirty (30)~~^{10th} sixty (60)^{10th} days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against his Lot, or both, and there shall be added to the amount of said assessment the cost of preparing and filing a complaint in such action as well as any other costs and expenses incurred, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and reasonable attorneys' fees and costs of the action.

Section 9.8: Subordination of the Lien to Mortgages. The lien of the assessment

provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed on any Lot 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. Such sale or transfer shall not relieve such property from liability for any assessments after becoming due, nor from the lien of subsequent assessments.

Section 9.9: Declarant Assessments. As stated above, there will be certain recreational and Club facilities owned by Declarant or its successors and assigns, within the Palmetto Hall Plantation. Declarant, or the owner of the recreational and Club facilities if other than Declarant, hereby covenants and agrees to pay to the Association annual assessments equal to \$500.00 per each golf hole in existence for the calendar year. This \$500.00 figure shall be adjusted in the same proportion as the total annual assessment of an improved Lot is adjusted from calendar year 1991. Declarant and its successors and assigns to the recreational and Club facilities shall not be liable for any special assessments. This provision 9.9 may not be amended without the consent of Declarant, or Declarant's assigns.

Section 9.10: Exempt Property. The following property, individuals, partnerships or corporations, subject to this Declaration, shall be exempted from assessments, charges and liens created herein except as otherwise stated in Section 9.9:

- (a) The grantee in conveyances made for the purpose of granting utility easements; and
- (b) All properties to the extent of any easement therein other than a utility easement dedicated and accepted by a local public authority and devoted to public use; and
- (c) All Association Common Property within the Property, whether or not title to such Common Property has been transferred to the Association.
- (d) All Lots or property owned by Declarant.

Section 9.11: Additional Capital Improvements. Notwithstanding any provision contained in these Covenants to the contrary, neither the Board nor the Association shall be authorized to make a Capital Improvement to the Common Property that will require the expenditure of more than \$50,000.00 ("Expenditure Ceiling") without having first obtained approval of at least two-thirds (2/3rds) of the vote at a duly called meeting of Members, written notice of which shall be sent to all Members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting. Beginning on January 1, 2008, and on the first day of each year thereafter, the amount of the

Expenditure Ceiling shall automatically increase by adding to it that amount produced by multiplying the then existing Expenditure Ceiling by one-half (1/2) of the percentage increase in the annual assessment for the same year.

For purposes of these Covenants the term Capital Improvement shall be defined as follows:

(a) "New construction" meaning new buildings or new facilities including the cost of architectural and engineering services, site preparation, constructing, furnishing, and equipping such buildings and facilities for use, including heating, plumbing, ventilation, water, sewer, and electrical facilities with necessary connections to existing systems; and the construction of new structures, paths, trails, sidewalks, roads, parks, and water, irrigation and sewer systems, other utilities, street and curb and gutter improvements, and landscaping.

(b) "Land acquisition" meaning expenditures for the purchase of land and improvements affixed to the land.

In no event, shall the term Capital Improvement include or apply to the maintenance, repair or replacement of Common Property currently owned by the Association; nor to any expenditure the Board determines is necessary as the result of an emergency or catastrophe; nor with respect to any expenditure otherwise required by law. Further, in the event the Board shall determine that it shall be necessary to pay for a Capital Improvement, in whole or in part, by way of a special assessment, then the vote required to approve the Capital Improvement shall be the same as is necessary to approve a special assessment as provided in Section 9.4 above.^{15th}

ARTICLE X:
Functions of Association

Section 10.1: Association. The Association, its successors and assigns, shall be considered: (a) an assignee of Declarant; (b) the authorized and ratified agent of the Owners with respect to the functions specified herein; (c) a third party beneficiary under these Covenants; and (d) as an Owner of Property subject to these Covenants. The Association and its successors and assigns shall have the standing and authority at law or in equity to carry out and enforce these Covenants.

Section 10.2: Limitation on Duties and Obligations. The Association shall strive to carry out and put into effect the functions and services specified or reasonably implied in this Declaration; however, the functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board with due consideration

given to the amount of reserves and revenues available to the Association, and the relative demands upon the resources which the Association can utilize to maintain Common Property and to increase the use and enjoyment of the Property as a whole. The Association shall not be obligated to incur debt or deficits of expenditures over revenues in order to carry out its monetary function.

The Association and its Directors and Officers shall not be liable to any Property Owner, their lessees or guests, for any damage or injury which results from any rule or regulation promulgated pursuant to these Covenants in good faith and reasonable care.

Section 10.3: Powers of the Association. The Association shall have and may exercise any right or privilege given to it expressly in these Covenants or, except to the extent limited by the terms and provisions of these Covenants, given to it by law, and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfill its obligations under these Covenants, including the right to engage necessary labor and acquire use of, or purchase necessary property, equipment or facilities; employ personnel necessary to manage the affairs of the Association; obtain and pay for legal, accounting and other professional services as may be necessary or desirable; and to perform any function by, through, or under contractual arrangements, licenses or other arrangements with any governmental or private entity as may be necessary or desirable.

Section 10.4: Ownership and Maintenance of Common Property. The Association shall be authorized to own and maintain Common Property, equipment, furnishings, and improvements devoted to the following uses:

- (a) for roads or parkways, if any, provided they are not transferred to Beaufort County or the State of South Carolina, and landscaped or natural areas along said roads or parkways throughout the Property;
- (b) for sidewalks, walking paths or trails, playing fields or recreational areas, and bicycle paths, if any, throughout the Property;
- (c) for providing any of the services which the Association is authorized to offer hereunder;
- (d) for insect control within the Property; and
- (e) for drainage facilities serving the Property.

Section 10.5: Authorized Services. The Association shall be authorized but not required to provide the following services:

(a) cleanup and maintenance of all dwelling unit exteriors, residential lots, roads, roadways, parkways, to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the State and local government, if applicable, and cleanup and maintenance of other Common Property within the Property and also all public properties which are located within or in a reasonable proximity to the Property such that their deterioration would affect the appearance of the Property as a whole.

(b) landscaping of roads and parkways, sidewalks and walking paths and any other Common Property;

(c) lighting of roads, sidewalks and walking paths throughout the Property;

(d) security functions, including but not limited to maintenance of electronic and other security alarm devices and control centers for the protection of persons and property within the Property;

(e) insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local governments;

(f) the services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this document;

(g) to take any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property;

(h) to administer the ARB in the event that the Association is designated by the Declarant as the agent of the Declarant for such purpose;

(i) to construct improvements on Common Property for use for any of the purposes or as may be required to provide the services as authorized in this ARTICLE;

(j) to provide administrative services including but not limited to: legal; accounting and financial; and communication services informing Members of activities, notice of meetings, referendums, etc., incident to the above-listed services.

Section 10.6: Mortgage and Pledge. The Board shall have the power and authority to borrow money for use by the Association and to mortgage the property of the Association and to pledge the revenues of the Association as security for such loans made to the Association,

which loans shall be used by the Association in performing its authorized functions. The Declarant may, but shall not be obligated to, make loans to the Association, subject to approval by the Declarant of the use to which such loan proceeds will be put and the method by which such loans will be repaid and subject to a maximum of loan amount approved by the Declarant, at interest rates acceptable to the Declarant. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed to reduce the limits of the minimum regular annual assessment at any time there is outstanding any amounts due the Declarant as repayment of any loans made by the Declarant to the Association.

Section 10.7: Information. It shall be the responsibility of the Association to make available to Owners and mortgage lenders making loans to Owners, and to holders, insurers or guarantors of any first mortgage on a Dwelling Unit within the Property, current copies of the Declaration, By-Laws, other rules and regulations relating to the Property, and the books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal working hours or under other reasonable circumstances.

Section 10.8: Insurance Requirements. The Association shall at all times maintain in full force and effect casualty (hazard, and flood, if ever applicable) and liability insurance and fidelity bond coverage as hereinafter specified:

(a) Hazard Insurance. The hazard coverage required hereunder shall protect at least against loss or damage by fire, wind or all other hazards that are normally covered by the standard extended coverage endorsement and all other perils customarily covered for similar structures, including those covered by the standard "all risk" endorsement, and shall likewise include, but shall not necessarily be limited to, the following coverage:

(i) Required Coverage. The Association shall maintain a policy of property insurance, with the premiums being paid as a common expense. The policy must cover all of the Common Property, except for those that are normally excluded from coverage, such as land, foundation, excavation, etc. Fixtures and building service equipment that are considered part of the Common Property, as well as personal property and supplies of the Association, shall be covered. A reasonable deductible shall be determined by the Board each year.

(ii) Amount of Insurance. Insurance should cover the replacement cost of the insured facilities. Coverage does not need to include land, foundations, excavation or other items that are usually excluded from insurance coverage.

(iii) Special Endorsements. The insurance coverage herein required shall include Agreed Amount, Replacement Cost and Inflation Guard Endorsements when they can be reasonably obtained. Construction code endorsements such as Demolition Costs Endorsements, Contingent Liability from Operation of Building Laws Endorsements and Increased Cost of Construction Endorsements shall be required when reasonably obtainable.

(b) Flood Insurance. If any part of the project is in a flood hazard zone (as defined by the Federal Emergency Management Agency), the Association must maintain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover any buildings on Common Property and any other real or personal property of the Association. A reasonable deductible shall be determined by the Board each year. The amount of insurance should be at least equal to the replacement cost of all buildings and other insurable property located in the flood hazard area or, the maximum coverage available for the property under the National Flood Insurance Program.

(c) Liability Insurance. The Association shall maintain a comprehensive general liability insurance policy covering all common areas, public ways and any other areas **comprising the Common Property^{11th} of the Property^{11th}** which are under its supervision. The policy shall provide coverage of at least **One^{10th} Five^{10th}** Million Dollars (~~\$1,000,000^{10th}~~ **\$5,000,000^{10th}**) for bodily injury and property damage for a single occurrence. The liability insurance should provide coverage for the following:

- (i) bodily injury and property damage that results from the operation, maintenance or use of the Common Property, and any facilities thereon; and
- (ii) any legal liability that results from lawsuits related to employment contracts in which the Association is a party.

The Association's liability policy shall provide for at least ten (10) days' written notice to the Association before the insurer can cancel or substantially modify the policy.

(d) Fidelity Bonds. The Association shall have blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not that person receives compensation for their services. Any management agent retained by the Association that handles funds for the Association shall also be covered by its own fidelity bond. The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. Additionally, the fidelity bond coverage must at least equal the sum of three (3) months' assessments of Lots and Dwelling Units in the Property, plus the

Association's reserve funds.

Except for fidelity bonds that a management agent obtains for its personnel, all other bonds shall name the Association as an obligee and shall have their premiums paid as a common expense by the Association.

The bonds must include a provision that calls for ten (10) days' written notice to the Association before the bond can be cancelled or substantially modified for any reason.

Section 10.9: Indemnification. The Association shall indemnify very ~~officer and director~~^{10th} ~~officer, director and member of any committee appointed by the Board~~^{10th,11th} any other Member of the Association acting at the direction of the Board of Directors in a voluntary capacity ("Volunteer")^{11th} against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon such ~~officer or director~~^{10th} officer, director or committee member^{10th,11th} Volunteer^{11th} in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he may be made a party by reason of being or having been an ~~officer or director,~~^{10th} officer, director or committee member^{10th,11th} Volunteer^{11th} whether or not such person is an ~~officer or director~~^{10th} officer, director or committee member^{10th,11th} Volunteer^{11th} at the time such expenses are incurred. The ~~officers and directors,~~^{10th} officers, directors and committee members^{10th,11th} Volunteers^{11th} shall not be liable for any mistake of judgment, negligent or otherwise, or for injury or damage caused by any such ~~officer or director~~^{10th} officer, director or committee member^{10th,11th} Volunteer^{11th} in the performance of his duties, except for their own individual willful misfeasance or malfeasance. The ~~officers and directors~~^{10th} officers, directors and committee members^{10th,11th} Volunteers^{11th} shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such ~~officers or directors~~^{10th} officers, directors or committee members^{10th,11th} Volunteers^{11th} may also be Members of the Association), and the Association shall indemnify and forever hold each such ~~officer and director~~^{10th} officer, director and committee member^{10th,11th} Volunteer^{11th} free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any ~~officer or director,~~^{10th} officer, director or committee member^{10th,11th} Volunteer^{11th} or former ~~officer or director,~~^{10th} officer, director or committee member^{10th,11th} Volunteer^{11th} may be entitled. The Association shall, as a common expense, maintain, if obtainable, officers' and directors' liability insurance to fund this obligation, and the insurance shall be written as provided in this section.

ARTICLE XI:
Rules and Regulations

Section 11.1: Establishment of Rules and Regulations. Subject to the provisions hereof, the Association may establish reasonable rules and regulations concerning the use of Lots, easement areas, Open Space and the Common Property and facilities located thereon. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants and agents, until and unless any such rules or regulations are specifically overruled, cancelled or modified by the Board of Directors of the Association or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the total votes in the Association.

Section 11.2: Authority and Enforcement. Subject to the provisions of Section 11.3 hereof, upon the violation of this Declaration, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments, the Board of Directors of the Association shall have the power to:

- (a) impose reasonable monetary fines on the Owner guilty of such violation which shall also constitute an equitable charge and a continuing lien upon the properties of such Owner;
- (b) suspend an Owner's right to vote in the Association; and
- (c) suspend an Owner's right to use any Common Property other than the right of ingress and egress and the Board of Directors of the Association 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, tenants or invitees, or by 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 as to a Member who is also an Owner.

Section 11.3. Procedure. Except with respect to the failure to pay assessments, the Board of Directors of the Association shall not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner for violations of the Declaration, the By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

- (a) Written demand to cease and desist from an alleged violation shall be served upon the person responsible for such violation specifying:

(i) the alleged violation;

(ii) the action required to abate the violation; and

(iii) a time period of not less than five (5) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(b) If the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs within twelve (12) months of such demand, the Board of Directors of the Association may serve such person with written notice of a hearing to be held by the Board of Directors in executive session. The notice shall contain:

(i) the nature of the alleged violation;

(ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;

(iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his behalf; and

(c) The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director or other individual who delivered such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

**PART FOUR
PALMETTO HALL CLUB**

**ARTICLE XII:
CLUB MEMBERSHIP AND FACILITIES**

Section 12.1: Club Organization and Structure. The Declarant shall cause to be organized and established the Palmetto Hall Club ("Club"). Declarant will own the Club and

Club Facilities and may operate said Club Facilities under the Club's name. The Club will initially be a non-equity club with membership restricted as more fully described in the Plan for the offering of Club Memberships in Palmetto Hall Club, together with its various exhibits and supporting documents the "Membership Plan"). Ownership of a Lot in Palmetto Hall Plantation requires that a Property Owner acquire and maintain a membership in the Club and pay the required membership fees, dues and charges as established from time to time. A Property Owner must apply to and prior to, and as a condition of, closing be accepted for membership by the Club in order to become member of the Club. As provided in the Membership Plan, membership requires the payment of such dues and assessments as the Club may establish from time to time. Membership in the Club shall entitle the member to access to and use of the facilities of the Club based on the Club membership category acquired by the Owner in accordance with the rules and regulations established from time to time. Ownership of a Lot or membership in the Club does not grant any equity or ownership interest in the Club Facilities. The Club Facilities will be owned by Declarant or by the Club, or by Declarant's successors and assigns, as Declarant has reserved all rights to sell or dispose of the Club Facilities.

Section 12.2: Club Facilities. Pursuant to the Membership Plan Documents certain recreational and Club facilities in Palmetto Hall Plantation will be constructed to ultimately become the amenities of the Club which shall be referred to as the "Club Facilities". Those are projected to include an 18-hole golf course, a clubhouse, tennis courts and swimming pool. The use of the Club Facilities may be available to members, and their guests and invitees and to the general public upon payment of the required fees and subject to the rules and regulations of the Club in effect from time to time.

Section 12.3: Right of Access. The Club and its Members (regardless of whether such Members are Owners as defined herein), employees, agents, contractors, and guests and invitees shall at all times have a right and non-exclusive easement of access and use over all roadways located within Palmetto Hall Plantation reasonably necessary to travel to or from the Club Facilities and Declarant shall likewise have reserved rights over those portions of the Common Properties as defined herein reasonably necessary for the operation, maintenance, repair and replacement of the Club and its facilities.

Section 12.4: Assessments. Reference is made to Section 9.9 relating to Declarant assessments. It is specifically noted that neither the Club nor any of its Club Facilities, shall be subject to assessment hereunder other than as set forth in Section 9.9.

**PART FIVE
GENERAL PROVISIONS**

**ARTICLE XIII:
General Rights Reserved by Declarant**

Section 13.01: Repurchases by the Declarant. In consideration of the affirmative obligations and benefits to all Owners provided by the Declarant under these Covenants, when any Lot within the Property is offered for sale by successors in title to the Declarant, the Declarant shall have the exclusive option to purchase such property at the price and on the terms of any bona fide offer for such property made in writing to the Owner at such time and submitted to Declarant for verification.

Each Owner shall notify Declarant of its intent to sell its property with such notice setting forth in full the certified terms and conditions of the sale, and including the full name and primary address of the prospective true buyer (as distinguished from agents and intermediaries). Declarant shall have thirty (30) days after presentation of such notice to Declarant to exercise this purchase option. If Declarant has not executed a contract for purchase during this period, the record owner may freely convey the property to the subject offeror. Should, however, such sale to a third party not be consummated within four (4) months of the date the offer is transmitted to Declarant at the price and on the terms offered or a price more favorable to the Seller, the terms and limitations of this Section shall again be imposed upon any sale by the Owner.

If Declarant elects to purchase such property, the transaction shall be consummated on the terms offered; provided, however, that Declarant shall have a minimum of thirty (30) days from the delivery of notice to consummate the transaction.

Section 13.02: Rights, Easements Retained by Declarant. Declarant reserves unto itself, its successors and assigns a perpetual, alienable, releasable easement and right on, over and under the ground to erect, maintain and use electric, telephone, and cable television poles, wires, cables, conduits, pipes sewers, water mains, effluent mains, irrigation mains and other suitable equipment, gas, sewer, water or other public conveniences or utilities, on, in or over portions of the Lots within the Property as may reasonably be required for utility line purposes, and such other areas as are shown on the applicable plat. By way of example, Declarant specifically reserves an easement for said utility purposes on the front (roadway) side of each Lot for a depth of ten (10') feet.

Declarant further reserves the right to cut drainways for surface water wherever and whenever such action may appear to Declarant to be necessary in order to maintain reasonable standards of health, safety and appearance. Specifically, Declarant reserves unto

itself, its successors and assigns a perpetual, alienable releasable easement and right, for drainage purposes, in varying dimensions and locations, as may be reasonable and necessary. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.

Such rights may be exercised by any licensee of Declarant or may be delegated to the Association, but this reservation shall impose no responsibility upon Declarant to construct or maintain any such utility or service. Declarant expressly reserves the right to transfer said utilities and utility easements, in whole or in part, to another entity, whether public or private, which undertakes to provide such utility service.

Section 13.03: Ingress and Egress; Roadways. The Property Owner, in accepting title to property conveyed subject to these Covenants, waives all rights of uncontrolled and unlimited egress and ingress to such property (and waives such rights for any person claiming entry rights by virtue of any relationship or permission of such Property Owner and successors in title) and agrees that such ingress and egress to its property may be limited to roads built by the Declarant.

Further, it is recognized that as of the date of this Declaration certain roadways have been constructed and, in general, a plan of ingress and egress for Palmetto Hall Plantation has been adopted by Declarant. Nonetheless, until the roadways and streets have been conveyed to the Association, it is expressly reserved unto the Declarant the right to modify the ingress and egress plan within Palmetto Hall Plantation, including the specific right to close roadways and streets, to re-route vehicular ingress and egress traffic, and, in general, to exercise all rights of control of the general traffic flow pattern within Palmetto Hall Plantation on those roadways and streets not so conveyed to the Association. It is specifically stated that no implied, reciprocal equitable servitudes or easements shall arise with respect to any of these roadways or streets retained by Declarant until said roadways and/or streets are conveyed to the Association.

The Declarant reserves the right for itself, its successors and assigns, but not the obligation, to (a) maintain guarded gates controlling access to such roads; (b) require payment of toll charges for use of such roads by members of the general public, except that (1) no such toll shall be applicable to any Property Owners or lessees or registered guests of Property Owners, nor shall the toll be applicable to any person who gives reasonable evidence satisfactory to the Declarant that their entry into the premises of the Property Owner is with the specific permission of the Property Owner, or his duly authorized agent; provided, however, that this exception shall not apply to commercial or construction vehicles of any kind; (2) no such toll charge shall be applicable to guests of the Declarant or of the Club, including

members of the public intending to play golf on one of the golf courses within Palmetto Hall Plantation; (c) determine in its sole discretion the types of vehicles that will be permitted access to the Property and use of such roads; (d) limit access to the Property to the Declarant, Property Owners, Lessees, and their guests and invitees. If and when the roadways and streets are conveyed to the Association, the aforesaid rights may be assigned to the Association by the Declarant.

Section 13.04: Additional Restrictions. Declarant expressly reserves the right to impose additional restrictive Covenants upon the said Property provided that the same are not inconsistent with and do not lower the standards of the restrictions as herein provided. Said additional Covenants, if any, shall be effective only upon Property transferred by Declarant simultaneously with or subsequent to the imposition of said Covenants and shall be made effective upon said Property by reference to said additional or amended provisions in the deed transferring said Property. It shall be the responsibility of each Owner within the Property to comply with any restrictions contained herein or any additional restrictions which may be imposed by governmental authorities.

Section 13.05: Duration of Covenants. All covenants, restrictions and affirmative obligations set forth herein shall run with the land and shall be binding on all parties and persons claiming under them to specifically include, but not be limited to, the successors and assigns, if any, of Declarant for a period of forty (40) years from the execution of this Declaration, subject to the right reserved unto Declarant, its successors and assigns, to add additional restrictive covenants in respect to the Property subject to this Declaration and the further right to limit or amend the application of the Covenants herein contained. After the initial forty (40) year period of duration, all said Covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners of Lots substantially affected by such change of Covenants, has been recorded, agreeing to change said Covenants in whole or part.

Section 13.06: Remedies in the Event of Violation or Breach. In the event of a violation or breach of any of the restrictions contained herein by grantee, its agents, successors or assigns, Declarant shall have the right, but shall not be obligated, to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event, and Declarant shall have the right to recover all costs and expenses of suit in such action, including reasonable attorneys' fees. In addition to the foregoing, Declarant, its successors and assigns shall have the right, but not the obligation, whenever there shall have been built on said Property any structure which is in violation of these restrictions, to enter upon said Property where such violation exists 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 such entry or abatement or removal shall not be deemed a

trespass. The failure to enforce any rights, reservations, restrictions or conditions contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach, or as to a breach occurring prior to or subsequent thereto and shall not bar or affect its enforcement. The rights and powers of Declarant under this Section may be assigned to and vest concurrently in the Association, and Declarant and the Association shall have concurrent and independent rights of enforcement as provided herein upon the execution and recording of an assignment document by Declarant.

Section 13.07: Declarant Approval. Whenever any matter shall require the approval or consent of Declarant hereunder, or any other action or decision on behalf of Declarant, the vote of Declarant shall control in the event of any dispute.

Section 13.08: Severability and Rule Against Perpetuities. The invalidation by any court of any restrictions of these Covenants shall in no way affect any of the other restrictions, but they shall remain in full force and effect. If any provisions of this Declaration would violate the rule against perpetuities or any other limitation on the duration of the provisions contained herein and imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law or until twenty-one (21) years after the death of the last survivor of the now living descendants of President George Bush and the original Owners of Lots in the Property.

Section 13.09: Notification and Additions. Declarant may include in any contract or deed hereafter made, modifications and/or additions to the restrictive covenants as contained herein, with such modified covenants being made applicable by reference to conveyances of land made subsequent to such modifications.

Section 13.10: Assignment. Declarant reserves the right to assign, in whole or in part, to its successor-in-title to any portion of the Property, or to its agent, or to the Club or any successor to the Club, or to the Association, any of the rights reserved in these Covenants.

Section 13.11: Use of Trademark. Each Owner, by acceptance of a deed to any lands, tenements or hereditaments within the Property hereby acknowledges that "Palmetto Hall Plantation", "Palmetto Hall" and designs are service marks and trademarks of the Declarant. Each Owner agrees to refrain from misappropriating or infringing these service marks or trademarks.

**ARTICLE XIV:
Amendments**

Section 14.1: Amendments. Declarant specifically reserves to itself, its successors and assigns, the right to amend this Declaration or any portion thereof, on its own motion, for a

period of five (5) years from the date hereof to correct typographical errors or to eliminate scrivener's errors, so long as the voting power of existing Members is not diluted thereby, nor the amounts of assessments of such existing Members raised or changed in any manner which would adversely affect such Members. As to other types of proposed amendments and all proposed amendments after the initial five (5) year period, the procedure for amendment shall be as follows: all proposed amendments shall be submitted to the vote of the Members at a duly called meeting of the Association for which notice of the proposed amendment has been given to the Members in the notice for the meeting, subject to the quorum requirements set forth above, and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast at such meeting at which such proposed amendment is to be considered are in favor of the amendment. Notwithstanding the above, if a proposed amendment shall remove, revoke, modify, or affect in any way powers or rights of the owner(s) of the Club Facilities as defined in Article XII, including those of Declarant if Declarant be an owner, then such amendment shall require the consent of such owner(s) prior to becoming effective. Said amendments requiring the consent of Declarant or other owners of the Club Facilities shall include, but not be limited to, amendments which would increase the amounts of assessments paid by such properties or owners, amendments which would impose toll charges for users of roadways accessing such properties, or any other amending which would otherwise affect the operation and maintenance of the facilities.

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, the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes necessary to adopt the amendment, and the total number of votes cast against the amendment.

**ARTICLE XV:
Notice**

Section 15.1: How Notice Given. Any notice required to be sent to any 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.

Section 15.2: Notice to Co-Owners. Notice to one (1) of two (2) or more co-Owners of a Lot or Dwelling Unit, shall constitute notice to all co-Owners.

Section 15.3: Notice of Address or Ownership Change. 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.

ARTICLE XVI:
Enforcement, Severability and Interpretation

Section 16.1: Who May Enforce Generally. In the event of a violation or breach of any of the affirmative obligations or restrictions contained in this Declaration by any Owner or agent of such Owner, the Declarant or any other Owners, or any of them jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event, provided however that the right of Declarant hereunder shall not be construed to impose an obligation on Declarant for enforcement.

Section 16.2: Enforcement by the Association. In addition to the foregoing, the Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

The Association may engage a person or persons to respond to complaints received as to violations of the Covenants and shall inform the violators of such complaint. If the violation is not expeditiously terminated, the Declarant or Association may engage legal counsel to bring an appropriate injunctive action, including any appeals, to enforce these Covenants. Violators shall be obligated to reimburse the Association in full for all its direct and indirect costs, including but not limited to legal fees incurred by the Association in maintaining compliance with these Covenants in the event the Association prevails in such proceedings.

Section 16.3: Enforcement by the Declarant. In addition to the foregoing, the Declarant shall have the right, but shall not be obligated, to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. Violators shall be obligated to reimburse the Declarant in full for its direct and indirect costs, including but not limited to legal fees incurred by the Declarant in maintaining compliance with these Covenants in the event the Declarant prevails in such proceedings.

Section 16.4: Against Whom May the Covenants be Enforced. The obligations and benefits prescribed by the Covenants shall run with the Property and shall be enforceable against the Declarant, its successors or assigns, the Association and against any Owner or other person whose activities bear a relation to the Property when the aforesaid parties engage in activities (including omissions and failures to act) which constitute violations or attempts to violate or circumvent the covenants and restrictions set forth in this Declaration.

Section 16.5: Litigation. Notwithstanding the provisions of Section 16.9, No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the votes eligible to be cast by the Members. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided herein, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. ~~In the event any claim is made against Declarant or any litigation is instituted against Declarant, then the Association shall assess all Members, other than the Declarant, for the costs of claim or litigation, including, without limitation, attorneys' fees incurred, and funds from regular assessments shall not be used for any such claim or litigation.~~^{11th}

Section 16.6: Means of Enforcement. Enforcement of these Covenants shall be by any proceeding at law or in equity, whether it be to restrain violation or to recover damages or to create any lien created by these Covenants.

Section 16.7: Severability. Should any Covenant or restriction herein contained, or any Part, Article, Section, paragraph, sentence, clause, phrase, or term in this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of the highest court or other tribunal which considers such matters and has 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.

Section 16.8: Interpretation. In all cases, the provisions of this Declaration shall be given that reasonable interpretation or construction which will best effect consummation of the general plan of land use restrictions and affirmative obligations of the Property, which will carry out the intent of the Declarant as expressed in the recitals of these Covenants, and which will preserve the Property as a situs for a high amenity, attractive, well maintained, privately-governed residential community.

Contrary to the restrictive common law rule of construction, these Covenants shall by this Covenant be interpreted broadly to touch and concern the Property with recognition of modern economic, land use planning and real estate finance and development principles, theories and practices. It is the Declarant's intent, and all Owners who take subject to the Covenants, to covenant and agree, and are thereby estopped to deny, that any reserved right or function of the Declarant and/or Association, and any other covenant condition, restriction or obligation within these Covenants is intended to promote the use and enjoyment of the Property, is intended to foster the creation, preservation or enhancement of economic or intangible values associated with the Property, and does touch and concern, benefit and burden and run with the Property.

The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance which allows a less restricted use of the Property.

Section 16.9: Authorized Action. All action which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provided otherwise.

Section 16.10: Gender, Tense and Number. When necessary for proper construction, the masculine form of any word used in this Declaration shall include the feminine or neuter gender, and the singular, the plural and vice versa, and words used in the present tense shall include the future tense.

Section 16.11: No Waiver. Failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provisions of this Declaration.

Section 16.12: Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

Section 16.13: No Implied Liabilities or Duties. ANY RULES OR REGULATIONS ESTABLISHED BY THE DECLARANT OR ASSOCIATION PURSUANT TO THESE COVENANTS SHALL NOT EXPRESSLY OR IMPLIEDLY CREATE ANY DUTY OF CARE TO ANY OWNER.

IN WITNESS WHEREOF, GREENWOOD DEVELOPMENT CORPORATION has caused this instrument to be executed the day and year first above written by its appropriate officers.

GREENWOOD DEVELOPMENT CORPORATION