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**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
EAGLE'S POINTE**

THIS DECLARATION of covenants, conditions and restrictions is made this 21st day of February, 1997 by CENTEX HOMES, a Nevada General Partnership (hereinafter referred to as "Declarant").

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain real property located in Bluffton Township, Beaufort County, South Carolina, upon which it intends to develop as a residential subdivision, which property is more particularly described in Exhibit "A" attached hereto and made a part of this Declaration; and

WHEREAS, Declarant intends by this Declaration to impose upon the Property (as defined herein) beneficial restrictions under a general plan of improvement for the benefit of all owners within the Property; and

WHEREAS, Declarant desires to provide a flexible and reasonable procedure for the overall development of the Property, and to establish a method for the administration, maintenance, preservation, use and enjoyment of said Property and all real property now or hereafter subjected to this Declaration; and

NOW, THEREFORE, Declarant hereby declares that all of the property described in Exhibit "A" and any additional property which is hereafter subjected to this Declaration by Supplemental Declaration (as defined herein) shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of and which shall run with title to the real property subject to this Declaration. This Declaration shall be binding on all parties having any right, title or interest in the real property now or hereafter subjected hereto, or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof and the Association (as herein defined).

ARTICLE I

DEFINITIONS

When used in this Declaration, unless the context shall prohibit or otherwise require, the following words shall have the

following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

1.01 Additional Property. In addition to the Property described in Section 1.26 below, 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 the need for consent of the Association or any Owner or by the Owners of such Property if Declarant is not the Owner with the consent of Declarant hereunder. 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 the 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.

1.02 Architectural Control Committee. "Architectural Control Committee" or "ACC" shall mean and refer to the Architectural Control Committee established in Article VI of this Declaration.

1.03 Articles of Incorporation. "Articles of Incorporation" or "Articles", shall mean and refer to the Articles of Incorporation for the Association, as filed with the Secretary of State of the State of South Carolina, as the same may be amended from time to time.

1.04 Association. "Association" shall mean and refer to Eagle's Pointe Homeowners Association, Inc. (a non-profit corporation organized under the South Carolina Nonprofit Corporation Code), its successors and assigns.

1.05 Board of Directors. "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association.

1.06 Bylaws. "Bylaws" shall mean and refer to the Bylaws of the Association, as the same may be amended from time to time.

1.07 Common Expenses. "Common Expenses" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration.

1.08 Common Property. "Common Property" shall mean and refer to all real property, including any portion of a Homesite, (together with any and all improvements now or hereafter located thereon) and all personal property now or hereafter owned by the Association, for the common use and enjoyment of the Owners, including easements held by the Association for such purpose.

1.09 Community-Wide Standard. "Community-Wide Standard" shall mean and refer to the standard of conduct, maintenance or other activity generally prevailing throughout the Property. Such standard may be more specifically defined by the Board of Directors.

1.10 Declarant. "Declarant" shall mean and refer to Centex Real Estate Corporation, its successors and assigns. The term shall also be applied to any Person, firm, corporation, partnership, association, trust, or other legal entity, or any combination thereof, which lawfully acquires the rights, privileges and options of Declarant in accordance with this Section. Should any of the Property or the Additional Property become subject to a first Mortgage given by Declarant as security for the repayment of a loan to improve the Property and/or Additional Property for development as part of this residential community, then all rights, privileges and options herein reserved to the Declarant, if held by the Mortgagor under said Development Loan, shall inure to the benefit of the holder of such first Mortgage upon its becoming the actual owner of the Property and/or Additional Property then subject to such first Mortgage through judicial foreclosure or sale made pursuant to any power of sale contained in such first mortgage or by conveyance of a deed in lieu of foreclosure. The Declarant, as hereinabove defined, may transfer all of its rights, privileges and options as Declarant to a successor-in-title to all or some portion of the Property or the Additional Property, provided any such successor-in-title shall acquire for the purpose of development or sale all or some portion of such property, and provided further, that in a written instrument, such successor-in-title is expressly assigned Declarant's rights, privileges and options herein reserved to Declarant. Such an assignment may be included as a recital in any deed executed by Declarant which conveys any portion of the Property or the Additional Property.

1.11 Declaration. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Eagle's Pointe, as the same may be amended from time to time.

1.12 Development. "Development" shall mean and refer to the Property, the Common Property, and all improvements located or constructed thereon, and any portion of the Additional Property subjected to this Declaration. The term shall be used

generally to describe the residential community of Eagle's Pointe.

1.13 Golf Club. "Golf Club" shall mean and refer to the privately owned golf course and related club facilities developed on the Golf Course Property, or within easement areas established for the benefit of the Golf Course Property.

1.14 Golf Course. "Golf Course" shall mean and refer to that certain privately owned eighteen-hole golf course intended, as of the date this Declaration is executed, to be developed on the Golf Course Property by the Golf Course Owner.

1.15 Golf Course Owner. "Golf Course Owner" shall mean and refer to the owner of the Golf Course Property, and its successors, assigns and successors-in-title with respect thereto. Subject to the terms of a certain purchase agreement with Declarant, as of the date this Declaration is executed, the Golf Course Owner is Indian Hill Golf Course, LLC, a Wisconsin limited liability company whose Managing Member is Richard Covelli.

1.16 Golf Course Property. "Golf Course Property" shall mean and refer to that real property described in Exhibit "C" attached hereto and incorporated herein by reference, less and except any portions thereof which may subsequent to the execution and recording of this Declaration be conveyed to the Declarant, whether by deed or boundary line agreement, which property shall at the time acquired by Declarant become a portion of the Additional Property. The Golf Club Property shall also include any portion of the Additional Property acquired by Golf Course Owner.

1.17 Homesite. "Homesite" shall mean and refer to any numbered parcel of land shown as a residential building lot of Eagle's Pointe, any future subdivision plat, and/or as similarly shown on revised or supplemental surveys of such tracts or such additional tracts as may be added to the Property from time to time, as provided herein. Provided no portion of the Common Property shall be a Homesite except as may be provided for in Article III.

1.18 Lot. "Lot" shall mean and refer to a Homesite.

1.19 Master Plan. "Master Plan" shall mean and refer to that preliminary development plan for Consolidated Resort Services, Inc. prepared by Wood & Partners, Inc., dated February 8, 1996, as the same may be now or hereafter amended from time to time, which plan includes a preliminary layout of the residential community (consisting of approximately 366 residential subdivision lots and an eighteen-hole golf course) upon the

property described on Exhibit "A", all or a portion of the property described on Exhibit "B" which Declarant may purchase from time to time subject to the Declaration, and the property described on Exhibit "C". Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration. The Master Plan was significantly amended prior to the recordation of the Covenants. The amended Master Plan refers to that certain Proposed Master Plan for Eagle's Pointe dated February 13, 1997 prepared by Wood & Partners. REFERENCES TO THE MASTER PLAN ARE MADE SOLELY FOR THE CONVENIENCE OF DECLARANT. THE MASTER PLAN MAY BE REVISED OR CHANGED IN ANY MANNER, AT ANY TIME, AND FROM TIME TO TIME, OR THE MASTER PLAN MAY BE DISCARDED ALTOGETHER, ALL AT THE SOLE AND ABSOLUTE DISCRETION OF THE DECLARANT.

1.20 Member. "Member" shall mean and refer to a Person entitled to membership in the Association.

1.21 Mortgage. "Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

1.22 Mortgagee. "Mortgagee" shall mean and refer to a beneficiary or holder of a Mortgage.

1.23 Mortgagor. "Mortgagor" shall mean and refer to any Person who gives a Mortgage.

1.24 Owner. "Owner" shall mean and refer to that record owner (including Declarant) whether one or more Persons, of a fee simple title to any Homesite; provided, however, that where fee simple title has been transferred and is being held merely as security for repayment of a loan, the Person who would own the Homesite in fee simple if such loan were paid in full shall be considered the owner.

1.25 Person. "Person" shall mean and refer to a natural person, a corporation, a partnership, a trustee, or any other legal entity.

1.26 Property. "Property" shall mean and refer to that certain real property described in Exhibit "A" attached hereto, together with such additional real property as may be subjected to the provisions of this Declaration in accordance with the provisions of Article XI hereof.

1.27 Restrictions. "Restrictions" shall mean and refer to all covenants, conditions, restrictions, easements, liens and other obligations created or imposed by this Declaration.

1.28 Structure. "Structure" means:

(a) any thing or object the placement of which upon any Homesite may affect the appearance of such Homesite, including by way of illustration and not limitation, any building or part thereof, garage, porch, shed, greenhouse or bathhouse, coop or cage, pethouse, covered or uncovered patio, swimming pool, antennas and satellite dishes, fence, curbing, paving, wall, tree, shrub, sign, signboard, temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to such Homesite, including, but not limited to, paint color, shutters or any other items attached to the exterior of the structure or on the Homesite.

(b) any excavation, grading, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any Homesite, or which affects or alters the flow of any waters in any natural or artificial creek, stream, wash or drainage channel from, upon or across any Homesite.

1.29 Supplemental Declaration. "Supplemental Declaration" shall mean and refer to an amendment or supplement to this Declaration filed pursuant to Article XI which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

1.30 Deed. "Deed" shall mean and refer to that certain Deed dated FEBRUARY 21, 1997, recorded in Book 923 Page 154, Beaufort County, South Carolina records.

ARTICLE II

PLAN OF DEVELOPMENT

2.01 Acquisition of Land. On February 21, 1997, Declarant purchased the Property and was conveyed the Property by Deed dated FEBRUARY 21, 1997, said Deed recorded in Book 923 at Page 154 on FEBRUARY 24, 1997 in the RMC Office for Beaufort County, South Carolina.

2.02 Development of the Property. While Declarant has submitted all of the Property to the terms and provisions of the Declaration, only those lots which are of record and platted with the Office of the RMC for Beaufort County, South Carolina shall comprise the Homesites. Declarant hereby reserves the right, but

not the obligation, to be exercised in its sole discretion, to designate and redesignate and redesign the boundaries of all Homesites and Common Property in various phases of the Property as they are developed and platted and to construct on any portion of the Property recreational facilities, including but not limited to tennis courts, swimming pools, playgrounds, clubhouses, and related facilities. Declarant shall have the right, but not the obligation, to make improvements and changes to all Common Property and to all Homesites owned by Declarant, including, without limitation, (i) installation and maintenance of any improvements in and to the Common Property, (ii) changes in the location of the boundaries of any Homesites owned by the Declarant or of the Common Property, (iii) installation and maintenance of any storm drainage system and water, sewer and other utility systems and facilities and (iv) installation of security and/or refuse facilities.

2.03 Development of the Additional Property. In accordance with Article XI of this Declaration, Declarant hereby reserves the option, to be exercised in its sole discretion, to submit from time to time the Additional Property or portions thereof to the provisions of this Declaration and thereby to cause the Additional Property or a portion or portions thereof to become part of the Property.

2.04 Development of the Golf Course Property. Indian Hill Golf Course, LLC, the owner of adjacent property (the "Golf Course Owner"), intends to develop and operate the Golf Club.

(a) It is believed by Declarant and Golf Course Owner that both parties and their properties can mutually benefit from their respective development as a residential community and a golf club. As between themselves, Declarant and Golf Course Owner have agreed to cooperate with each other to ensure the orderly development of the Property and the Golf Course Property. In addition, both Declarant and Golf Course Owner have agreed to submit the Golf Course Property to provisions of that certain Master Declaration of Covenants, Conditions and Restrictions and Restrictive Covenants for Eagle's Pointe Golf Course dated the 21 day of February, 1997 and recorded in the Office of the RMC for Beaufort County in Book 923 at Page 1537 (the "Master Declaration").

(b) AS OF THE DATE THIS DECLARATION IS EXECUTED, DECLARANT AND THE GOLF COURSE OWNER ARE SEPARATE AND DISTINCT COMPANIES, AND ARE NOT PARTNERS NOR JOINT VENTURERS. IN ADDITION, AS OF THE DATE THIS DECLARATION IS EXECUTED, IT IS THE INTENTION OF DECLARANT AND THE GOLF COURSE OWNER THAT THE GOLF CLUB SHALL BE A PRIVATELY OWNED DAILY FEE GOLF COURSE, SEPARATE AND DISTINCT FROM THE ASSOCIATION AND THE DECLARANT. THE GOLF

CLUB AND THE GOLF COURSE PROPERTY SHALL NOT BE PART OF THE COMMON PROPERTY AND NEITHER THE ASSOCIATION NOR ANY OWNER SHALL HAVE ANY RIGHT IN AND TO THE GOLF CLUB OR THE AMENITIES CONTAINED THEREIN, INCLUDING THE RIGHT TO ENTER UPON OR USE THE GOLF CLUB FACILITIES, EXCEPT FOR SUCH RIGHTS GRANTED TO THE GENERAL PUBLIC.

(c) WHILE DECLARANT HAS MADE REASONABLE EFFORTS TO ENSURE THAT THE GOLF CLUB WILL BE DEVELOPED, OWNED AND OPERATED IN A FIRST-CLASS MANNER, DECLARANT IS UNDER NO OBLIGATION TO DEVELOP A GOLF CLUB, NOR DOES DECLARANT GUARANTEE THAT A GOLF COURSE OR GOLF CLUB WILL BE DEVELOPED OR OPERATED ON THE GOLF COURSE PROPERTY.

ARTICLE III

COMMON PROPERTY

3.01 Conveyance of Common Property.

(a) The Declarant may from time to time cause to be conveyed to the Association certain real property (which may include Homesites or portions thereof) or grants of easements, as well as personal property, for the common use and enjoyment of the Owners (such real and personal property being hereinafter collectively referred to as "Common Property"). In addition, the Declarant may from time to time cause the conveyance of certain real property or grants of easements to the general public as may be required by governing authorities in accordance with this Declaration.

(b) It is contemplated by the Declarant that the Declarant will convey Common Property to the Association for scenic and natural area preservation and for general recreational use. The Declarant may, at Declarant's sole discretion, modify, alter, increase, reduce and otherwise change the Common Property contemplated to be conveyed to the Association in accordance with this subsection (b) of this Section 3.01 and in accordance with Section 11.05 of this Declaration at any time prior to conveyance of such Common Property to the Association.

(c) In addition to the property described in subsection (b) of this Section 3.01, the Declarant may convey, or cause to be conveyed, to the Association in accordance with this Section 3.01 such other real and personal property as the Declarant may determine to be necessary or proper for the completion of the Development.

(d) Notwithstanding any legal presumption to the contrary, the fee title to, and all rights in, any portion of

the Property owned by the Declarant and designated as Common Property or Recreation Area (or which is designated by any words which similarly signify such property is for the use of the Owners in the Development) whether by recorded plat of survey or otherwise, or designated for public use, shall be reserved to the Declarant and for its use and subject to its disposition until such time as the same shall be conveyed by grant or deed to the Association or to any municipality or other governmental body, agency or authority.

(e) The Association hereby covenants and agrees to accept all such conveyances of Common Property. If the Declarant conveys any improved Common Property to the Association the procedures contained in this Section 3.01(e) shall be followed. Upon conveyance of any such Common Property or upon completion of the improvements, whichever is later, the Declarant shall notify the Architectural Control Committee (the "ACC"). (If at that time the Architectural Control Committee is composed of Declarant's employees or agents, Declarant shall appoint three Class A Members as a special committee to fulfill those obligations described herein of the Architectural Control Committee.) Within thirty (30) days after said notification, the Declarant or its representative and the ACC shall jointly inspect the Common Property to the extent hereinafter provided. The Declarant and the ACC shall each be entitled to designate a qualified engineer and/or architect, or any other such Expert to accompany them during the inspection of the Common Property. Such inspection shall not include normal wear and tear since the date such improvements were constructed and shall be limited to a visual inspection of the Common Property, it being understood that under no circumstances shall any improvements not visible to the naked eye be required to be uncovered and that no attempt shall be made to locate latent defects. Promptly after the completion of such inspection, the ACC shall submit a written report (hereinafter the "Inspection Report") to the Declarant stating whether the Common Property has been constructed in a workmanlike manner in accordance with reasonable building standards and specifying the respects, if any, in which such construction does not conform with such standards. The Inspection Report shall constitute conclusive evidence that, except as otherwise set forth in such Report, the Declarant has constructed the Common Property in a workmanlike manner in accordance with the reasonable building standards and thereafter the Declarant shall have no further liability, duty or obligation with respect to the Common Property except to perform the work called for by the Inspection Report. Following the completion of such work, the Declarant shall, after fourteen (14) days notice to the ACC, arrange for a re-inspection of the Common Property. The ACC shall then issue a written report to the Declarant stating whether the work called for by the Inspection Report has

been substantially completed and specifying the respects, if any, in which such work has not been completed and is defective. The Declarant shall perform any work called for by such report of re-inspection as promptly as practicable. The reasonable fees and expenses of any Experts hired by the ACC in connection with the inspection and re-inspection provided for by this paragraph (e) shall be borne by the Association.

(f) With respect to any improved Common Property, issuance of a certificate of occupancy (if required) by the local governing authority having jurisdiction over such matters, or by the appropriate state agency (e.g. DHEC for swimming pool), shall be conclusive evidence that said property complies with all building and construction standards. The Declarant, or any predecessor Declarant, shall not be responsible for compliance with any requirements called for by said local governing authority after the issuance of a certificate of occupancy.

3.02 Right of Enjoyment. Every Owner shall have a nonexclusive right and easement to use and enjoy the Common Property, which right shall be appurtenant to and shall pass with the title to every Homesite upon transfer; provided, however, that no Owner shall do any act which interferes with the free use and enjoyment of the Common Property by all other Owners. The Association may permit persons who are not Owners to use and enjoy any part or all of the Common Property subject to such limitations, and upon such terms and conditions, as it may from time to time establish. The right and easement of enjoyment granted or permitted by this Section 3.02 is subject to those items set forth in Section 3.03, which include suspension by the Association as provided in Sections 3.03 (c) and 4.05.

3.03 Right of the Association. The rights and privileges conferred in Section 3.02 hereof shall be subject to the right of the Association acting through the Board to:

(a) promulgate rules and regulations relating to the use, operation and maintenance of the Common Property (which shall specifically include the right of the Association, acting through its Board of Directors, to allow residents of other developments outside of Eagle's Pointe to use the Common Property);

(b) charge reasonable fees in connection with the admission to and use of facilities or services (exclusive of the Golf Club); provided that in setting any such fee the Board may establish reasonable classifications which shall be uniform within each such class but need not be uniform between such classes;

(c) suspend the voting rights of any Member, pursuant to Section 4.05, and the right of enjoyment granted or permitted by Section 3.02;

(d) grant easements or rights-of-way over Common Property to any municipality or other governmental body, agency or authority, to any quasi-public agency or to any utility company or cable television system;

(e) enforce all applicable provisions of valid agreements of the Association relating to the Common Property or any part thereof;

(f) borrow money for the purpose of carrying out the activities of the Association, including the acquisition, construction, improvement, equipping and maintenance of Common Property, and in aid thereof to encumber by deed to secure debt, Mortgage or other security interest, any or all of the Association's property, including Common Property and revenues from assessments, user fees and other sources;

(g) dedicate or transfer all or any part of the Common Property or interest therein to any municipality or other governmental body, agency or authority for such purposes and subject to such provisions and conditions as may be agreed upon by the Association and such grantee, including a provision that such property or interest shall cease to be subject to this Declaration or all or any part of the Restrictions while held by any such municipality or other governmental body, agency or authority; and

(h) to sell, lease or otherwise convey all or any part of its properties and interest therein; provided, however, that the Association shall not sell, encumber by security interest, convey, dedicate or transfer any Common Property or interest therein without the approval of two-thirds (2/3) of both Class A and Class B Members.

3.04 Types of Common Property. At the time of the conveyance of any real property or grant of easement by the Declarant to the Association to be used as Common Property, the Declarant shall designate in the deed of conveyance or easement that such real property is to be Common Property, and further may designate in the deed of conveyance or easement the specific or general purpose or purposes for which such real property or any portion thereof may be used, and in such event, such real property or portion thereof shall not, without a two-thirds (2/3) vote of both Class A and Class B Members of the Association, be used for any different purpose or purposes. For so long as Declarant owns at least one (1) Homesite held primarily for sale,

or has an unexpired option to add additional property to these Restrictions, the Common Property may not be used for any different purpose without the written consent of the Declarant.

3.05 Entrance Easements and Entrance Monuments. it is contemplated that certain easements for landscaping or for the erection and maintenance of entrance monuments, subdivision signs, walls, fences and other structures intended to provide an attractive atmosphere or to provide privacy to Owners within the Development will be reserved by the Declarant and may be set forth on plats of survey of the Development recorded in the County records. Such easements shall be perpetual in duration and shall include the right to erect, maintain, repair, replace and re-erect any such structures within the easement areas, as well as the right to plant grass, plants, flowers, shrubs and trees, to tend and garden the same, and to generally landscape the area within said easements to keep them clean, attractive and uniform in appearance for the benefit of all owners within the Development. All Owners taking title to any Homesite upon which such an easement lies will take title subject to the easement rights set forth herein, as well as such rights as may be set forth in any instrument conveying such easements to the Association. Such easements shall be Common Property. In addition, or alternatively, such entrance monuments and other similar improvements, may be constructed within or upon rights-of-way within the Development, in which case, such improvements shall be maintained by the Association as any other Common Property.

3.06 Encroachment Easements. If any buildings or other improvements initially constructed by Declarant, on any of the Homesites (including without limitation any eaves, roof overhangs, balconies, siding, porches, or other structures which may be attached to the walls or roofs of such buildings) encroach onto or over or extend into the air space or any portion of the Common Property, or, conversely, if any such improvements initially constructed on the Common Property encroach onto or over portions of any Homesite, a valid easement for the encroachment and for the maintenance, repair and replacement thereof, shall exist so long as the encroachment exists.

3.07 Delegation of Use. Any Owner may delegate his right to use and enjoy the Common Property to the members of his family, his social invitees or his tenants who reside on a Homesite. Tenants who reside on a Homesite shall have the same rights of delegation as an Owner. If an Owner is not occupying his Homesite as a primary residence and has leased his Homesite to tenants, the Owner shall not have the right to use and enjoy the Common Property, which right may only be exercised by the

tenants. Any delegation of rights must be made in accordance with the Bylaws and will be subject to reasonable regulation by the Board and in accordance with the procedures it may adopt.

ARTICLE IV

THE HOMEOWNERS' ASSOCIATION

4.01 Purposes, Powers and Duties of The Association. The Association shall be formed as a non-profit civic organization for the primary purpose of performing certain functions for the common good and general welfare of the people of the Development. To the extent necessary to carry out such purpose, the Association (a) shall have all of the powers of a corporation organized under the South Carolina Nonprofit Corporation Code and (b) shall have the power to exercise all of the rights, powers and privileges of the Association as set forth in this Declaration.

4.02 Membership in the Association. Every Owner shall automatically be a Member of the Association and such membership shall terminate only as provided in this Declaration.

4.03 Voting Rights. Subject to the following provisions of this Section 4.03, the Association shall have two classes of membership: Class A and Class B.

(a) Class A. Every person who is an Owner, with the exception of the Declarant (except as otherwise set forth herein), shall be a Class A Member and shall be entitled to one vote for each Homesite owned. When more than one Person is a Class A Member by virtue of an ownership interest in the same Homesite, the vote for such Homesite shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Homesite. In the event of disagreement among such Persons and an attempt by two or more of them to cast the vote of such Homesite, such persons shall not be recognized and the vote of such Homesite shall not be counted. The membership of a Class A Member shall automatically terminate upon the Member's sale of his Homesite. However, no termination of Class A membership shall affect such Member's obligation to pay assessments, fines or penalties as hereinafter provided for, due and payable for any period prior to the date of such termination, and there will be no refund for assessments paid for periods falling after the date of such termination.

(b) Class B. The Declarant shall be the sole Class B Member. Class B membership shall be a full voting membership and, during its existence, the Class B Member shall be

entitled to vote on all matters and in all events. The Class B Member shall be entitled to three votes for each Homesite planned or subdivided, whichever is greater. votes less three (3) votes for each Homesite owned by a Person other than the Class B Member. The Master Plan now provides for 243 Homesites. This number may be increased from time to time as the plan of development changes. The Class B membership shall cease and shall be converted to Class A membership at such time as the first of the following events occur: (a) the expiration of ten (10) years from the date of recording of this Declaration; (b) the date as of which three-fourths (3/4) of the Homesites which may be developed on the Property and on the Additional Property (as shown on the Master Plan) shall have been conveyed, by either the Declarant or by a Builder who purchased the Homesite from Declarant for the purpose of erecting a dwelling thereon, to an individual owner or owners for residential occupancy; or (c) the surrender by the Declarant of the authority to appoint and remove members of the Board of the Association by an express amendment to this Declaration executed by the Declarant and recorded in the RMC Office of Beaufort County; provided, however, that so long as any Mortgagee of Declarant holds a security interest in any portion of the Property, as security for a development loan to Declarant, the Class B membership shall not be terminated without the prior written consent of such Mortgagee. If at the time of termination of the Class B membership, Declarant still owns any Homesites, then as to each Homesite owned by Declarant, Declarant shall be deemed to be a Class A Member.

4.04 Board of Directors and Officers.

(a) Board. The affairs of the Association shall be managed by a Board of Directors. The number of directors and the method of election of directors shall be as set forth in this Declaration and in the Bylaws of the Association. Except to the extent otherwise expressly required or authorized by the South Carolina Nonprofit Corporation Code or this Declaration, the Association's Bylaws or Articles of Incorporation, the powers inherent in or expressly granted to the Association may be exercised by the Board, acting through the officers of the Association, without any further consent or action on the part of the Members.

(b) Officers. The number of officers and the method of election of officers shall be as set forth in this Declaration and the Bylaws of the Association. Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the Bylaws of the Association, officers of the Association shall be

appointed by the Board until such time as Declarant no longer has the right to appoint members to the Board of Directors.

(c) Adjustment of Votes. It is the intention of the Declarant that the Development will be developed in phases; each phase consisting of Homesites and/or Common Property. Each such phase will be platted of record in the Office of the RMC Office of Beaufort County. The Declarant shall notify the Association in writing when the final phase of the Development has been so platted of record. By acceptance of a deed conveying a Homesite, each owner acknowledges that, upon the filing by Declarant of the subdivision plats covering such phases and the sale of Homesites shown thereon, the total votes outstanding in the Association will automatically adjust based upon the number of Homesites in the phases added and in accordance with the formulas set forth in Section 4.03; provided, however, nothing contained herein shall obligate the Declarant to develop any proposed phase of the Development.

(d) Casting of Votes. The votes of the Members shall be cast under such rules and procedures as may be prescribed in this Declaration or in the Bylaws of the Association, as amended from time to time, or by law.

4.05 Suspension of Membership. The Board may, but shall not be obligated to, suspend the voting rights of any Member and the right of enjoyment of the Common Property of any Person who:

(a) shall be subject to the Right of Abatement, as defined in Section 9.02 by reason of having failed to take the reasonable steps to remedy a violation or breach of the Restrictions, or of Design Standards as may be adopted by the ACC, within thirty (30) days after having received notice of the same pursuant to the provisions of Sections 6.11, 7.02 or 9.02 of this Declaration.

(b) shall be delinquent in the payment of any assessment, fine or penalty levied by the Association pursuant to the provisions of this Declaration; or

(c) shall be in violation of the Restrictions or of rules and regulations adopted by Association or the Golf Course Owner.

Any suspension shall be for the balance of the period in which said Member or Person shall remain in violation, breach or default, as aforesaid, except that in the case of a violation described in subsection (c) of this Section 4.05, the suspension may be for a period not to exceed 60 days after the cure or

termination of such violation. No such suspension shall prevent an owner's ingress to or egress from his Homesite.

4.06 Voting Procedures. The procedures for the election of Directors of the Association and the resolution of such other issues as may be brought before the membership of the Association shall be governed by this Declaration, the South Carolina Nonprofit Corporation Code, the Articles of Incorporation of the Association, and the Bylaws of the Association, as each shall from time to time be in force and effect.

4.07 Control by Declarant and Appointment of the Board. Until such time as Declarant no longer has the right to appoint members to the Board, the Board of the Association shall consist of three (3) members. Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the Bylaws of the Association, the Declarant hereby retains the right to appoint all members to the Board. The rights of Declarant to appoint members of the Board also includes the right to remove and replace appointees until such time as Declarant's rights to appoint members to the Board ceases. Declarant shall retain the right to appoint and remove members of the Board until sixty (60) days after the first of the following events shall occur: (i) the expiration of ten (10) years from the date of the recording of this Declaration; (ii) the date upon which three-fourths (3/4) of the Homesites which may be developed on the Property and on the Additional Property shall have been conveyed, by either Declarant to an individual owner or owners for residential occupancy; or (iii) the surrender by Declarant of the authority to appoint and replace directors by an express amendment to this Declaration executed by the Declarant and recorded in the Office of the RMC of Beaufort County which the Property is located. Upon the final expiration of all rights of Declarant to appoint and replace directors of the Association, a special meeting of the Association shall be called. At such special meeting the owners shall elect a new Board of Directors which shall undertake the responsibilities of the Board, and Declarant shall deliver the books, accounts, and records, if any, which Declarant has kept on behalf of the Association, and any agreements or contracts executed by or on behalf of the Association during such period, which Declarant has in its possession. Notwithstanding any other language to the contrary, the Board of Directors appointed by the Declarant shall retain the power and authority to act of behalf of the Association, and to exercise all rights available to Board members until such time as a new Board of Directors has been elected. Each Owner by acceptance of a deed to or other conveyance of a Homesite vests in Declarant such authority to

appoint and replace directors and officers of the Association as provided in this Section.

4.08 Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Property, and dwellings within the Property, and the Common Property, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Such regulations and use restrictions shall be binding upon all owners, occupants, invitees, and licensees, if any, until and unless revised or canceled by the Board of Directors or overruled, canceled, or modified in a regular or special meeting of the Association by the vote of Voting Members representing a majority of the total Class "A" votes in the Association and by the Class "B" Member, so long as such membership shall exist.

4.09 Enforcement. The Association shall be authorized to impose sanctions for violations of this Declaration, the Bylaws, or rules and regulations adopted by the Association or Golf Course Owner. Sanctions may include reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Property. In addition, the Association, through the Board, in accordance with Article IX of the Declaration, shall have the right to exercise the Right of Abatement to cure violations, and shall be entitled to suspend any services provided by the Association to any Owner or such Owner's Homesite in the event that such Owner is more than thirty days delinquent in paying any assessment or other charge due to the Association. The Board shall have the power to seek relief in any court for violations or to abate nuisances. The Association, through the Board, by contract or other agreement, shall have the right to enforce county and city ordinances, if applicable, and to permit the County to enforce ordinances on the Property for the benefit of the Association and its Members.

4.10 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws. The Association may also exercise every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

4.11 Governmental interests. For so long as the Declarant owns any property described in Exhibits "A" or "B", the Association shall permit the Declarant to designate sites within the Property for fire, police, water, and sewer facilities, public schools and parks, and other public facilities. The sites may include Common Property owned by the Association.

4.12 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than they otherwise might be. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY HOMESITE, AND ALL TENANTS, GUESTS, AND INVITEES OF ANY OWNER, ACKNOWLEDGE THAT THE ASSOCIATION, AND ITS BOARD OF DIRECTORS, DECLARANT, ANY SUCCESSOR DECLARANT, AND THE ACC DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE DECLARANT OR THE ACC MAY NOT BE COMPROMISED OR CIRCUMVENTED; NOR THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE; NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. ALL OWNERS AND OCCUPANTS OF ANY HOMESITE, AND ALL TENANTS, GUESTS, AND INVITEES OF ANY OWNER, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS. ALL OWNERS AND OCCUPANTS OF ANY HOMESITE AND ALL TENANTS, GUESTS, AND INVITEES OF ANY OWNER ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO HOMESITES AND STRUCTURES LOCATED THEREON, AND TO THE CONTENTS OF DWELLINGS AND FURTHER ACKNOWLEDGE THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS ANY OWNER, OCCUPANT, OR ANY TENANT, GUEST, OR INVITEE OF ANY OWNER RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

ARTICLE V

ASSESSMENTS AND MAINTENANCE CHARGES

5.01 Covenant for Assessments and Creation of Lien and Personal Obligations. The Declarant, to the extent that Declarant is required herein, hereby covenants and agrees, and each Owner, jointly and severally, for himself, his heirs, distributees, legal representatives, successors and assigns, by acceptance of a deed for a Homesite, whether or not the covenants contained herein shall be expressed in any such deed, hereby covenants and agrees as follows:

(a) to pay to the Association the annual assessments which may or shall be levied by the Association pursuant to this Declaration against all Homesites owned by him;

(b) to pay to the Association any special assessments for capital improvements and any fines, penalties or other charges which may or shall be levied by the Association pursuant to this Declaration against all Homesites owned by him;

(c) that there is hereby created a continuing charge and lien upon all Homesites owned by him against which all assessments, fines, penalties and other charges are made to secure payment of such items and any penalties and interest thereon as provided in Section 5.07 hereof and costs of collection, including reasonable attorneys, fees;

(d) that such continuing charge and lien on such Homesites binds such Homesites in the hands of the then Owner, and the Owner's heirs, devisees, legal representatives, successors and assigns. Such charge and lien is superior to any and all charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon such Homesites whether arising from or imposed by judgment or decree or by any agreement, contract, Mortgage, deed to secure debt, or other instrument, except (i) such liens for taxes or other public charges as are by applicable law made superior, and (ii) the lien or charge of all first and second Mortgages of record (meaning any recorded Mortgages with first or second priority over other Mortgages) made in good faith and for value;

(e) that no sale or transfer at foreclosure or in lieu of foreclosure shall relieve any Homesite or Homesites from liability for any assessment thereafter assessed;

(f) that all annual and special assessments (together with interest thereon and late charges as provided in

Section 5.07 of this Declaration and costs of collection including reasonable attorneys fees) levied against any Homesite or Homesites owned by him during the period that he is an Owner shall be (in addition to being a continuing charge and lien against such Homesite or Homesites as provided in Section 5.01(c) of this Declaration) a personal obligation which will survive any sale or transfer of the Homesite or Homesites owned by him; provided, however, that such personal obligation for delinquent assessments shall not pass to an Owner's successor-in-title unless expressly assumed by such successor.

5.02 Purpose of Assessment. The assessments levied by the Association shall be used exclusively for the purpose of providing for the common good and general welfare of the people of the community of the Development, including, but not limited to, and in addition to other purposes set forth in this Declaration, security, the acquisition, construction, improvement, maintenance and equipping of Common Property, the enforcement of the Restrictions contained in this Declaration, the enforcement of the Design Standards of the ACC, the payment of operating costs and expenses of the Association, the payment of all sums due and reserves required under the Master Declaration, including, but not limited to, the establishment of an Environmental Surplus Fund. and the payment of all principal and interest when due on all debts owed by the Association.

5.03 Accumulation of Funds Permitted. The Association shall not be obligated to spend in any calendar year all the sums collected in such year by way of annual assessments or otherwise, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply such surplus to the reduction of the amount of the Annual Assessments in any succeeding year, but may carry forward from year to year such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes.

5.04 Annual Assessment or Maintenance Charge.

(a) Subject to the terms of this Article, each Homesite in the Property is hereby subjected to an annual assessment or maintenance charge, which maintenance charge and assessment will be paid by the Owner or Owners of each Homesite within the Property (and any area annexed under the jurisdiction of the Association). Payment of such assessments will be made in advance in monthly, quarterly, semi-annual or annual installments with the due dates being established by the Board of Directors.

(b) The annual maintenance charge and assessment will commence to each Homesite on the first day of the month

following the earliest to occur of the following events: (i) upon the occupancy of the Homesite as a residence; or (ii) upon the conveyance of the Homesite by Declarant to an Owner or tenant for residential occupancy; or (iii) upon the conveyance of the Homesite by a Builder who purchased the land from Declarant for the purpose of erecting a dwelling thereon to an Owner or tenant for residential occupancy.

(c) Beginning on the date this Declaration is executed through December 31, 1997, the annual maintenance charge and assessment will not exceed \$555.00 per annum (said rate of charge being the maximum annual assessment for 1997). Beginning January 1, 1998, and from year to year thereafter, the maximum annual assessment may be increased by the Board of Directors; however, the maximum annual assessment may not be increased by more than ten percent (10%) above the maximum annual assessment for the previous year. The annual assessment for each year shall be determined by the Board of Directors as the needs of the Development may in the judgment of the Directors require; however, the annual assessment for each year shall not exceed the maximum annual assessment set for that year. In addition, if for any reason the Board of Directors fail to determine the annual assessment for any successive year, the annual assessment for the previous year shall continue for such successive year until a new annual assessment is determined by the Board of Directors.

(d) Assessments may be used by the Association to provide for, by way of clarification, and not limitation, any and all of the following: normal, recurring maintenance of the Common Property (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking and otherwise caring for the existing landscaping and maintaining and repairing recreational facilities) and the acquisition and installation of capital improvements to such areas; provided that the Association shall have no obligation (except as expressly provided in this Declaration) to make capital improvements to the Common Property; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions, and conditions affecting the Property to which said assessments apply; payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment; employment of security guards or watchmen, if determined necessary; caring for vacant lots; and doing any other thing or things necessary or desirable in the opinion of the Board or membership of the Association to keep the property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that when and if presented to the Members, the judgment of the majority of the Members of the Association in the determination of what constitutes normal, recurring maintenance

shall be final and conclusive so long as such judgment is exercised in good faith. The Association may also establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Property.

(e) Unless required as a matter of law, neither the Declarant, successor Declarants, shall at any time be subject to any assessments; however, the Declarant hereby agrees that until such time as Declarant no longer has the right to appoint members to the Board of the Association, Declarant will pay to the Association any deficit amounts not covered by the income of the Association which are reasonably necessary to meet the actual operating expenses of the Association. In determining whether such a deficit exists, "actual operating expenses" shall not include paper expenses, such as depreciation, nor allocations for capital reserves. If the Declarant's right to appoint members to the Board of the Association expires prior to that date upon which three-fourths (3/4) of the Homesites which may be developed on the Property and on the Additional Property in accordance with the Master Plan have been conveyed to individual Owners for residential occupancy, then beginning on the first day of the month next following the expiration of Declarant's rights, Declarant, Declarant's predecessors, and/or any builder owning a Homesite which is part of the Property shall be subject to an annual maintenance charge and assessment in an amount equal to one-tenth (1/10) of the full annual assessment being paid by all other Owners. Beginning on the first day of the month next following that date upon which three-fourths (3/4) of the Homesites which may be developed on the Property have been conveyed to individual Owners for residential occupancy, Declarant, Declarant's predecessors, and/or any Builder owning a Homesite which is part of the Property shall be subject to an annual maintenance charge and assessment in an amount equal to one-tenth (1/10) of the full annual assessment being paid by all other Owners. Notwithstanding the preceding, the full annual maintenance charge and assessment will commence as to each Homesite owned by Declarant upon its occupancy as a residence in accordance with Section 5.04 (b). In addition and notwithstanding anything to the contrary herein, the Declarant may contribute assessments due from it in services or materials or a combination of services and materials, rather than in money (herein collectively called in kind contribution). The amount by which monetary assessments shall be decreased as a result of any in kind contribution shall be the fair market value of the contribution. If the Declarant and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarant cannot agree as to the value of any contribution, the Declarant shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall acquire bids for performing

like services and furnishing like materials from three (3) independent contractors approved by the Declarant who are in the business of providing such services and materials. If the Association and the Declarant are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors. This subsection 5.04 (e) may only be amended with the prior written consent of the Declarant and any predecessor Declarant if any such predecessor still owns at least one (1) Homesite for sale.

5.05 Special Assessments for working Capital Fund Nonrecurring Maintenance, and Capital Improvements. In addition to the annual assessments authorized by this Article V, the Association may levy:

(a) upon the first sale of each and every Homesite to an Owner who will individually or through tenants or assigns Occupy a Homesite, such sale to be made by Declarant or by a Builder who has purchased the Homesite from Declarant for the Purpose of erecting a dwelling thereon, a special assessment Payable by said Owner, equal to three (3) months, estimated regular assessments, which shall be collected at the closing of such sale for the benefit of the Association. The aggregate fund established by such special assessment shall be maintained in a segregated account, and shall be for the purpose of insuring that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Board, and to reimburse Declarant for certain contributions in accordance with Section 5.09 of this Article; and

(b) in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, any Association expenses not covered by the annual budget, including, but not limited to, the cost of nonrecurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon any Common Property, including fixtures and personal property related thereto, provided that any such assessment shall have been approved by a two-thirds (2/3) vote of both Class A and Class B Members of the Association who are present in person or by proxy at a meeting duly called for such purpose.

5.06 Notice and Quorum. Written notice of any meeting called for the purpose of taking any action requiring vote under Sections 5.04 or 5.05 shall be sent to all members, or delivered to their residence, not less than twenty-one (21) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies

entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

5.07 Effect of Nonpayment of Assessment. If any assessment or installment is not paid within fifteen (15) days after that due date, there shall be imposed a late or delinquency charge in the amount of the greater of Ten Dollars (\$10.00) or ten percent (10%) of the amount of each assessment or installment not paid when due. Any assessment or installment, and any late charge connected therewith, which is not paid within thirty (30) days after the due date of the assessment shall bear interest (from the due date with respect to the assessment or installment, and the date such charge was imposed with respect to the late charge), at the rate of ten percent (10%) per annum or at such rate as the Board may from time to time establish; provided, however, that in no event shall the Board have the power to establish a rate of interest in violation of the laws of the State of South Carolina. If any one or more installment of any assessment is not paid within thirty (30) days after the due date, the Board may declare any remaining balance of the assessment at once due and payable. In event that an Owner shall fail to pay fully any portion of any assessment or installment on or before the date on which payment is due, such unpaid portion (including any remaining balance declared immediately due and payable in accordance with the preceding sentence), together with any delinquency charges, interest, costs of collection, including court costs, the expenses of sale, any expense required for the protection and preservation of the Homesite, and reasonable attorney's fees, shall be a binding personal obligation of such Owner, as well as a lien on such Owner's Homesite enforceable in accordance with the provisions of this Declaration. In addition to the above, if any Owner has not paid any assessment or installment, or any late charges or expenses related thereto, within sixty (60) days after the due date of the assessment or installment, the Association shall have the right to notify any or all Mortgagees having a security interest in such Owner's Homesite or Homesites that such Owner is in default in the performance of his obligations under these Restrictions, and of those actions taken or proposed to be taken by the Association as a result of the default.

5.08 Certificate of Payment. Upon written demand by an Owner, the Association shall, within a reasonable period of time, issue and furnish to such Owner a written certificate stating that all assessments (including penalties, interest and costs, if

any) have been paid with respect to any Homesite owned by said owner as of the date of such certificate, or that all assessments, interest and costs have not been paid, setting forth the amount then due and payable. The Association may make a reasonable charge for the issuance of such certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and any bona fide purchaser of, or lender on, the Homesite in question.

5.09 Contributions by Declarant. In accordance with subsection 5.04(e) above, it is the Declarant's intention to support the Association by funding deficits during such time as the Declarant has the right to appoint members to the Board of the Association. It is not, however, the intention of the Declarant to forfeit refundable reserves or deposits paid by Declarant, nor to pay for deficits created by the nonpayment of assessments by an Owner or Owners. It is also not the intention of Declarant to pay for expenses which are otherwise covered in the annual budget, but which, due to the requirement of an advance payment, create temporary or seasonal deficits. Accordingly, the following covenants shall apply:

(a) Declarant shall be reimbursed for all amounts paid by Declarant in the funding of deficits caused by the nonpayment of assessments by an Owner or Owners;

(b) Declarant shall be promptly reimbursed by the Association for all refundable deposits made by Declarant on behalf of the Association upon the Association's receipt of any and all such deposits;

(c) For the calendar year in which the Declarant's right to appoint members to the Board of the Association expires or is terminated, Declarant shall be reimbursed for all advance payments made by Declarant on behalf of the Association for which the actual expense is covered in the annual budget. In other words, at the end of the calendar year, the Association shall owe the Declarant an amount to be determined as follows:

(i) Begin by determining the difference between expenses actually incurred for the calendar year and the amount of regular annual assessments actually collected for the calendar year (not including portions allocated to capital reserves);

(ii) If the difference determined in (i) above equals zero, or if there is an excess in regular annual assessments actually collected, then Declarant shall be

reimbursed for all deficit payments made by Declarant for the calendar year;

(iii) If the difference determined in (i) above is greater than zero, said difference shall be multiplied by a fraction, the numerator of which equals the number of days Declarant had the right to appoint members to the Board of the Association for the calendar year, and the denominator of which equals 365. The resulting product shall be reimbursed to Declarant.

(d) Declarant shall be entitled to reimbursement from the Association in accordance with the covenants contained in this Section 5.09 at the time Declarant's right to appoint members to the Board of the Association expires or terminates. With regard to uncollected assessments, Declarant shall not be entitled to reimbursement until the assessment is actually collected. With regard to refunds of deposits, Declarant shall not be entitled to reimbursement until any such refund is received by the Association. The Declarant, however, shall have the right to pursue the collection of any unpaid assessments on behalf of the Association, as well as the right to act on behalf of the Association (if necessary) in obtaining refunds of all deposits paid for by Declarant. With regard to amounts owed to Declarant as provided for in subsection 5.09(c) above, said amount owed to Declarant shall be fully due and payable by January 31st of the year next following the end of the calendar year in which Declarant's right to appoint members to the Board of the Association expires or terminates. In addition, at the time Declarant's right to appoint members to the Board of the Association expires or terminates, Declarant shall have the right to withdraw from the Association reserve account provided for in subsection 5.05(a) an amount equal to one-half of the amount on deposit at that time to cover Declarant's good faith estimate of amounts which shall be owed to Declarant in accordance with subsection 5.09(c) above. If for any reason the amount withdrawn exceeds the actual amount owed to Declarant as determined at the end of the calendar year, then Declarant shall promptly refund such excess to the Association.

(e) In no event shall the Association's obligation to reimburse the Declarant as set forth in this Section 5.09 relieve the Declarant of the obligation to pay assessments in accordance with subsection 5.04(e) above; however, the Declarant may set off amounts due as assessments against amounts owed Declarant hereunder.

(f) This Section 5.09 may only be amended with the prior written consent of the Declarant, and each Owner, by acceptance of a deed to a Homesite in the Property, and the

Association, shall be deemed to have approved of the reimbursements to Declarant required by this Section 5.09.

ARTICLE VI

ARCHITECTURAL CONTROL

6.01 Architectural Control Committee - Creation and Composition. An Architectural Control Committee (the "ACC") shall be established consisting of at least three (3) individuals to be appointed by the Board of Directors.

6.02 Purpose, Powers and Duties of the ACC. The purpose of the ACC is to review and approve any proposed installation, construction or alteration of any Structure on any Homesite. All plans shall be submitted to the ACC for approval (i) as to whether the proposed installation, construction or alteration is in conformity and harmony of external design and general quality with the existing Community-Wide Standard and (ii) as to the location of Structures with respect to topography, finished ground elevation and surrounding Structures. To the extent necessary to carry out such purpose, the ACC shall have all of the powers and duties to do each and every thing necessary, suitable, convenient or proper for, or in connection with, or incidental to, the accomplishment of such purpose, including, without being limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction or alteration of any Structure on any Homesite.

6.03 Officers, Subcommittees and Compensation. The members of the ACC shall appoint a Chairman from among their number and may appoint from among their number such other officers and subcommittees of members of the ACC as they shall from time to time determine necessary. The members of the ACC may, with the approval of the Board, be reimbursed by the Association for traveling expenses and other out-of-pocket costs incurred in the performance of their duties as members of the ACC.

6.04 Operations of the ACC.

(a) Meetings. The ACC may hold regular meetings as may be established by the ACC; provided, however, that during such time as Declarant has the right to appoint and replace members of the Board of Directors the frequency of regular meetings will be established by the Board. Special meetings may be called by the Chairman and shall be called by the Chairman upon the written request of a majority of the members of the ACC then in office. Regular and special meetings of the ACC shall be

held at such time and at such place as the ACC shall specify. Notice of each regular or special meeting of the ACC shall be mailed to each member thereof at his residence or at his usual place of business at least three (3) days before the day the meeting is to be held. Notice of regular and special meetings need not specify the purpose or purposes for which the meeting is called. Notice of a meeting need not be given to any member of the ACC who signs a waiver of notice either before or after the meeting. Attendance of a member of the ACC at a meeting shall constitute a waiver of notice of such meeting and shall constitute a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when the member states, at the beginning of the meeting, any such objection or objections to the transaction of business. At each meeting of the ACC, the presence of a majority of the members then in office shall constitute a quorum for the transaction of business. Except as otherwise provided herein, the act of a majority of the members of the ACC present at any regular or special meeting thereof at which a quorum is present shall constitute the act of the ACC. In the absence of a quorum, any member of the ACC present at the time and place of the meeting may adjourn the meeting from time to time until a quorum shall be present. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. The ACC shall maintain both a record of votes and minutes for each of its meetings. The ACC shall make such records and minutes available at reasonable places and times for inspection by Members of the Association and by the Secretary. Any action required to be taken at a meeting of the ACC, or any action which may be taken at a meeting of the ACC, may be taken without a meeting if written consent, setting forth the action so taken, shall be signed by all the members of the ACC and be filed within the minutes of the proceedings of the ACC. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any document filed by the ACC.

(b) Activities.

(i) The ACC may adopt and promulgate Design Standards, and where appropriate, shall make findings, determinations, rulings, and orders with respect to the conformity and harmony with the external design and the general quality of the Community-Wide Standard and any Design Standards adopted by the ACC, or plans and specifications to be submitted for approval to the ACC pursuant to the provisions of this Declaration. The ACC shall, as required, issue permits, authorizations, or approvals, which may include specified requirements or conditions, pursuant to the provisions of this Declaration.

(ii) Any two (2) or more members of the ACC may be authorized by the ACC to exercise the full authority of the ACC with respect to all matters over which the ACC has authority as may be specified by resolution of the ACC, except with respect to the adoption or promulgation of Design Standards. The unanimous action of the two (2) or more members with respect to the matters specified shall be final and binding upon the ACC and upon any applicant for an approval, permit or authorization; subject, however, to review and modification by the ACC on its own motion or appeal by the applicant to the ACC as provided in this paragraph (ii). Written notice of the decision of such two (2) or more members shall, within five (5) working days thereof, be given to any applicant for an approval, permit or authorization. The applicant may, within ten (10) days after receipt of notice of any decision which he deems to be unsatisfactory, file a written request to have the matter in question reviewed by the ACC. Upon the filing of any such request, the matter with respect to which such request was filed shall be submitted to, and reviewed promptly by the ACC, but in no event later than thirty (30) days after the filing of such request. The decision of a majority of the members of the ACC with respect to such matter shall be final and binding.

6.05 Design Standards.

(a) The ACC may from time to time (but shall not be required to) adopt, promulgate, amend, revoke and enforce guidelines (the "Design Standards") for the purposes of:

(i) governing the form and content of plans and specifications to be submitted to the ACC for approval pursuant to the provisions of this Declaration;

(ii) governing the procedure for such submission of plans and specifications;

(iii) establishing guidelines with respect to the approval and disapproval of design features, architectural styles, exterior colors and materials, details of construction, location and size of Structures and all other matters that require approval by the ACC pursuant to this Declaration; and

(iv) assuring the conformity and harmony of external design and the general quality of the Development.

(b) The ACC may publish copies of any current Design Standards adopted by it, in which case they shall be made readily available to Members and prospective Members of the Association and to all applicants seeking the ACC's, approval.

6.06 Submission of Plans and Specifications. No Structure shall be commenced, erected, placed, moved onto or permitted to remain on any Homesite nor shall any existing Structure upon any Homesite be altered in any way which materially changes the exterior appearance of the Structure or Homesite, including changes in the paint color of any dwelling, unless plans and specifications therefor shall have been submitted to and approved in writing by the ACC. Such plans and specifications shall be in such form and shall contain such information as may be reasonably required by the ACC, including where applicable, and without being limited to:

(a) a site plan showing the location of all proposed and existing Structures on the Homesite including building setbacks, open space, driveways, walkways and parking spaces including the number thereof and all siltation and erosion control measures;

(b) a foundation plan;

(c) a floor plan;

(d) exterior elevations of all proposed Structures and alterations to existing Structures, as such Structures shall appear after all back-filling and landscaping are completed;

(e) specifications of materials, color scheme, lighting scheme and other details affecting the exterior appearance of all proposed Structures and alterations to existing Structures; and

(f) plans for landscaping and grading.

6.07 Approval of Plans and Specifications. Approval for use, in connection with any Homesite or Structure, of any plans and specifications shall not be deemed a waiver of the ACC's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Homesite or Structure. Approval of any such plans and specifications relating to any Homesite or Structure, however, shall be final as to that Homesite or Structure and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval.

6.08 Disapproval of Plans and Specifications. The ACC shall have the right to disapprove any plans and specifications submitted pursuant to this Declaration for any of the following reasons:

(a) the failure to include information in such plans and specifications as may have been reasonably requested;

(b) the failure of such plans or specifications to comply with this Declaration or the Design Standards;

(c) any other matter which, in the judgment of the ACC, would be likely to cause the proposed installation, construction or alteration of a Structure (i) to fail to be in conformity and harmony of external design and general quality with the Community-Wide Standard, or (ii) as to location, to be incompatible with topography, finished ground elevation and surrounding Structures. In any case in which the ACC shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based. In any such case the ACC shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal may be prepared and submitted for approval.

6.09 Obligation to Act. Upon receipt of all items required pursuant to Section 6.06, the ACC shall take action on any plans and specifications submitted as herein provided within thirty (30) days after receipt thereof. Approval by the ACC, if granted, together with all conditions imposed by the ACC, shall be placed in writing on the plans and specifications and shall be returned to the applicant. Failure by the ACC to take action within thirty (30) days of receipt of plans and specifications submitted for approval shall be deemed approval of such plans and specifications.

6.10 Inspection Rights. Any employee or agent of the Association or the ACC may, after reasonable notice, at any reasonable time or times, enter upon any Homesite and Structure thereon for the purpose of ascertaining whether the installation, construction, alteration or maintenance of any Structure or the use of any Homesite or Structure is in compliance with the provisions of this Declaration; and neither the Association, nor the ACC, nor any such agent shall be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection, provided such inspection is carried out in accordance with the terms of this Section.

6.11 Violations. If any Structure shall be erected, placed, maintained or altered upon any Homesite, otherwise than in accordance with the plans and specifications approved by the ACC pursuant to the provisions of this Article, such erection, placement, maintenance or alteration shall be deemed to have been undertaken in violation of this Article and without the approval required herein. If, in the opinion of the ACC, such violation shall have occurred, the ACC shall notify the Association. If the Board shall agree with the determination of the ACC with respect to the violation, then the Board shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable steps toward the required remedial action with thirty (30) days after the mailing of the aforesaid notice of violation, then the Association shall have the Right of Abatement as provided in Section 9.02 hereof.

6.12 Fees. The ACC may impose and collect a reasonable and appropriate fee to cover the cost of inspections performed pursuant to Section 6.10. The fee shall be established from time to time by the ACC and published in the Design Standards.

6.13 Nondiscrimination by ACC. The ACC shall not discriminate against any applicant requesting its approval of plans and specifications because of such applicant's race, color, sex, religion, age or national origin. Further, the ACC in the exercise of its powers granted pursuant to this Declaration shall not take any action the intent or effect of which is to discriminate against persons or a particular race, color, sex, religion, age or national origin.

6.14 Disclaimer as to ACC Approval. Plans and specifications are not reviewed for engineering or structural design or quality of materials, and by approving such plans and specifications neither the ACC, the members thereof, nor the Association assumes liability or responsibility therefor, nor for any defect in any Structure constructed from such plans and specifications. Neither Declarant, the Association, the ACC, the Board, nor the officers, directors, members, employees, and agents or any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner of property affected by these Restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every Owner agrees that he will not bring any action or suit against Declarant, the Association, the ACC, the Board or the officers, directors, members, employees, and agents of any of

them to recover any such damages and hereby releases, remises, quit-claims, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any judgment, negligence, or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given.

6.15 Declarant. The provisions contained in this Article, as well as all other architectural control provisions, including but not limited to building setbacks contained in this Declaration, the Articles of Incorporation or the Bylaws, shall not apply to Declarant, nor to any successor Declarants. This Section 6.15 may only be amended with the prior written consent of the Declarant, and any successor Declarants still owning at least one (1) Homesite for sale.

6.16 Golf Course Owner.

The Golf Course Owner shall have the right to review and approve all plans for any structure, whether permanent or temporary, to be located within any setback for lots contiguous to the Golf Course. Such approval shall not be unreasonably withheld. Said review and approval shall occur concurrently with the review of all submissions to the ACC. Should no written communication be received from the Golf Course Owner within 15 days of receipt of the plan submitted, the plan shall be deemed approved by the Golf Course Owner. For purposes of this section, the setback shall be the area from the rear of the house (as if the house was constructed from side lot line to the other side lot line) to the rear property line. Notwithstanding anything to the contrary herein, this provision may not be amended without the written consent to such amendment by the Declarant, or its assigns and the Golf Course Owner or its assigns. Any violation of this section may be enforced by the Golf Course Owner as well as the Declarant and/or the Association to require conformance with this Section. Notwithstanding the above, Declarant shall have no obligation to subject plans of any type to Golf Course Owner for review and Golf Course Owner does not have the right to review and approve any structure planned to be constructed by Declarant.

ARTICLE VII

GENERAL COVENANTS AND RESTRICTIONS

7.01 Application. The covenants and restrictions contained in this Article VII shall pertain and apply to all Homesites and to all Structures erected or placed thereon.

7.02 Maintenance. Each Owner shall keep and maintain each Homesite and Structure owned by him, as well as all landscaping located thereon, in good condition and repair, including, but not limited to (i) the repairing and painting (or other appropriate external care) of all Structures; (ii) the seeding, watering and mowing of all lawns; and (iii) the pruning and trimming of all trees, hedges and shrubbery so that the same are not obstructive of a view by motorists or pedestrians of street traffic. If, in the opinion of the ACC, any Owner shall fail to perform the duties imposed by this Section, the ACC shall notify the Association. If the Board shall agree with the determination of the ACC with respect to the failure of said Owner to perform the duties imposed by this Section, then the Board shall give written notice to the Owner to remedy the condition in question, setting forth in reasonable detail the nature of the condition and the specific action or actions needed to be taken to remedy such conditions. If the owner shall fail to take reasonable steps to remedy the condition within thirty (30) days after the mailing of said written notice by certified mail, then the Association shall have the Right of Abatement as provided in Section 9.02 hereof. Guidelines relating to the maintenance of Structures and landscaping may be included in the Design Standards of the ACC.

7.03 Restriction of Use. Homesites may be used for single-family residential purposes only, or if conveyed or dedicated to the Association as Common Property, for such purposes as the Association sees fit (subject to such restrictions as may be contained in grant or conveyance of said Homesite) and for no other purposes provided that Declarant may operate sales offices and/or model homes on any Homesite or Homesites.

7.04 Resubdivision of Property. No Homesite may be split, divided, or subdivided for sale, resale, gift, transfer, or otherwise, without the prior written approval of the ACC of plans and specifications for such split, division or subdivision. This provision shall not apply to the Declarant.

7.05 Erosion Control. No activity which may create erosion or siltation problems shall be undertaken on any Homesite without the prior written approval of the ACC of plans and specifications for the prevention and control of such erosion or siltation. The ACC may, as a condition or approval of such plans and specifications, require the use of certain means of preventing and controlling such erosion or siltation. Such means may include (by way of example and not of limitation) physical devices of controlling the run-off and drainage of water, special precautions in grading and otherwise changing the natural

landscape, and required landscaping as provided for in Section 7.06.

7.06 Landscaping. No construction or alteration of any Structure shall take place without the prior written approval by the ACC of plans and specifications for the landscaping to accompany such construction or alteration.

7.07 Trees. No living tree having a diameter of six (6) inches or more (measured from a point two (2) feet above ground level) shall be removed from any Homesite unless such removal is in conformity with approved landscaping plans and specifications submitted pursuant to the provisions of Sections 6.06, 7.05 and 7.06 hereof. Guidelines relating to the preservation of trees and other natural resources and wildlife upon the Property may be included in the Design Standards of the ACC.

7.08 Temporary Buildings. No temporary building, trailer, garage or building under construction shall be used, temporarily or permanently, as a residence on any Homesite except as temporary sleeping or living quarters required or desirable for security purposes in accordance with plans and specifications therefor approved by the ACC. Declarant may use temporary structures, such as construction trailers, while developing the subdivision.

7.09 Signs.

(a) No signs whatsoever (including but not limited to commercial and similar signs) shall, without the ACC's prior written approval of plans and specifications therefor, be installed, altered or maintained on any Homesite, or on any portion of a Structure visible from the exterior thereof, except:

(i) such signs as may be required by legal proceedings;

(b) In no event during approved construction of any Structure shall more than one job identification sign be approved by the ACC.

(c) Notwithstanding any other provision in this Declaration, the Declarant may erect and place such signs on any Portions of the Property owned by Declarant or on any Common Property, which Declarant in its sole discretion deems appropriate. This exemption shall also apply to predecessor Declarants for so long as any such predecessor owns at least one (1) Homesite for sale. This Section 7.09(c) may only be amended

with the prior written approval of the Declarant and any predecessor Declarant.

7.10 Setbacks.

(a) Each dwelling which is erected on a Homesite shall be situated on such Homesite in accordance with the building and setback lines shown on the recorded plat, unless otherwise approved by the ACC. For purposes of this requirement, for all setbacks other than those established by Section 13.17 (a), all uncovered porches, patios, decks, shutters, awnings, eaves, gutters and other such overhangs will not be considered in violation thereof, even though such Structure shall extend beyond said building and setback lines, unless the ACC has established such a requirement as part of its approval of a Structure or has otherwise established setback requirements.

(b) In approving plans and specifications for any Proposed Structure, the ACC may establish setback requirements for the location of such Structure.

7.11 Fences. No fence or wall of any kind shall be erected, maintained, or altered on any Homesite without the prior written approval of the ACC of plans and specifications for such fences and walls.

7.12 Roads and Driveways. No road or driveway shall be constructed or altered on any Homesite without the prior written approval of the ACC of plans and specifications for such roads and driveways. The Declarant, however, shall have the right to construct, or to authorize the construction of, such roads and driveways as may be convenient for the development of the Property or the Additional Property through any Homesite owned by Declarant.

7.13 Clotheslines, Garbage Cans, Etc. No clotheslines shall be permitted. All equipment and garbage cans shall be kept in a garage, service yard or screened by adequate planting or approved fencing so as to conceal them from view by neighboring residences and streets.

7.14 Parking and Related Restrictions.

(a) No vehicles of any type whatsoever shall be Permitted to park on the streets of the Development on a permanent basis, but shall be allowed on a temporary basis.

(b) No school bus, truck or commercial vehicle over one (1) ton capacity, house trailer, mobile home, motor

home, recreational vehicle, camper, habitable motor vehicle of any kind, boat or boat trailer, trailers of any kind, or like equipment, exceeding twenty-four (24) feet in length shall be permitted on any Homesite on a permanent basis, but shall be allowed on a temporary basis.

(c) Vehicles and equipment described in Section 7.14(b) above, but which are less than twenty-four (24) feet in length, may be permitted on other than a temporary basis if stored within the garage with garage door closed.

(d) Any trash, firewood, wood scraps, building materials, or other such materials contained in any vehicle or trailer shall be covered from view.

(e) The purpose of this Section is to help maintain the neat and attractive appearance of the Development by requiring the streets of the Development to remain cleared, and for larger vehicles and equipment to be either hidden from view or eliminated all together if intended to be stored on more than a temporary basis. In effectuating the purpose of this Section, the ACC may adopt guidelines, rules and regulations which shall give greater substance to its provisions, as for example, by defining what shall be considered temporary or permanent in the case of each subsection above.

(f) The provisions of this Section shall not apply to Declarant.

7.15 Recreational Equipment. Recreational and playground equipment may not be placed or installed upon a Homesite unless otherwise approved by the ACC.

7.16 Non-Discrimination. No Owner or person authorized to act for an owner shall refuse to sell or rent, after receiving a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the purchase or rental of any Homesite to any persons because of race, color, religion, sex, age or national origin. Anything in this Declaration to the contrary notwithstanding, this covenant shall run with the land and shall remain in effect without any limitation in time.

7.17 Animals. No animals, including birds, insects, and reptiles, may be kept on any Homesite unless kept thereon solely as household pets and not for commercial purposes. No livestock shall be kept on any Homesite. No animal shall be allowed to become a nuisance. No Structure for the care, housing or confinement of any animal shall be constructed, placed or altered on any Homesite unless plans, specifications and location for said Structure have been approved by the ACC.

7.18 Solid Waste.

(a) No person shall dump rubbish, garbage, or any other form of solid waste on any Homesite or on Common Property.

(b) Except during approved construction, no person shall burn rubbish, garbage, or any other form of solid waste on any Homesite or on Common Property.

(c) Except for building materials employed during the course of construction of any Structure approved by the ACC, no lumber, metals, bulk materials or solid waste of any kind shall be kept, stored, or allowed to accumulate on any Homesite unless screened or otherwise handled in manner approved by the ACC.

(d) If rubbish, garbage, or any other form of solid waste is to be disposed of by being collected on a regular and recurring basis, containers may be placed in the open on any day persons making such pick-up. At all other times such containers shall be screened or enclosed.

7.19 Nuisances. No noxious or offensive activity shall be carried on upon any Homesite, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the community.

7.20 Landscape and Monument Easements. On Homesites subject to a Landscape or Monument Easement as set forth on any recorded plat of survey of the Development, such Homesites are subject to those easements rights set forth in Section 3.05.

7.21 Indian Hill P.U.D. Zoning and Environmental Covenants. The Property described in Exhibit "A" attached hereto is a portion of the Indian Hill P.U.D. under Beaufort County Zoning Standards. This zoning places certain restrictions on the use of the Property through impositions of required drainage standards and other county welfare items. Further, the Property has been subjected to certain Covenants, Conditions and Restrictions as contained in the Master Declaration. Each Owner shall keep and maintain each Homesite and Structure as well as all of the landscaping located thereon in compliance with the Indian Hill P.U.D. Zoning and the Master Covenants. Any violation of the requirements either the Indian Hill P.U.D. Zoning or the Master Declaration shall be deemed to be a violation of these Covenants hereunder. As such, a violation of the Indian Hill P.U.D. Zoning requirements or the Master Declaration shall give rise to any and all rights of Declarant and other remedies to enforce these Covenants.

ARTICLE VIII

EASEMENTS, ZONING AND OTHER RESTRICTIONS

8.01 Easements.

(a) Declarant hereby expressly reserves to the Declarant, its successors and assigns forever, the right to create perpetual easements in, on, over and under any part of the Property owned by Declarant for any purpose which Declarant deems necessary, including, by way of example, and not limitation, the following:

(i) the erection, installation, construction and maintenance of wires, lines, conduits and poles and the necessary or proper attachments in connection with the transmission of electricity, telephone, cable television and other utilities and similar facilities;

(ii) the erection, installation, construction and maintenance of storm-water drains, land drains, public and private sewers, irrigation systems, pipelines for supplying gas, water and heat, and for any other public or quasi-public facility, service or function;

(iii) slope control purposes, including the right to grade and plant slopes and to prevent the doing of any activity which might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow;

(iv) the planting or re-planting of hedges, shrubbery, bushes, trees, flowers and plants of any nature; and

(v) the erection, installation, construction and maintenance of fences, walls, monuments, signs, etc. along streets in, around and along, and at entrances to, the Development, and the right to landscape such areas, plant, re-plant and prune hedges, shrubbery, bushes, trees, flowers, grass and plants of any nature.

(b) No Owner shall have any right to use any easement created by the Declarant in, on or over any portion of the Property unless such easement has been assigned by the Declarant to the Association.

(c) The Declarant hereby expressly reserves to the Declarant, its successors and assigns, across the initial phase of the Property, and across each portion of any Additional

Property subsequently submitted to this Declaration by annexation as provided in Article XI hereof, perpetual easements appurtenant to all or any portion of the Property and to all or any portion of the Additional Property not subject to this Declaration for the following uses and purposes:

(i) an easement for ingress and egress by vehicular and pedestrian traffic over (1) such drives, roadways, walkways and paths as are shown on the plat or plats recorded in connection with the initial phase of the Property and such portions of the Additional Property as are submitted to this Declaration, and (2) such drives, roadways, walkways and paths as may be constructed in the future;

(ii) an easement for the purpose of installing, operating, maintaining and replacing wires, pipes, conduits and other structures and facilities necessary to the furnishing of gas, water, sewage, storm drainage, electricity, street lights, telephone, and other utilities and services, including the right to connect with and to use in common with the Owners in the initial phase of the Property and portions of the Additional Property subsequently submitted to this Declaration, the wires, pipes, conduits, and other structures and facilities furnishing such utilities and services to such owners; and

(iii) an easement for the purpose of creating and maintaining satisfactory drainage across Homesite's in the development, being five (5) feet wide along each side line and ten (10) feet wide along the rear line of each Homesite; however, said easement shall not include any portion of a Homesite upon which the foundation of any dwelling is located.

(d) In addition to the above, the Declarant hereby grants a general easement in favor of utility, cable television and other such service companies across the Property, and across each portion of any Additional Property subsequently submitted to this Declaration by annexation as provided in Article XI hereof to maintain, repair, replace and service wires, pipes, conduits, street lights and other structures and facilities provided for the benefit of the Owners.

(e) The easements created in this Article VIII are in addition to any easements or rights created elsewhere in this Declaration or in other easements of record. The provisions of this Article VIII may not be amended without the written consent of the Declarant, its successors and assigns.

8.02 Easement Area. The words "Easement Area" as used herein shall mean those areas on any Homesite with respect to which easements are shown on a recorded deed or grant of

easement, or on any filed or recorded map or plat relating thereto, or as otherwise set forth in Section 8.01.

8.03 Entry. The Declarant and its employees, agents, successors and assigns, shall have the right at all reasonable times to enter upon all parts of each Easement Area for any of the purposes for which such Easement Area is reserved without being deemed to have committed a trespass or wrongful act solely by reason of such entry and the carrying out of such purposes. The Declarant and its employees, agents, successors and assigns shall be responsible for leaving each Homesite in good condition and repair following any work or activity undertaken by the same in an Easement Area pursuant to the provisions of Section 8.01.

8.04 Zoning and Private Restrictions. None of the covenants, restrictions or easements created or imposed by this Declaration shall be construed as permitting any action prohibited by applicable zoning laws, or by the laws, rules or regulations of any governmental body. In the event of any conflict between such laws, rules or regulations and the covenants, restrictions and easements created or imposed by this Declaration, the most restrictive provision shall govern and control. Notwithstanding the foregoing, if these Restrictions are included as part of any zoning ordinance or resolution, the adoption of the same shall not prevent the later modification or amendment of these Restrictions in accordance with the provisions for amendment contained in this Declaration.

ARTICLE IX

ENFORCEMENT

9.01 Right of Enforcement. This Declaration and the Restrictions contained herein shall inure to the benefit of and shall be enforceable by (i) the Declarant so long as it is an owner or maintains the right to annex Additional Property in accordance with Article XI hereof, (ii) the Association, and (iii) each Owner, his legal representatives, heirs, successors and assigns.

9.02 Right of Abatement.

(a) Except where different notice provisions are provided in Sections 6.11 and 7.02, in the event of a violation or breach of any Restriction contained in this Declaration, the Association shall give written notice by certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Owner shall

fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the mailing of such written notice, then the Association shall have the Right of Abatement. If any assessment, interest, cost or charge required by this Declaration is not paid within sixty (60) days after such assessment is due or such charge is imposed, the Association shall have the right to notify any or all Mortgagees having a security interest in the Owner's Homesite or Homesites that such Owner is in default in the performance of his obligations under these Restrictions, and of those actions taken or proposed to be taken by the Association as a result of the default.

(b) The Right of Abatement, as used in this Section and Sections 6.11 and 7.02 hereof, means the right of the Association, through its agents and employees, to enter at all reasonable times upon any Homesite or Structure, as to which a violation, breach or other condition to be remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove, or repair such violation, breach or other condition which may exist thereon contrary to the provisions of this Declaration or the rules and regulations adopted by the Association, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions, provided such entry and such actions are carried out in accordance with the provisions of this Section, and with the cost thereof, including the costs of collection and reasonable attorneys fees, together with interest thereon at the lower of the highest rate permitted by law or 10% to be a binding personal obligation of such Owner enforceable in law, as well as a lien on such Owner's Homesite enforceable pursuant to the provisions of Section 9.05 hereof. Such lien shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Homesite after such entry whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or other instrument, excepting only (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the liens created by Section 5.01 hereof, and (iii) the lien or charge of all first and second Mortgages of record (meaning any recorded Mortgages with first or second priority over other mortgages) made in good faith and for value.

9.03 Fines and Penalties and Creation of Lien.

(a) Except for nonpayment of any annual or special assessments, which violation of the Restrictions is controlled by Section 5.07, in addition to all other remedies set forth in this Declaration, the Association, acting through its Board of Directors, may establish fines and penalties for any or all violations of the Restrictions.

(b) The Association, acting through its Board of Directors, shall have the authority to establish different degrees or categories of violations and to further establish fines or penalties which vary in amount, or method of application, from category to category. All fines within any one category shall be set at a standard amount and shall be applied by a standard method.

(c) Except for violations of rules governing the use, operation and maintenance of the Common Property, no fine or penalty provided for herein shall begin to accrue unless the Owner has been given notice in accordance with Section 9.02 (a). This provision shall not supersede any other provision or this Declaration requiring different notice.

(d) Due to the recognition that fines and penalties are often not established until after a violation has occurred, the Association, acting through its Board of Directors, shall have the authority to assess any fines or penalties established in accordance with these provisions against any and all violations of the Restrictions referred to herein, regardless of when the violation occurred; however, no fines or penalties can begin accruing until after they are adopted and notice of the penalty has been given to the Owner.

(e) Any fines or penalties assessed pursuant to this Section 9.03 for violations of the Restrictions, including any fines or penalties assessed for violation of rules and regulations relating to the use, operation and maintenance of the Common Property, together with the cost of collection and reasonable attorneys fees, shall be a binding personal obligation of the Owner enforceable in law, as well as a lien on such Owner's Homesite enforceable pursuant to the provisions of Section 9.05 hereof. Such lien shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Homesite after their assessment, whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or other instrument, excepting only (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the liens created by Section 5.01 hereof, and (iii) the lien or charge of all first and second Mortgages of record (meaning any recorded mortgages with first or second priority over other Mortgages) made in good faith and for value.

9.04 Specific Performance. Nothing contained in this Declaration shall be deemed to affect or to limit the rights of the Declarant, the Association or any Owner to enforce the damages. However, it is hereby declared that it may be impossible

to measure accurately in money the damages which will accrue to a beneficiary hereof, its transferees, successors or assigns, by reason of a violation of or failure to perform any of the obligations provided by this Declaration; and therefore, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance, as well as any other relief available at law or in equity, to enforce the provisions hereof.

9.05 Collection of Assessments and Enforcement of Lien. If any assessment, interest, cost or other charge is not paid as required by this Declaration, the Association may bring either an action at law against the Owner personally obligated to pay the same, or an action to foreclose any lien created by this Declaration against the Homesite or Homesites subject to the lien, or both, for the purpose of collecting such assessment, cost or charge, plus any interest thereon and costs of collection, including reasonable attorneys' fees.

9.06 No Waiver. The failure of the Declarant, the Golf Course Owner, the Association, or the Owner of any Homesite, his or its respective legal representatives, heirs, successors and assigns, to enforce any Restrictions herein contained shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

ARTICLE X

DURATION AND AMENDMENT

10.01 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 in part.

10.02 Amendment. So long as Declarant owns at least one (1) Homesite held primarily for sale, or has an unexpired option to add additional property to the Development, these Restrictions may be amended unilaterally at any time and from time to time by Declarant (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Homesites subject to these Restrictions, (iii) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Homesites subject to these Restrictions, (iv) if such amendment would enable any governmental agency, such as the Veterans Administration or reputable private mortgage insurance company to insure Mortgage loans on the Homesites subject to these Restrictions, or (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration; provided any such amendment shall not adversely affect the title to any Owner's Homesite, unless any such Owner so affected thereby shall consent thereto in writing. These Restrictions may be amended at any time from time to time by an agreement signed by at least two-thirds (2/3) of the Owners; provided, however, such amendment by the Owners shall not be effective unless also signed by the Declarant, if the Declarant is the owner of any real property subject to these Restrictions or any portion of the Additional Property; and provided further, however, no amendment affecting the Declarant's right to add Additional Property shall be effective unless also signed by Declarant. No amendment to the provisions of these Restrictions shall materially and adversely alter, modify, change or rescind any right, title, interest or privilege herein granted or accorded to the holder of any Mortgage encumbering any Homesite affected thereby unless such holder shall consent in writing thereto. Notwithstanding the foregoing, nor any other provisions contained in this Declaration, no amendment to the Declaration, the Articles of Incorporation or the Bylaws, which modifies or affects the rights, privileges, options or exemptions of the Declarant shall be effective unless consented thereto in writing by the Declarant. Any such amendment shall not become effective until the instrument evidencing such change has been filed for record in the RMC Office for Beaufort County, the County in which the Property is located. The written consent thereto of any Mortgage holder affected thereby shall also be filed with such amendment. Every purchaser or grantee of any interest in any real property now or hereafter subject to these Restrictions, by acceptance of

a deed or other conveyance therefor, thereby agrees that these Restrictions may be amended as provided in this Section.

ARTICLE XI

ANNEXATION

11.01 Submission of Additional Property. Declarant shall have the option and right from time to time, without the necessity of consent by the Association, the Board or the Owners, but subject to Section 11.02 of this Article, to submit all or portions of the Additional Property to this Declaration and thereby to cause the Additional property, or such portions thereof as may be submitted, to become part of the Property. This option may be exercised by the Declarant in accordance with the conditions and limitations set out in Section 11.02 of this Article, which are the only conditions and limitations on such right.

11.02 Conditions of Annexation. Any Annexation as Permitted in Section 11.01 of this Article shall be in accordance with the following terms and conditions:

(a) The option to submit portions of the Additional Property may be exercised at any time and from time to time until ten (10) years from the date this Declaration is recorded; provided, however, that the Owners of Homesites to which two-thirds of the Class A votes in the Association appertain, exclusive of any vote or votes appurtenant to Homesites then owned by Declarant, may consent to the extension of such option by vote taken not more than one (1) year prior to the date upon which such option will expire.

(b) The legal description of the Additional Property is set forth in Exhibit "B". Portions of the Additional Property may be added at different times, and there are no limitations fixing the boundaries of those portions or regulating the order in which any such portions may become part of the Property.

(c) All Homesites created on portions of the Additional Property which are added to the Property will be restricted exclusively to residential purposes, in accordance with Article VII of this Declaration, unless otherwise used as Common Property. The exercise of the option to submit a portion of the Additional Property to the Declaration shall not bar further exercise of this option as to other portions or the balance of the Additional Property.

(d) If the Additional Property or any portion thereof is subjected to this Declaration, Declarant reserves the rights to designate the boundaries of the Homesites and Common Property, if any, in accordance with Article 11, Section 2.02 of this Declaration.

(e) The option reserved by Section 11.01 of this Article may be exercised by the Declarant alone (without the consent of the Association or any Owner) by the execution by the Declarant of an amendment to this Declaration which shall be filed for record in the Office of the RMC of Beaufort County. Any such amendment shall expressly submit that portion of the Additional Property which is to become part of the Property, and upon the exercise, if any, of such option, the provisions of this Declaration shall be understood and construed as embracing all of the Property, including the initial phase and such portions of the Additional Property as have become part of the Property by annexation.

(f) In addition to the procedure outlined in subparagraph (d) above, the option reserved by Section 11.01 of this Article may be exercised with respect to any portions of the Additional Property, notwithstanding that such Additional Property may be owned by Persons, including any individual, individuals, corporations, partnerships or any other type of entity, other than Declarant. Declarant shall exercise this option by an amendment expressly submitting such property to this Declaration, which amendment shall be filed for record in the Office of the RMC for Beaufort County. Any such amendment shall contain a statement consenting to the annexation of any such Additional Property, together with a reference to the Declaration (citing the specific Deed Book and Page in which such Declaration is recorded), executed by the owner or owners thereof submitting such Additional Property to this Declaration. Upon exercise of the foregoing procedure, the provisions of this Declaration shall be understood and construed as embracing all of the Property, including the initial phase and such portions of the Additional Property as have become part of the Property by annexation in this manner.

(g) Should the option to add Additional Property or any portions thereof, not be exercised within the term specified herein or be otherwise released or terminated by Declarant, Declarant shall not be obligated to impose on the Additional Property or any portion thereof any covenants conditions or restrictions whatsoever.

11.03 Effect of Annexation.

(a) From and after the date of annexation of any portion of the Additional Property, each Homesite so added to the Property and the Owners thereof, shall have the same vote, shall share the same obligations and responsibilities, and shall have the same rights and privileges afforded every other Homesite previously comprising part of the Property. Upon annexation of each portion of the Additional Property as herein provided, the Association shall be deemed to have assumed, automatically, and without the necessity of consent by the Association, the Board or any individual owners, the covenant to maintain the Common Property and the other obligations imposed by this Declaration, as amended from time to time, with respect to that portion of the Additional Property which is then the subject of annexation.

(b) Each Owner, by acceptance of a deed to a Homesite in the Property, and the Association, shall be deemed to have approved annexation in the manner provided in this Article XI.

11.04 Proposed or Future Development of Additional Property. Notwithstanding any other provision contained in this Declaration, or any language contained upon any plat of survey of the Development, Declarant is under no obligation to submit any portion of the Additional Property to the Declaration, or to develop any portion of the Additional Property. Any references to "proposed" or "future" development are for the Declarant's reference only, and any portion of the Additional Property may be developed by Declarant as Declarant in its sole discretion sees fit.

11.05 Withdrawal of Property. Declarant reserves the right to amend this Declaration unilaterally at any time so long as Declarant holds an unexpired option to expand the Development pursuant to this Article, without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Development then owned by the Declarant from the provisions of this Declaration to the extent originally included in error or as a result of any changes whatsoever in the plans for the Development desired to be effected by the Declarant.

ARTICLE XII

LEASES

12.01 Application. In order to assure a community of congenial Owners and thus protect the value of Homesites within the Development, the leasing of a Homesite, or any portion

thereof, by any Owner (other than as provided herein for certain Mortgagees and Declarant) shall be subject to the provisions contained in this Article so long as the Property is subject to the Restrictions.

12.02 Notice and Regulation. Any Owner intending to lease his Homesite, or any portion thereof, shall give written notice of such intention to the Board of Directors, stating the name and address of the intended lessee, the terms of the proposed lease and such other information as the Board may reasonably require. The Board of Directors shall have the authority to make and enforce reasonable rules and regulations in order to enforce this provision, including the right to impose fines constituting a lien upon the Homesite being leased.

12.03 Required Lease Provisions. The Board of Directors may set the minimum lease term; however, said minimum term shall not be set for greater than six (6) months. All leases and lessees are subject to the provisions of the Declaration and Bylaws. The Owner must make available to the tenant a copy of this Declaration. Any leases of a Homesite, or a portion thereof, shall be deemed to contain the provisions of Sections 12.03 (a), (b), (c) and (d), whether or not said provisions are expressly stated therein, and each Owner covenants and agrees that any lease of his Homesite shall contain the language of said provisions, and further, that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant on the Homesite. Any lessee, by occupancy of a Homesite, agrees to the applicability of this covenant and its incorporation as part of the lease along with the following provisions:

(a) Lessee acknowledges that promises made to lessor, as contained in Article XII, Sections 12.03 (a), (b), (c) and (d) of the Declaration of Covenants, Conditions and Restrictions for Eagle's Pointe which govern the leased Premises, and which provisions are incorporated within this lease agreement, are made for the benefit of the Association for the purpose of discharging Lessor's duties to the Association through Lessee's performance. In order to enforce those provisions made for the benefit of the Association, the Association may bring an action against Lessee for recovery of damages or for injunctive relief, or may impose any other sanctions authorized by the Declaration and Bylaws, as they may be amended from time to time, or which may be available at law or equity, including but not limited to, all remedies available to a landlord upon breach or default of a lease agreement by a lessee. Failure by the Association to enforce any of its rights shall in no event be deemed a waiver of the right to do so thereafter.

(b) Lessee shall comply strictly with all provisions of the Declaration, Bylaws, and with the rules and regulations adopted by the Association pursuant thereto, as any of the foregoing may be lawfully amended from time to time. Lessee shall control the conduct of his or her family and guests in order to assure compliance with the foregoing and shall indemnify and hold Lessor and the Association harmless for any such person's failure to comply. Lessee acknowledges the violation by Lessee or any occupant or person living with Lessee of any provision of the Declaration, Bylaws, or rules and regulations adopted thereunder shall constitute a default under this lease. Lessee further acknowledges that the Association has the right to act on its own behalf, or where necessary on behalf of Lessor, as Lessor's attorney-in-fact, to seek any remedies which are available to a landlord upon breach or default of a lease agreement by Lessee.

(c) Upon request by the Association, Lessee shall pay to the Association all unpaid annual assessments and special assessments, as lawfully determined and made payable during and prior to the terms of this lease agreement and any other period of occupancy by Lessee; provided, however, that Lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Association's request. All payments made to the Association shall reduce by the same amount Lessee's obligation to make monthly rental payments to Lessor under the Lease. If Lessee fails to comply with the Association's request to pay assessments, Lessee shall pay to the Association all late or delinquent charges, fines, interest, and costs of collection, including, but not limited to, reasonable attorney's fees actually incurred, to the same extent Lessee would be required to make such payments to the Association if Lessee were the owner of the Premises during the term of this lease agreement and any other period of occupancy by Lessee.

(d) Lessee's right shall be subject to all rights of the Association and any bona fide Mortgage or deed to secure debt which is now or may hereinafter be placed upon the Premises by Lessor.

12.04 Enforcement. For the purpose of enforcing the provisions of Section 12.03, which shall be incorporated in the provisions of any leases of a Homesite, each Owner, by acceptance of a deed or other conveyance of a Homesite, hereby irrevocably appoints the Association, which may act by any one of its authorized officers, as his attorney-in-fact, to enforce said provisions and to take action, at law or equity, which could be taken by said owner against the Lessee should Lessee default in performance under the lease agreement. Each Owner hereby further

acknowledges that this power of attorney shall only apply in the event of noncompliance by a Lessee with the provisions of Section 12.03, and that the Association, its Board of Directors, employees and agents shall be held harmless by each Owner in exercising the power of attorney herein granted to the Association.

12.05 Expenses of Eviction. In the event the Association proceeds to evict the Lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be specifically assessed against the Homesite, becoming a lien thereon subject to enforcement in accordance with Sections 9.03 and 9.05 of this Declaration, and shall become the personal obligation of the Owner thereof, such being deemed hereby as an expense which benefits the Homesite and the Owner thereof.

12.06 Rights of Lessee. Any Lessee charged with a violation of the Declaration, Bylaws, or rules and regulations is entitled to the same rights to which the Owner is entitled as provided in the Association's Bylaws.

12.07 Rights of First Mortgagees. Notwithstanding anything to the contrary herein contained, the provisions of this Article shall not impair the right of any first mortgagee to:

(a) foreclose or take title to the Homesite pursuant to remedies contained in any mortgage;

(b) take a deed or assignment in lieu of foreclosure; or

(c) sell, lease, or otherwise dispose of a Homesite acquired by the mortgagee.

ARTICLE XIII

MISCELLANEOUS

13.01 No Reverter. No restriction herein is intended to be, or shall be construed as, a condition subsequent or as creating a possibility of reverter.

13.02 Severability. A determination by a court that any provision hereof is invalid for any reason shall not affect the validity of any other provisions hereof.

13.03 Headings. The headings of the Articles and Sections hereof are for convenience only and shall not affect the meaning or interpretation of the contents of this Declaration.

13.04 Gender. Throughout this Declaration, the masculine gender shall be deemed to include the feminine and neuter, and the singular, the plural, and vice versa.

13.05 Notices. All notices, requests, objections, waivers, rejections, agreements, approvals, disclosures or consent or any kind made pursuant to this Declaration, whether by the Declarant, the Association, the ACC, the Owner, or any other Person, shall be in writing. Unless and until a different address is provided in writing to the party seeking to provide notice, all such writings shall be delivered, as may be appropriate, to the following address:

Declarant: Centex Real Estate Corporation
Attn: Corporation Service Company
2019 Park Street
Columbia, SC 29201

Any written communication transmitted by the United States Mail, with sufficient postage affixed, shall be deemed received on the third (3rd) day following the day such written notice is deposited in the United States Mail.

13.06 No Liability. Declarant has, using best efforts and all due diligence, prepared and recorded this Declaration so that each and every Owner shall have the right and the power to enforce the terms and provisions of this Declaration against every other Owner. However, in the event that this Declaration is, for any reason whatsoever, unenforceable by an Owner (or any other person) in a court of law or otherwise, Declarant shall have no liability of any kind as a result of such unenforceability, and each and every owner, by acceptance of a deed conveying a Homesite, acknowledges that Declarant shall have no such liability.

ARTICLE XIV

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first mortgages on Homesites in the Development. The provisions of this Article apply to both this Declaration and to the ByLaws, notwithstanding any other provisions contained therein.

14.01 Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provided written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the Homesite number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Development or which affects any Homesite on which there is a first Mortgage held, insured or guaranteed by such eligible holder;

(b) any delinquency in the payment of assessments or charges owned by an Owner of a Homesite subject to the Mortgage of such eligible holder which such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Homesite of any obligation under the Declaration or Bylaws of the Association which is not cured with sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would required the consent of a specified percentage of eligible Mortgagees.

14.02 Right to Records. Upon written request in accordance with Section 15.01, all eligible holders shall:

(a) be entitled to attend and observe all meetings of Owners, but not meetings of the Board;

(b) be furnished with copies of annual financial reports made to the Owners; and

(c) be entitled to inspect the financial bonds and records of the Association during reasonable business hours.

14.03 Insurance.

(a) At all times during the term of this Declaration, the Association, its successors and assigns, shall be required to keep any and all recreational facilities and any other improvements located on the Common Property fully insured by a reputable insurance company authorized to transact business in the State of South Carolina with (i) fire, vandalism, malicious mischief and extended coverage insurance in an amount

adequate to cover the cost or replacement of such improvements in the event of loss of any and/or all of such improvements, fixtures and contents thereof; and (ii) public liability insurance in such amounts as shall be determined by the Board of Directors as appropriate for the type of recreational activities which shall be allowed on the Common Property. Any such policies of insurance shall require that the certificate holders and insured by giving thirty (30) days prior written notice if any cancellation of such policies.

(b) Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.

Any damage or destruction shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five percent (75%) of the total Association vote entitled to vote thereon, and, for so long as the Declarant owns at least one (1) Homesite, the Declarant, otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destructions, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed one hundred and twenty (120) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Association's Members, levy a special assessment. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited for the benefit of the Association.

In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Community in a neat and attractive condition.

(c) The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the persons who are responsible hereunder for maintenance of the damaged or destroyed property.

14.04 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any owner or other party priority over any rights of the first Mortgagee of any Homesite in the cases of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

14.05 Professional Management. Any agreement for professional management of the Association, or any other contract providing services of the Declarant, may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee of ninety (90) days written notice.

14.06 Notice to Association. Upon request, each owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Homesite.

14.07 FHA/VA Approval. As long as there is a Class B membership, the following actions shall require the prior approval of the Federal Housing Administration or the Veterans Administration, if either such agency is insuring or guaranteeing a Mortgage on any Homesite: annexation of additional property other than that described on Exhibit "B", dedication of Common Property, mortgaging of Common Property, or material amendment of this Declaration.

14.08 Amendment by Board. Should the Veterans' Administration, the Federal Housing Administration, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which may have necessitated the provisions of this Article or make such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

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14.09 Applicability of Article XV. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or South Carolina law for any of the acts set out in this Article.

14.10 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed and sealed this 21st day of February, 1997.

Signed, sealed and delivered in the presence of:

DECLARANT:

CENTEX HOMES, a Nevada General Partnership

By: CENTEX REAL ESTATE CORPORATION, its General Partner

By: John D. Carpenter
John D. Carpenter
Title: Division President

James M. Cimino
Hyden S. R.

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

I, the undersigned notary, do hereby certify that Centex Homes, a Nevada General Partnership, by Centex Real Estate Corporation, its General Partner, by John D. Carpenter, Division President, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 21st day of February, 1997.

[Signature]
Notary Public for S.C.
My Commission Expires: 2-09-01

EXHIBIT "A"

All those certain pieces, parcels or lots of land lying and being in Bluffton Township, Beaufort County, South Carolina, consisting of two parcels, a 4.498 acre parcel and a 45.961 acre parcel, for a total of 50.459 acres, located off U.S. Highway 278 and being more fully shown and designated as Phase I on a plat entitled "A Plat of Phases I, II and III 97.761 (Total)" said plat being prepared by Coastal Surveying Co., Inc., Bluffton, South Carolina, Jack Jones, S.C.R.L.S. No. 13852, said plat being dated January 29, 1997, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Plat Book 59 at Page 134. For a more detailed description as to the courses, metes and bounds of the above mentioned lot, reference is had to said plat of record.

EXHIBIT "B"

All those certain pieces, parcels or lots of land lying and being in Bluffton Township, Beaufort County, South Carolina, located off U.S. Highway 278 consisting of 47.302 acres and being more fully shown and designated as Phases II and III on a plat entitled "A Plat of Phases I, II and III 97.761 (Total)" said plat being prepared by Coastal Surveying Co., Inc., Bluffton, South Carolina, Jack Jones, S.C.R.L.S. No. 13852, said plat being dated January 29, 1997, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Plat Book 59 at Page 134. For a more detailed description as to the courses, metes and bounds of the above mentioned lot, reference is had to said plat of record.

EXHIBIT "C"

All those certain pieces, parcels or lots of land lying and being in Bluffton Township, Beaufort County, South Carolina, located off U.S. Highway #278 and being more fully shown and designated as Indian Hill Golf Club, LLC on a plat entitled "A Plat of Phases I, II and III 97.761 (Total)" said plat being prepared by Coastal Surveying Co., Inc., Bluffton, South Carolina, Jack Jones, S.C.R.L.S. No. 13852, said plat being dated January 29, 1997, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Plat Book 59 at Page 134. For a more detailed description as to the courses, metes and bounds of the above mentioned lot, reference is had to said plat of record.

SAVE AND ACCEPT, all those certain pieces, parcels and lots of land lying and being in Bluffton Township, Beaufort County, South Carolina, located off U.S. Highway #278 and being more fully shown and designated as **Phases I, II, III, Entrance Road Access Easement, 30' Access Easement and 60' Access Easement**, on a plat entitled "A Plat of Phases I, II and III 97.761 (Total)" said plat being prepared by Coastal Surveying Co., Inc., Bluffton, South Carolina, Jack Jones, S.C.R.L.S. No. 13852, said plat being dated January 29, 1997, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Plat Book 59 at Page 134. For a more detailed description as to the courses, metes and bounds of the above mentioned lot, reference is had to said plat of record.

BAM
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JOHN A. SULLIVAN, JR.
R.M.C.
BEAUFORT COUNTY, S.C. */ML*
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