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Property Owners Association
& General Covenants

Declaration of Covenants and Restrictions
of The Dewees Island Property Owners Association

By-Laws of Dewees Island
Property Owners Association, Inc.

Declaration of Rights Restrictions.
Affirmative Obligations and Conditions
Applicable to All Property in Dewees island

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POA & General Covenants

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DECLARATION OF COVENANTS AND RESTRICTIONS OF
THE DEWEES ISLAND PROPERTY OWNERS ASSOCIATION

THIS DECLARATION, made this 22nd day of April, 1992, by Dewees Island Property Owners Association, Inc., a South Carolina nonprofit, non-stock corporation, (hereinafter called "Association"), and Island Preservation Partnership, a South Carolina General Partnership, (hereinafter called "Company"), Robert V. Royall, Jr., Edward M. Royall, E.C. O'Bryan, J. Byron Gaithright, Jr., K.W. Smith, C. Edward Floyd, J. Lorin Mason, Duncan C. Ely, Elizabeth Wickenburg Ely and Thomas E. Rogers (hereinafter collectively referred to as "Existing Owners").

W I T N E S S E T H :

WHEREAS, the Protective Covenants of Dewees Island dated October 3, 1978 (the "Covenants") was recorded in the RMC Office for Charleston County in Book D117, at Page 295; and

WHEREAS, paragraph 37 of the Covenants provides that the Covenants may be altered, modified, cancelled or changed by sufficient number of Lot Owners to constitute sixty-six and two-thirds percent of the Lots in the Dewees Island development; and

WHEREAS, the Company and the Existing owners, constitute the Owners of Lots in excess of sixty six and two-thirds percent of the Lots in the Dewees Island development; and

WH E R E A S , the Company and the Existing Owners, pursuant to the aforesaid authority, by means of this instrument and the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Dewees Island which is being recorded simultaneously herewith in the RMC Office for Charleston County (the General Covenants) is amending the Covenants so that the same shall read in its entirety as hereinafter set forth in this Declaration and the General Covenants.

NOW, THEREFORE, the Company and the Existing Owners declare that the Covenants are modified as hereinafter provided and that the real property described in Article II and such additions thereto as may hereinafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied, and used subject to the covenants, restrictions, conditions, easements, changes, assessments, affirmative obligations, and liens (hereinafter sometimes referred to as "the Covenants") hereinafter set forth.

ARTICLE I

DEFINITIONS

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

(a) "Association"- shall mean and refer to Dewees Island Property Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

(b) "Assessment" shall mean and refer to an Owner's share of the common expenses or other charges from time to time assessed against an Owner by the Association.

(c) "Dewees Island" shall mean and refer to all the lands in Charleston County, South Carolina which are shown as a part of Dewees Island on the Company's Master Development Plan as revised from time to time.

(d) "Company" shall mean Island Preservation Partnership, a South Carolina general partnership and its successors and assigns.

(e) "Existing Owner(s)", shall mean and refer to those persons or entities who own the Lots designated as previously recorded Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 on the Plat as of the date of the filing of this Declaration.

(f) "Existing Lot(s)" shall mean and refer to those Residential Lots designated on the Plat as previously recorded Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11.

(g) The "Properties" shall mean and refer to the Existing Property described in Article II hereof, and additions thereto, as are subjected to this Declaration or any supplemental declaration under the provisions of Article II hereof.

(h) "Residential Lot" shall mean any parcel of land located within the Properties which is intended for use as a site for a single family detached dwelling as shown upon any recorded final subdivision map of any part of the Properties.

(i) "Family Dwelling Unit" and "Dwelling Unit" shall mean and refer to any improved property intended for use as a single family dwelling.

(j) "Open Space" or "Open Space Areas" shall mean and refer to those areas on the Master Plan Plat designated as Wildlife Management Area, Old House Lagoon, Freshwater Wetlands, Lake Timicau, Marsh, Nature Preserve, Seewed Lagoon, Materials Storage Area, Wildlife Area, and Beach Conservation Area.

(k) "Owner" shall mean and refer to the Owner as shown by the real estate records of Charleston County, South Carolina whether it be one or more persons, firms, associations, corporation, or other legal entities, of fee simple title to any Residential Lot situated upon the Properties shall not mean or refer to any mortgagee, his or its successors or assigns, unless and until such mortgagee has acquired title to such Residential Lot; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. In the event that there is of record a long-term contract of sale covering any lot or parcel of land within the Properties, the Owner of such lot or parcel of land shall be the purchaser under said contract and not the fee simple title holder. Where appropriate in connection with the use of Dewees Island and its facilities, the term "Owner" shall include relatives by blood or marriage who reside on Dewees Island with the Owner.

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

(m) "Affiliate" shall mean any corporation more than fifty percent (50%) of the voting stock of which is owned or controlled by the Company and any partnership or joint venture in which the Company has more than a fifty percent (50%) equity interest or an interest in fifty percent (50%) or more of the cash flow from such partnership or joint venture.

(n) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan for the future development of Dewees Island. Since the concept of the future development of Dewees Island is subject to continuing revision and change by the Company, present and future references to the "Master Plan" shall be references to the latest revision thereof.

(o) "Plat" shall mean and refer to the survey prepared by E.M. Seabrook referenced in Exhibit "A" attached hereto.

(p) "Intended for Use" shall mean the use intended for various parcels within the Properties as shown on the Master Plan of Dewees Island prepared by the Company as the same may be revised from time to time by the Company, or the use to which any particular parcel of land is restricted by covenants expressly set forth or incorporated by reference in deeds by which the Company has conveyed the property.

(q) "Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties". The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated a "Common Property". All Common Properties are to be devoted to and intended for the common use and enjoyment of the Owners and their guests and subject to the fee schedules and operating rules adopted by the Association, provided, however, that any lands which are leased by the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such Lease. Common Properties shall not include those tracts of land falling within the definitions of "Purchased Common Properties" set forth below.

(r) "Purchased Common Properties" shall mean and refer to those tracts of land with any improvements thereon acquired by the Association and maintained and administered not through general assessments provided for in Article V, Section 3 hereof, but through special assessments and user fees only.

(s) "Referendum" shall mean and refer to the power of all or some specific portion of the Members to vote by mailed ballots on certain actions by the Board of Directors of the Association more particularly set forth herein including without limitation, whether the Association shall accept any offer by the Company to convey to the Association any "Purchased Common Properties", the levy of any Special Assessment; the increase of the maximum annual assessment in excess of that provided for herein; and the addition of functions or services which the Association is authorized to perform. In the event fifty-one percent (51%) or more of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that in each instance where a higher percentage is required to "pass", that higher percentage shall control in that instance.

(t) "Of Record" shall mean recorded in the Register of Mesne Conveyance of Charleston County, South Carolina.

ARTICLE II

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these covenants is described as follows:

All that tract or parcel of land, situate, lying and being in Charleston County, South Carolina which is more particularly described in Exhibit A attached hereto and by specific reference made a part hereof.

All of the real property hereinabove described shall sometimes be referred to herein as the "Existing Property". The Company intends to develop the Existing Property in accordance with a Master Plan. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. The Master Plan shall not bind the Company, its successors and assigns, to adhere to the Master Plan in the development of the land shown thereon. Subject to its right to modify the Master Plan as stated herein, the Company shall convey to the Association properties designated therein for such conveyance and, in addition, may at its option

convey to the Association as provided in Article IV those parcels of land designated on the Master Plan as properties which may be transferred to the Association, as, in the reasonable exercise of its discretion, it so chooses without regard to the relative location of such portions or sections within the overall plan. Once conveyed to the Association these properties shall become Common Properties or Purchased Common Properties, as the case may be. The Company shall not be required to follow any predetermined sequence or order of improvements and development; and it may bring within

the plan of these covenants additional lands, and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph, the Company shall have full power to add to, subtract from or make changes in the Master Plan regardless of the fact that such actions may alter the relative maximum potential voting strength of the various types of membership of the Association.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. During the period of development, which shall by definition extend from the date hereof to January 1, 2002, the Company, its successors and assigns, shall have the right, without further consent of the Association to bring within the plan and operation of this Declaration any property which is contiguous or nearly contiguous to or on Dewees Island if acquired by the Company prior to or during the period of development, including, but not limited to, all that property described in a Warranty Deed from _____ to Company dated _____, 19____, and of record in Book _____ at page _____. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this and the succeeding subsection, shall be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect on the property described in Section 1, of this Article II.

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

(c) Additional lands which become subject to this declaration under the provisions of this Section II may in the future be referred to as a part of Dewees Island.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner shall be a Member of the Association. The Company shall be a member *of* the Association.

Section 2. Voting Rights. The Association shall have one type of regular voting membership and one type of special voting membership. The special voting membership shall provide the Company with the power to elect a portion of the Board of Directors.

TYPE A: Type A Members shall be all Owners (including the Company) of Residential Lots. An owner of a Residential Lot shall be entitled to one vote for each Residential Lot which he owns.

TYPE B: The Type B Member shall be the Company. The Type B Member shall be entitled to cast votes for the election of members of the Board of Directors as set out in Section 4 of this Article.

Each member shall be entitled to vote at any meeting of Members, or on any other matter requiring a vote of Members, occurring subsequent to the date upon which the Member became an Owner (provided, however that the Member is not delinquent in the payment of assessments), and each Member shall be entitled to the number of votes as calculated above as if each Member had been a Member for a full year and had paid the annual assessment for the year in which the vote takes place. Payment of special assessments shall not entitle Type A and B Members to additional votes.

When any property entitling the Owner to Membership as a Type A Member of the Association is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common, ownership, their acts with respect to voting shall have the following effect:

- (1) if only one votes, in person or by proxy, his act shall bind all;
- (2) if more than one vote, in person or by proxy, the act of the majority so voting, shall bind all;
- (3) if more than one vote in person or by proxy, and the vote is evenly divided on any particular matter, each fraction shall be entitled to its proportionate share of the vote or votes;
- (4) If an instrument or order is filed with the secretary of the Association showing that any such tenancy is held in unequal interest, a majority or even division under subparagraph 2 and 3 immediately above shall be a majority or even division in interest in the property to which the votes are attributable.
- (5) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Owner may be assigned by said owner to his lessee; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee. The Type A and B Members are sometimes hereinafter collectively referred to as the "Members".

Section 3. Governance The Association shall be governed by a Board of Directors consisting of Three (3), Five (5), Seven (7), Nine (9), or Eleven (11) Members. Initially, the Board shall consist of Three (3) Members, with the number in subsequent years to be determined by the members of the Board of Directors as provided for in the Bylaws of the Association.

Section 4. Election of the Board of Directors.

(a) The Directors shall be elected by the Members of the Association or the Company according to the following formula:

The Board of Directors shall be elected in part by the Type A Members, and in part by the Company. The percentage of directors to be elected by Type A Members shall be equal to the percent of the total of one hundred fifty (150) Residential Lots authorized in Dewees Island by the zoning authorities of Charleston County, South Carolina which have been sold and conveyed to purchasers. It is understood and agreed that any Lot on which the caretaker's house is located is in addition to not included in the one hundred fifty (150) authorized Residential Lots. Provided, however, the Type A Members shall always be entitled to elect no less than one member of the Board of Directors. The Type B Members shall elect the remainder. Notwithstanding the foregoing, the Company shall be entitled to elect no less than a majority of the Board of Directors until such time as one hundred thirteen (113) Residential Lots have been sold to Type A Members. For the purposes of this formula, the number of lots owned by Type A Members shall be determined

annually by the Board of Directors as of the date on which notice of the meeting of the Members at which the Board of Directors is to be elected is mailed.

It is the intent of this subparagraph (a) that the right to elect a majority of the members of the Board of Directors shall pass from the Company (Type B Member) to the Type A Members at such time as one hundred thirteen (113) Residential Lots are conveyed or purchased.

(b) Each member of Type A Membership class shall be entitled to as many votes as equals the number of votes he is entitled to, based on his ownership of or tenancy in one or more Residential Lots as computed by the formula set out in Section 2 hereof, multiplied by the number of directors to be elected by Type A Members. Members may cast all of such votes for any one director or may distribute them among the number to be elected by Type A Members, or any two or more of them, as he may see fit, provided, however, that all votes must be cast in whole numbers and not fractions thereof. This right, when exercised, is termed cumulative voting.

Section 5. Members to have Power of Referendum in Certain Instances. Where specifically provided for herein, The Members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by Referendum including, without limitation, whether the Association shall accept any offer by the Company to convey to the Association any "Purchased Common Properties", the increase of maximum assessments by the Association in excess of those increases authorized herein, the levy by the Association of any Special Assessment, and the addition of functions or services which the Association is authorized to perform. In the event fifty-one (51%) percent, or more, of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions therefor. At any time that the A Members have the ability to elect a majority of the Board of Directors, the Members may require a referendum on any action of the Board of Directors by presenting to the secretary of the Board within thirty (30) days of the taking of such action or ratification by the Board of its intent to take such action a petition signed by not less than twenty-five (25%) percent of the Members.

Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. Except as otherwise provided in Article V, Section 9, the quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association the presence at the meeting of Members or proxies entitled to cast sixty percent (60%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such second meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Article III, Section 6, and any other requirements for such "duly called meeting" which may be established by the Bylaws of the Association. This provision shall not apply when the proposed action is the amendment of this Declaration and the quorum requirement established by Article VIII, Section 2 shall govern in that instance. For the purpose of this section, "proper notice" shall be deemed to be given when posted to the last known address of each Member not less than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

Section 7. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by Proxy authorized in writing, provided, however, that Proxies shall not be required for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specially provided ballots mailed or delivered to the Association.

Section 8. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for the vote of the Members and a ballot on which each Member may vote for or against the motion. Each ballot which is presented at such meeting shall be

counted in calculating the quorum requirements set out in Section 6 of this Article III. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES:

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Association, and any fees or charges established by the Association, every Type A and B Member and any guest and tenant of such Type A and B Member shall have a right of easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every Residential Lot. In addition to an easement of enjoyment in the Common Properties, every member shall have the right to the use and enjoyment of that certain easement granted by the Company to the Association dated April 22, 1992 and recorded in Book B213, Page 756 in the RMC Office for Charleston County (hereinafter the "Marina and Ferry Easement").

Employees of the Type B Member shall have access to and enjoyment of the Common Properties and the Marina and Ferry Easement subject to reasonable rules and regulations and user fees established by the Board of Directors.

A Member's spouse and children who reside with such Member in "Dewees Island" shall have the same easement of enjoyment hereunder as a Member.

In those instances where a Residential Lot or Dwelling Unit or other property in "Dewees Island" is owned or occupied as a Tenant by two (2) or more persons (who do not have the relationship of spouse, parent, or child, one to the other) or by a corporation, such joint owners and corporations shall annually appoint one (1) person as the "Primary Member". Such Primary Member shall have the same easement of enjoyment in the Common Properties as Members who own or occupy such property singularly. The remaining joint Members or Tenants and one other principal officers of such corporations shall be entitled to an easement of enjoyment in the Common Properties by paying the same user fees as guests of Members.

Section 2. Title to Common Properties and Mortgages on Common Properties. The Company covenants for itself, its successors and assigns, that it shall convey to the Association, at no cost to the Association, by deed those parcels of land and facilities described in Section 5 of this Article IV hereof prior to January 1, 2002. Except as hereinafter provided, upon completion of said improvements, the Association shall immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Association's Board of Directors subject to the Declaration of Rights, Restrictions, Affirmative Obligations, and Conditions Applicable to All Property in "Dewees Island". Provided, however, it is specifically understood and agreed that the Company shall remain responsible for all costs associated with the maintenance and operation of the Huyler House and Marina Ferry until such time as the Company has sold fifty (50) Residential Lots. Likewise, until fifty (50) Residential Lots are have been sold, the company shall have the right to retain all income derived from the operation of the Huyler House and Marina Ferry and to charge Owners a user fee for the use thereof. It is the purpose of this provision to provide that, except for the Huyler House and Marina Ferry, the Association shall be responsible for all maintenance of Common Properties upon which all improvements required to be made by the Company have been completed, notwithstanding the fact that the Company is not obligated to convey or lease such properties to the Association until December 31, 2001.

All said parcels of land may be conveyed to the Association subject only to the following:

(1) all restrictive covenants and easements of record at the time of conveyance including, but not limited to, any conservation easement the Company may grant to the Lowcountry Land Trust or a similar organization;

(2) that certain agreement between The C&S National Bank of South Carolina as Trustee, of the Capers-Dewees Trust and the South Carolina Wildlife & Marine Resources Department dated February 7, 1975.

The Company further warrants that it will not place any liens or encumbrances of any kind on the Common Properties.

Section 3. Purchased Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Association, and any charges established by the Association, every Type A Member shall have a right and easement of enjoyment in and to any property now or hereafter designated "Purchased Common Properties" pursuant to this Declaration. "Purchased Common Properties" may not be acquired by the Association unless approved by Referendum of Type A Members and, in the event such approval is obtained, the Company may, at its election, elect to receive in lieu of a cash payment a first mortgage and the Association's promissory note for the purchase of such properties at the then prevailing interest rates for loans on that type property from commercial lending institutions. Except for such Purchased Common Properties, the Company may not require the Association to pay for any other type properties conveyed to the Association such as those described in Section 5 (a) or (b) of this Article IV.

Employees of the Type B Member shall have access to and enjoyment of the Purchased Common Properties subject to reasonable rule and regulations and user fees established by the Board of Directors.

A Member's spouse and children who reside with such Member in "Dewees Island" shall have the same easement of enjoyment hereunder as a Member.

In those instances where a Residential Lot or Dwelling Unit or other property in "Dewees Island" is owned or occupied as a Tenant by two (2) or more persons (who do not have the relationship of spouse, parent, or child, one to the other) or by a corporation, such joint owners and corporations shall annually appoint one (1) person as the "Primary Member". Such Primary Member shall have the same easement of enjoyment in the Common Properties as Members who own or occupy such property singularly. The remaining joint Members or Tenants and one other principal officers of such corporations shall be entitled to an easement of enjoyment in the Common Properties by paying the same user fees as guests of Members.

Section 4. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its ByLaws, to borrow money from the Company or any lender for the purpose of improving and/or maintaining the common Properties and Purchased Common Properties, and providing services authorized herein and in aid thereof to mortgage said properties; and

(b) The right of the Association to assume and pay indebtedness secured by liens or encumbrances against the Purchased Common Property at the time of conveyance; and

(c) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosures; and

(d) The right of the Association, to suspend the rights and easements of enjoyment of any Member or Tenant or Guest of any Member for any period during which the payment of any assessment against property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations. Any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment. The Association may not suspend the right to use any roads belonging to the Association subject to the rules, regulations and fees, if any established by the Association for such use; and

(e) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties and Purchased Common Properties, and any facilities included therein, including the right of the Association, to charge a reasonable toll for the use of any roadways belonging to the Association and for the use of the Marina Ferry Easement, provided, however, that such rights of the Association shall not be construed to impair or qualify an Owner's rights of ingress and egress to his property; and

(f) The Board of Directors of the Association shall have full discretion to determine the amount of the fee or toll for use of any roadway, dock or ferry service it may own, provided, however, that such fee or toll shall be limited to an amount which generates sufficient sums to cover the cost of the operation of entry control security stations; to repair, rehabilitate, resurface and otherwise maintain said roadways or docks, to provide for the maintenance and clean-up of right-of-ways; to provide drainage along said roadways; to provide for motorized security patrols and to provide such other roadway maintenance or services as the Association shall deem desirable. The Board of Directors of the Association shall further have the power to place any reasonable restrictions upon the use of the Association's roadways, subject to an Owner's right of ingress and egress, including, but not limited to the types and sizes of vehicles permitted to use said roads, the maximum and minimum speeds of vehicles using said road, all other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. The fact that such restrictions on the use of the roads shall be more restrictive than the laws of any state or local government having jurisdiction over the Properties shall not make such restriction unreasonable. This paragraph (f) establishes maximum fees which may be charged for road entry and use of roads. The Board of Directors of the Association may supplement, with an allocation of a portion of the receipts from the annual assessment, the funds (if any) received from road use fees or tolls, to carry out the functions and activities as described in this paragraph (f); and

(g) The right of the Company or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility or drainage easements on any part of the Common Properties and Purchased Common Properties; and

(h) The right of the Association to adopt and publish rules and regulations governing the use of Common Properties and Purchased Common Properties, and the conduct of Members, their lessees or guests and to establish penalties for the infractions of such rules and regulations. Any fines for infractions of Association rules shall be a personal obligation of the subject Member and may be collected as any other assessment is collected pursuant to the terms hereof.

(i) The right of the Association to give or sell all or any part of the Common Properties and Purchased Common Properties, including lease-hold interest, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members. No such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such dedication, transfers and determinations as to purposes and conditions shall be authorized by the affirmative vote of sixty percent (60%) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6, and unless written notice of the meeting and of the proposed agreement and action thereunder is sent to every Member of the Association at least thirty (30) days prior to such meeting. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

Section 5. The Company covenants for itself, its successors and assigns, that, prior to January 1, 2002, it shall convey to the Association, by deed those properties designated on the Company's Master Plan as "Common Properties", including the properties listed below. Such conveyance shall be subject, to all the restrictions and limitations of the various Articles of this Declaration and any other restrictions and limitations of record and shall include the following:

(a) As Common Properties. There shall be conveyed to the Association without charge by the Company:

- (1) All roads and rights of way thereof within the Properties;
- (2) All trails, docks, viewing towers, tennis courts and swimming pools within the Properties;
- (3) All open space areas; and
- (4) The Huyler House and Marina Ferry boat(s).

ARTICLE V

COVENANTS FOR ASSESSMENTS

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

Section 2. Purpose of Assessments. The annual assessments levied by the Association shall be used exclusively for the improvement, maintenance, enhancement, enlargement and operation of the Common Properties, and to provide services which the Association is authorized to provide. In carrying out these duties, the Association may expend funds derived from assessments to make payments of principal and interest as consideration for the conveyance by the Company to the Association of Purchased Common Properties.

In the case of annual operation of Purchased Common Properties, funds necessary for such operation shall not be derived from the assessments levied by the Association but rather from user charges and dues for the particular facility. Such user charges and user dues shall be in addition to and not in lieu of any other assessments herein provided for. No initiation fee may be charged to Members as a precondition to use of such Purchased Common Properties facilities.

Section 3. Application of "Maximum" Assessment. Except as hereinafter provided, the maximum annual assessment, as set forth in the schedule hereinbelow, and as is annually increased pursuant to the provisions of subparagraph (e) below, shall be levied by the Association. If, however, the Board of the Association, by majority vote, determines that the important and essential functions of the Association may be properly funded by an assessment less than that set out below, it may levy such lesser assessment. Provided, however, so long as the Company is engaged in the development of properties which are subject to the terms of this Declaration, the Association may not reduce assessments below those set out in Section 3 (a) immediately below without the written consent of the Company. The levy of an assessment less than the maximum regular assessment in one year shall not affect the Board's right to levy the maximum assessment in subsequent years. If the Board of Directors shall levy less than the maximum regular assessment for any assessment year and thereafter, during such assessment year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Board may, by majority vote, levy a supplemental assessment. In no event shall the sum of the initial and supplemental regular annual assessments for that year exceed the applicable maximum regular assessments.

If the Board of the Association, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any year by the Maximum Regular Annual Assessment, it may call a Referendum requesting approval of a specified increase in such assessment. Should two-thirds (2/3) of the votes cast in such Referendum be in favor of such Referendum, the proposed increased assessment shall be levied. An increase in assessments in any year pursuant to a Referendum taken shall in no way affect assessments for subsequent years.

(a) The annual assessment shall be the sum calculated in accordance with the following schedule as may be increased in each instance by an inflation adjuster as set forth in this Article V, Section 3(e) hereinbelow.

<u>Property Type</u>	<u>Maximum Regular Annual Assessment</u>
Residential Lots	\$2,000.00 <u>\$5,500.00</u> per Residential Lot, <u>for fiscal year ending September 30, 2002</u> , subject to annual increases thereafter.

(b) Property shall not be classified for purposes of these covenants and these annual assessments as a Residential Lot, until the first day of the quarter of the year after all of the following have occurred:

1. Making of record a plat showing such Residential Lot;
2. Approval by the Office of Interstate Land Sales Registration or successor agencies permitting such Residential Lot to be offered for sale; and
3. The Residential Lot has been conveyed by the Company to a purchaser.

Provided, however, the Existing Lots shall be subject to assessment commencing on September 1, 1992 or the date on which the Company sells its first Residential Lot, whichever occurs first. Notwithstanding the provisions of Section 3(e) hereof, the maximum regular annual assessment imposed on any Existing Lot shall not exceed \$2,000.00 until the Existing Lot in question is sold by an Owner or January 1, 2002, whichever occurs first.

(c) The annual assessment shall be billed yearly commencing on the first day of January of each year. All other property shall be billed annually in January of each year. All assessment bills shall be due and payable thirty (30) days from the date of mailing the same.

(d) All assessments charged by the Association shall be rounded off to the nearest dollar.

(e) Except as hereinabove provided, from and after ~~January 1, 1993~~ October 1, 2002, the maximum regular annual assessment shall be increased each year by the Board of Directors of the Association by five (5%) per cent per year over the previous year or the percentage increase between the first month and the last month on an annual assessment period in the Consumer Price Index, U.S. City Average, All Items (1967-100) (hereafter "C.P.I.") issued by the U. S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U. S. City Average and Selected Areas", whichever of these two percentage figures is larger. However, the Board of Directors may suspend such automatic increase for any one (1) year at its own discretion.

In the event that the C.P.I. referred to above shall be discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.

Section 4. Special Assessments for Improvements and Additions. Except as hereinafter provided, in addition to the annual regular assessments authorized by Section 3 hereof, the Association may levy special assessments, for the following purposes:

- (a) Construction or reconstruction, repair or replacement of capital improvements and other assets (specifically including the beaches and sand dunes) upon the Common Properties or Purchased Common Properties, including the necessary fixtures and personal property related thereto;
- (b) For additions to the Common Properties;
- (c) To provide for the necessary facilities and equipment to offer the services authorized herein;
- (d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein; and

(e) Such assessment before being charged must have received the assent of a majority of the votes of the Members responding to a mail Referendum within thirty (30) days of mailing. The mail Referendum shall include one statement from the Directors favoring the special assessment and one statement from those Directors opposing the special assessment containing the reasons for those Directors, support and opposition for the assessment. Neither statement shall exceed five pages in length.

This provision shall be interpreted to mean that the Association may make in any one year an annual assessment up to the maximum set forth in Section 3 of this Article plus an additional special assessment. Such special assessment in any one year may not exceed a sum equal to the amount of the maximum regular annual assessment for such year except that such limitation shall not apply for a special assessment for emergency or other repairs required as a result of storm, fire, natural disaster or other casualty loss. The fact that the Association has made an annual assessment for an amount up to the permitted maximum shall not affect its right to make a special assessment during the year.

The proportion of each special assessment to be paid by the owners of the various classifications of assessable property shall be equal to the proportion of the regular assessments made for the assessment year during which such special assessments are approved by the Members.

(f) Special assessments may not be assessed against the Existing Lots until the Existing Lot in question is sold or five (5) years from the date of the filing of this Declaration, whichever occurs first. Thereafter, until the earlier of the sale of any such Existing Lot by an Existing Owner or January 1, 2002, any special assessment imposed on any Existing Lot shall not exceed \$1,000.00 per year.

Section 5. Reserve Funds. The Association may establish reserve funds from its regular annual assessments to be held in reserve in an interest drawing account or investments as a reserve for (a) major rehabilitation or major repairs, (b) for emergency and other repairs required as a result of storm, fire natural disaster, or other casualty loss, (c) recurring periodic maintenance, and (d) initial costs of any new service to be performed by the Association.

Section 6. Special Environmental Assessment on Property Sale. In order to support naturalists in residence on Dewees Island and to provide for the continued maintenance, repair, replacement, protection and cost of operation of all wildlife areas, impoundments, beach areas and other environmentally sensitive areas of the Common Properties, Properties, and Purchased Common Properties, and to minimize the necessity for the levying of Special Assessments for Improvements and Additions as provided for in Article V, Section 4 above, there shall be paid to the Association upon sale of any Residential Lot and purchase of a Residential Lot, at closing, a Special Environmental Assessment in an amount equal to one and one-half percent (1 1/2%) of the gross sales price of said Residential Lot or interest therein. One-half (1/2) of said assessment shall be paid by the seller and the other one-half (1/2) shall be paid by buyer in any such sale. For purposes of this Section "Sale" is defined as any transfer of legal or equitable title to all or any portion of the property for valuable consideration, other than by gift, inheritance, or mortgage foreclosure. A Sale transfer of legal or equitable title shall also include, but is not limited to, the execution of (i) a contract of sale which provides for a closing more than one (1) year beyond the date of execution of said contract; (ii) a lease for a term, including renewal terms, in excess of one (1) year with a purchase option which applies rental payments towards the purchase price; (iii) an option for a term, including renewal terms, in excess of one (1) year which applies option payments towards the purchase price; (iv) the transfer of any portion of the stock of a corporate Property Owner, or any portion of the partnership interest of a partnership Property Owner, or any portion of the beneficial interest of a Trust, or any portion of the legal or beneficial interest in any other form of legal entity which is a Property Owner. For purposes of this Section, the transfer of ten (10%) percent or less of the stock of a publicly traded entity shall not be deemed a Resale transfer. The Company, upon prior written application by a Property Owner, may waive the provisions of this Section. All funds from the assessment shall be held in a separate account. No funds from this account may be expended for any purpose not specifically set forth herein except with the approval of sixty percent (60%) of the Members.

Section 7. Initial Assessment Upon Sale of Residential Lot by the Company. In order to assist the Association in establishing a reserve fund, each purchaser of a Residential Lot from the Company, shall pay at closing an initial assessment equal to one-sixth (1/6) of the annual assessment in effect for the year during which the sale occurs. This assessment shall only apply to sales by the Company.

Section 8. Change in Maximum Amounts of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall apply to any merger or consolidation in which the Association is authorized to participate under Article II, Section 2, hereof, and under the ByLaws of the Association.

Section 9. Quorum for any Action Authorized Under this Article. The quorum required for any action authorized to be taken by the Association Members under this Article shall be as follows:

The first time any meeting of the members of the Association is called to take action under this Article the presence at the meeting of Members or proxies entitled to cast sixty (60%) per cent of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast twenty-five per cent (25%) of the total vote of the membership of the Association.

Section 10. Date of Commencement of Annual Assessments Due Date. Notwithstanding anything in the foregoing to the contrary, the annual assessments provided for herein shall commence no earlier than May 1, 1992. Persons becoming members subsequent to January 1 of each year shall pay assessments prorated as of the date of initial membership.

Section 11. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the assessment against each Residential Lot, within the assessment schedule as provided hereinabove, and shall at that time, direct the preparation of an index of the properties and assessments applicable thereto which shall be open to inspection by any Member. Written notice of assessment shall thereupon be sent to every Member subject thereto.

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

Section 12. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner, the Lien; Remedies of Association. If the assessment is not paid on or before the past-due date specified in Section 3(c) hereof, then such assessment shall become delinquent and shall (together with interest thereon at the rate of 18% per annum from the due date and cost of collection thereof as hereinafter provided) become a charge.. and continuing lien on the land and all improvements thereon, against which each such assessment is made, in the hands of the then owner, his heirs, devisees, personal representatives, tenants, and assigns.

If the assessment is not paid within thirty (30) days after the past due date, in addition to the Association's right to suspend such owner's use of the Common Properties, and in addition to any other remedies at law or in equity, the Association shall have the right to file a notice of lien in the office of the RMC Office for Charleston County. Such lien may be foreclosed by the Association in any Court by an action brought as in mortgage foreclosures. In any proceeding brought to collect the assessment or enforce the lien, any judgment rendered against the Owner as a result thereof shall include interest on the assessment as above provided and a reasonable attorney's fee together with the costs of the action.

Section 13. Subordination of the Lien to Mortgage The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which accrued subsequent to the date of such mortgage and have become due and payable prior to a sale or transfer of such property pursuant to foreclosure, or any other proceeding or deed in lieu of foreclosures.

Section 14. Exempt Property. The following property, subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

- (a) The grantee in conveyances made for the purpose of granting utility easements;
- (b) All Common Properties as defined in Article 1, Section 1, hereof; and

(c) Property which is used for any of the following purposes:

1. The maintenance and service of facilities within Common Properties;
2. Places of worship;
3. Non-profit, governmental, and charitable institutions; and

(d) Residential Lots on which a family Dwelling Unit cannot be constructed because of governmental restrictions; provided, however, the Owner of any such Residential Lot shall not have the right to use the Common Properties if any assessments which would otherwise be assessed against such Residential Lot are not paid.

Section 15. Annual Statements. The President, Treasurer, or such other officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such year, and a statement of revenues, costs and expenses. The statement shall list the name of any creditor of the Association, provided, however, that this requirement shall be construed to apply only to creditors of more than \$1,000.00. Such officer shall furnish to each Member of the Association who may make request therefor in writing, a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to the Member either in person or by mail.

Section 16. Annual Budget. The Board of Directors shall prepare and make available to all Members at least sixty (60) days prior to the first day of the following year, a budget outlining anticipated receipts and expenses for the following year. The annual assessment for each Residential Lot shall be determined by dividing the anticipated costs of operation (excluding the Huyler House and Marina Ferry until the company has sold fifty (50) Residential Lots) by the one hundred fifty (150) authorized Residential Lots. Until 113 Residential Lots are owned by persons other than the Company, the Company shall be responsible for paying to the Association any shortfall in income caused by the annual assessments not being sufficient to cover the costs of operation of the Association and the Common Properties, including but not limited to repair, replacement, maintenance, and upkeep of the Common Properties together with a yearly replacement reserve. The financial books of the Association shall be available for inspection by all Members at all reasonable times.

ARTICLE VI

FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Common Properties. The Association may own and/or maintain (subject to the requirements of the County Council of Charleston County, South Carolina) common properties, equipment, furnishings, and improvements devoted to the following uses:

- (a) roads or roadways, and parkways along said roads or roadways throughout the Properties;
- (b) sidewalks, walking paths or trails, bicycle paths, and bridle paths throughout the Properties;
- (c) transportation facilities to and throughout the Properties e.g. boats, vehicles, etc., paid for by assessment as provided for in Article V, Section 4 hereof;
- (d) security and fire protection services including security stations, maintenance building and/or guardhouses, police equipment and fire stations and fire fighting equipment; and buildings used in maintenance functions;
- (e) emergency health care facilities including ambulances and the equipment necessary to operate such facilities;
- (f) providing the services which the Association is authorized to offer under Section 3 of this Article;

(g) purposes set out in deeds or long-term leases by which Common Properties are conveyed or leased to the Association, provided that such purposes shall be approved by the Members of the Association as set out in Section 5 of this Article;

(h) lakes, impoundments, play fields, beaches, marshes, tennis facilities, historic parks, wildlife areas, fishing facilities, other recreational facilities of any nature, and community meeting facilities serving the Properties;

(i) water and sewage facilities, cable television and any other utilities, if not adequately provided by a private utility, Charleston County or some other public body; and

(j) over night and long term lodging facilities and places of worship.

Section 2. Ownership and Maintenance of Purchased Common Properties. The Association shall be authorized to purchase, own and maintain properties following approval of the Members pursuant to the requirements of Section 4 of Article IV hereof. In the event such facilities are purchased from the Company, the purchase price may be paid as hereinabove provided. The Association shall not be authorized to maintain Purchased Common Properties from receipts of regular annual assessments or special assessments but shall be authorized to require the payment of user fees, annual user dues, and the Association shall be authorized and required to maintain Purchased Common Properties from the receipts of such charges. All functions or services which the Association shall be authorized to provide for Purchased Common Properties as may be expressed elsewhere in this Declaration shall be subject to this provision.

Section 3. Services. The Association shall be authorized (unless prohibited by requirements of the County Council of Charleston County, South Carolina) but not required to provide the following services:

(a) Cleanup and maintenance of all roads, docks, lakes, beaches (including nourishment of beaches), marshes, and other Common Properties within the Properties and also all public properties which are located within or in a reasonable proximity to the Properties such that their deterioration would affect the appearance of the Properties as a whole;

(b) Landscaping of roads and walking paths and any Common Properties;

(c) Transportation facilities, including but not limited to, water ferry service to Dewees Island;

(d) Lighting of roads and walking paths throughout the Properties;

(e) Police protection and security, including but not limited to the employment of police and security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the "Properties" and assistance in the apprehension and prosecution of persons who violate the laws of South Carolina within the Properties;

(f) Fire protection and prevention;

(g) Garbage and trash collection and disposal;

(h) Insect and pest control;

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

(j) Maintenance of all lakes, lagoons and impoundments located within the properties, including the stocking of such lakes and lagoons;

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

(l) To set up and operate an architectural review board in the event that the Association is designated by the company as the agent of the Company for such purpose;

(m) Improvement of fishing available to Members within the Properties;

(n) To provide day care and child care services;

(o) To conduct recreation, sport, craft, and cultural programs of interest of Members, their children and guests;

(p) To provide legal and scientific resources for the improvement of air and water quality within the Properties;

(q) To maintain water search and rescue boats for the protection and safety of those in the waters located on or adjacent to the Properties;

(r) To provide safety equipment for emergencies;

(s) To pay a third party to oversee any conservation easement which might be granted by the Company and/or the Association and to pay for naturalists in residence on Dewees Island.

(t) To construct improvements on Common Properties for use for any of the purposes authorized in this Article;

(u) To provide administrative services including but not limited to legal, accounting and financial; and communication services informing Members of Activities, Notice of Meetings, Referendums, etc. incident to the above services;

(v) To provide liability and hazard insurance covering improvements and activities on the Common Properties and Purchased Common Properties;

(w) To provide water, sewage, cable television and any necessary utility services not provided by a public body, private utility or the Company,

(x) To provide, conduct, or maintain water pollution and shoreline erosion abatement measures including, without limitation, maintenance and repair of shore revetments and groins;

(y) To exercise any rights reserved by the Company and transferred by the Company to the Association; and

(z) Taking of any and all actions necessary in the discretion of the Board of Directors to enforce this Declaration and all other covenants and restrictions affecting the Properties of the Association and to perform any of the functions or services delegated to the Association in this Declaration or other covenants or restrictions or authorized by the Board of Directors.

Section 4. Reduction of Services. During the calendar year of 1992, the Board of Directors of the Association shall define and list a minimum level of services which shall be furnished by the Association. So long as the Company is engaged in the sale of properties which are subject to the terms of this Declaration, the Association shall not reduce the level of services it furnishes below such minimum level. Such minimum level of services shall expressly include an obligation of the Association to maintain roadways and drainage facilities in a functional and acceptable condition and to provide water ferry service to Dewees Island.

Section 5. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 4 of this Article. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association. Special assessments shall be submitted for referendum as herein provided. Subject to the

provisions of Section 4 immediately above, the functions and services which the Association is authorized to carry out or to provide may be added or reduced at any time upon the affirmative vote of fifty-one (51%) per cent or more of those voting in a Referendum conducted by the Board of Directors under the same procedures as for a special assessment.

Section 6. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions. Provided, however, until the Company has sold one hundred thirteen (113) Residential Lots, no mortgage or any other lien shall be placed on the Common Properties without the unanimous consent of the Board of Directors. The Company may make loans to the Association. The Association may not reduce the regular annual assessment while any amounts due the Company by the Association are outstanding.

Section 7. Transfer of Authority. The General Covenants provide for various controls over all property at Dewees Island which will be maintained at the discretion of the Company. The General Covenants further provide that any of the Company's rights and powers set forth in the General Covenants may be specifically assigned either to the Association or to any other entity. In the event that such powers are assigned of Record to the Association, the Association shall promptly provide for appropriate procedures to perform its obligations pursuant to the powers transferred to it.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Architectural Review Board. The Architectural Review Board shall be composed of at least three (3) but not more than seven (7) Members, all of whom shall be appointed by the Board of Directors of the Association. At least one (1) Member of the Association other than the officers, employees or agents of the Company shall be a member of the Architectural Review Board. The Board of Directors of the Association may establish the rules of procedure for the Architectural Review Board in conformance with the General Covenants.

Section 2. Architectural-Review and Approval for Association Properties. No building, wall, fence, swimming pool, or other structure shall be commenced, erected, or maintained upon the Common Properties or Purchased Common Properties nor shall any landscaping be done, nor shall any exterior addition to any existing structure or change or alteration therein, be made until the plans and specifications therefor showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location, with the surrounding structures and topography, by the Architectural Review Board. The Architectural Review Board shall have the general rights of enforcement set forth in the General Covenants and Article VIII, Section 3 of this Declaration, including without limitation, the right to enjoin violations.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Duration. The Covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Company, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of twenty five (25) years from the date this Declaration is recorded. Upon the expiration of said twenty-five (25) year period this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited. However, that there shall be no renewal or extension of this Declaration if during the last year of the initial twenty-five (25) year period or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4) of the votes cast at a duly held meeting of the Association votes in favor of terminating this Declaration at the end of its then current term. Written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given each Member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that

notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. said certificate shall be made of record and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments. The Company specifically reserves the right to Amend this Declaration, or any portion hereof, on its own motion until January 1, 2002, so long as the voting power of existing Members is not diluted thereby, nor the amounts of assessments of such existing Members is raised or changed in any manner which would adversely affect such Members. Thereafter, the procedure for amendment shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association and any such proposed amendment shall be deemed approved if sixty percent (60%) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted), the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment, and the total number of votes cast against the amendment. Such Addendum shall be made of record.

So long as the Company, as the Type B Member, is entitled to elect a majority of the members of the Board of Directors of the Association no amendment of this Declaration shall be made without the consent of the Company. The quorum required for any action authorized to be taken by the Association under this Section 2 shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this Section 2 the presence at the meeting of the Members or proxies entitled to cast sixty (60%) per cent of the total vote of the Membership shall constitute a quorum if the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast fifty percent (50%) of the total vote of the Association.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these covenants; and failure of the Association or any Member or the Company to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 4. Interpretation. The Board of Directors of the Association shall determine all questions arising in connection with this Declaration of Covenants and Restrictions and shall construe and interpret its provisions, and its determination, construction or interpretation, shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given that interpretation or construction that will best accomplish the general plan of improvements.

Section 5. Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court of competent jurisdiction or other tribunal having jurisdiction over the parties hereto and the subject matter hereof such judgment shall not affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the ByLaws of the Association, unless the terms of this instrument provide otherwise.

Section 7. Notices. Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address appearing on the Association's Membership list. Notice to one of two or more co-owners or co-tenants of a Residential Lot or Unsubdivided Land shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 8. Other Agreements. All the provisions of these covenants shall be subject to and conform with the provisions of:

(a) the Zoning Ordinance of the County of Charleston, South Carolina and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified;

(b) the Master Plan for the development of Dewees Island as may from time to time hereafter be amended or modified;

(c) all conditions imposed on Dewees Island by the zoning authorities of County Council allowing the development of Dewees Island under such Zoning Ordinance of the County of Charleston, South Carolina as may from time to time hereafter be amended or modified;

(d) that certain conservation easement granted to the South Carolina Wildlife and Marine Resources Department dated February 7, 1975; and

(e) any conservation easement which may be granted by the Company to the Lowcountry Land Trust or any similar organization; and

(f) all provisions of the Declaration of Rights, Restrictions, Affirmative obligations and Conditions Applicable to All Property in Dewees Island recorded simultaneously herewith in the RMC Office for Charleston County, South Carolina.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Company and/or the Association contemplated under this Declaration, neither the Company nor any member of the Board of Directors of the Association or the Architectural Review Board shall be liable to an owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an owner or such other person and arising out of or in any way reacting to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted, or withheld.

Section 10. Termination of Association. In the event that this Declaration be declared to be void, invalid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal of competent jurisdiction having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Properties and Purchased Common Properties belonging to the Association at the time of such adjudication shall revert to the Company, and the Company shall own and operate said Common Properties and Purchased Common Properties as Trustee for use and benefit of Owners within the Properties as set forth below. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Article VIII, Section 1, all Common Properties and Purchased Common Properties owned by the Association at such time shall be transferred to a trustee appointed by the Circuit Court of Charleston County, South Carolina, which Trustee shall own and operate said Common Properties and Purchased Common Properties for the use and benefit of Owners within the Properties as set forth below:

(a) Each lot or parcel of land located within the Properties shall be subject to an annual assessment which shall be paid by the Owner of each such lot or parcel to the Company or Trustee, whichever becomes the successor in title to the

Association. The amount of such annual assessment and its due date shall be determined solely by the Company or the Trustee, as the case may be, but the amount of such annual assessment on any particular lot or parcel shall not exceed that amount actually assessed against that lot or parcel in the last year that assessments were levied by the Association, subject to the adjustments set forth in sub-paragraph (b) immediately below;

(b) The rate of the maximum annual assessment which may be charged by the Company or Trustee hereunder on any particular lot or parcel may be automatically increased each year by either five (5%) per cent or the percentage increase between the first month and the last month of the annual assessment period in the Consumer Price Index, U.S. City Average, All Items (1967-100) (hereafter C.P.I.) issued by the U.S. Bureau of Labor statistics in its monthly report entitled "The Consumer Price Index, U. S. City Average and Selected Areas", whichever of these two percentage figures is larger. The actual amount of such increase in the regular maximum annual assessment on a lot or parcel shall equal the regular maximum annual assessment on such lot or parcel for the previous year multiplied by the larger of the two percentage factors set forth above. If the C.P.I. is discontinued, then there shall be used a similar index published by the United States Government indicating changes in the cost of living;

(c) Any past due annual assessment together with interest thereon of the maximum annual rate permitted by law from the due date and all costs of collection including reasonable attorney's fees shall be a personal obligation of the Owner at the time the annual assessment became past due, and it shall also constitute and become a charge and continuing lien on the lot or parcel of land and all improvements thereon, against which the assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns;

(d) The Company, or the Trustee, as the case may be, shall be required to use the funds collected as annual assessments for the operation, maintenance, repair and up-keep of the Property. The Company or Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Neither the Company nor the Trustee shall have the obligations to provide for operation, maintenance, repair and upkeep of the Common Properties or Purchased Common Properties, once the funds provided by the annual assessment have been exhausted;

(e) The Company or the Trustee shall have the right to convey title to the Common Properties and Purchased Common Properties and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby; and

(f) The Company or the Trustee shall have the power to dispose of the Common Properties and Purchased Common Properties free and clear of the limitations imposed hereby; provided, however, that such disposition shall first be approved in writing by fifty-one percent (51%) or more of the Owners of property within the properties or in the alternative shall be found to be in the best interest of the Owners of property within the Properties by the Court of Common Pleas of Charleston, County, South Carolina. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Common Properties or Purchased Common Properties, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and up-keep of such Properties, then for the payment of any obligations distributed among the Owner of property within the Properties, then for the payment of any obligations distributed among the Owners of property within the Properties, exclusive of the Trustee, in a proportion equal to the portion that the maximum annual assessment on property owned by a particular Owner bears to the total maximum annual assessments for all property located within the Properties.

IN WITNESS WHEREOF, Island Preservation Partnership, a South Carolina general partnership, Dewees Island Property Owners Association, Inc. and the Existing Owners have caused these presents to be executed by its duly authorized officers this 22nd day of April, 1992.

WITNESSES

ISLAND PRESERVATION PARTNERSHIP,
A SOUTH CAROLINA GENERAL PARTNERSHIP

By: _____

Its: _____

DEWEES ISLAND PROPERTY OWNERS
ASSOCIATION INC.

By: _____

Its: _____

STATE or SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PROBATE

Personally appeared before me and made oath that (s)he saw the within named Island Preservation Partnership, a South general partnership, by _____, its _____, sign, seal and as their act and deed deliver the within Covenants, and that the deponent, with the other witnesses whose names are subscribed above witnessed the execution thereof.

SWORN to before me this
____ day of April, 1992.

Notary Public for: _____
My Commission Expires: _____

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PROBATE

Personally appeared before me and made oath that (s)he saw the within named Dewees Island Property Owners Association Inc., By _____, Its _____, sign, seal, and as his act and deed deliver the within Covenants, and that the deponent, with the other witnesses whose names are subscribed above, witnessed the execution thereof.

SWORN to before me this
____ day of April, 1992

Notary Public for _____
My Commission Expires: _____

BY-LAWS

OF

DEWEES ISLAND PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

MEMBERS

Section 1. Membership in the Association. The members of the Dewees Island Property Owners Association, Inc. (hereinafter referred to as "Association") shall be every owner (as defined in the Covenants hereinafter described) of the property subject to (i) Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association, Inc., (ii) Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable To all Property in Dewees Island, (all such covenants, restrictions and affirmative obligations, as the same may be amended from time to time, are hereinafter referred to as the "Covenants"), all such Covenants having been made April 22, 1992 by Island Preservation Partnership, a South Carolina general partnership (hereinafter referred to as the "Company") and the Existing Owners as defined in the Covenants.

The Board of Directors of the Association may suspend any person from membership in the Association during any period of time when such person is in default of any of his obligations under the ByLaws (including, without limitation, the failure to pay any assessment), provided that such default has continued uncured for a period of thirty (30) days after written notice thereof to such member.

Section 2. Membership Classes. There shall be two classes of voting membership in the Association:

(a) Type "A" Members shall be all owners including the Developer of Residential Lots. A Type A Member shall be entitled to one vote for each Residential Lot he owns.

(b) Type "B" Member shall be the Company. The Type B Member shall be entitled to cast votes for the election of the Board of Directors as set out in Article III, Section 4 of the Declaration of Covenants and Restrictions of The Dewees Island Property Owners Association, Inc.

Payment of special assessments shall not entitle Type A Members to additional votes. When any property entitling the Owner to Membership as a Type A Member of the Association is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, their acts with respect to voting shall have the following effect:

(1) If only one votes in person or by proxy, his act shall bind all;

(2) If more than one votes in person or by proxy, the act of the majority so voting shall bind all;

(3) If more than one votes in person or by proxy, but the vote is evenly divided on any particular matter, each fraction shall be entitled to its proportionate share of the vote(s);

(4) If an instrument or order filed with the secretary of the Association shows the division of ownership of any such tenancy, a majority or even division under subparagraph 2 and 3 immediately above shall be a majority or even division in interest in the property to which the vote(s) are attributable; and

(5) The principles of this paragraph shall apply to execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Owner may be assigned to his lessee; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee.

Section 3. Voting Rights in the Association. The members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which a vote of members is required under the Covenants. Each member of each Membership class shall be entitled to as many votes as equals the number of votes he is entitled to, based on his ownership of, or tenancy in, one or more of the various classifications of property as computed by the formula set out hereinabove in Section 2 hereof, multiplied by the number directors to be elected by Type "A" members. Members may cast all of such votes for any one director or may distribute them among the number to be elected by Type "A" members, or any two or more of them, as he may see fit, provided, however, that all votes must be cast in whole numbers and not fractions thereof.

Section 4. Members to Have Power of Referendum in Certain Instances. Where specifically provided for in the Covenants, the members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by Referendum including, without limitation, whether the Association shall accept any offer by the Developer to convey to the Association any "Purchased Common Properties", as defined in the Covenants, the increase of maximum assessments by the Association in excess of those increases authorized in the Covenants, the levy by the Association of any Special Assessment, and the addition or deletion of functions or services which the Association is authorized to perform. In the event fifty-one percent (51%), or more, of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed in the Covenants, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions therefor. At anytime that the "A" members have the ability to elect a majority of the Board of Directors, the members may require a referendum on any action of the Board of Directors by presenting to the secretary of the Board within thirty (30) days of the taking of such action a petition signed by not less than twenty-five percent (25%) of the members requesting that a referendum be held.

ARTICLE II

MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held in January of each year at a date and time to be set by the Board of Directors. Such annual meetings shall be held for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. Special Meeting. Special meetings of the members may be called by the President, The Board of Directors or, subsequent to the first annual meeting, members of the Association holding not less than one-fifth (1/5) of the votes.

Section 3. Place of Meeting. The Board of Directors may designate any location within Charleston County, South Carolina as the place for any annual meeting or special meeting called by the Board of Directors, and the President may designate any location as the place for any special meeting called by him. If no designation is made or if a special meeting is called by the members of the Association, the place of meeting shall be the principal office of the Association within Charleston County, South Carolina.

Section 4. Notice of Meeting. Written notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered not less than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary or the person calling the meeting, to each member of the Association at his address as shown on the records of the Association. A member may, in writing, signed by him, waive notice of any meeting before or after the date of the meeting stated herein .

Section 5. Informal Action by Members. Any action required or permitted by law to be taken at a meeting of the members of the Association may be taken without a meeting if a consent in writing setting forth the action

so taken shall be signed by all of the members of the Association, which consent shall be filed with the secretary of the Association as part of the corporate records.

Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

The first time a meeting of the members of the Association is called to vote on a particular action proposed to be taken by the Association the presence at the meeting of members or proxies entitled to cast sixty percent (60%) of the total vote of the membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such second meeting.

Section 7. Conduct of Meetings. The conduct of all meetings shall be governed by Roberts' Rules of Order, and so long as they do not conflict with Robert's Rule of Order, the directors may make such other regulations as they deem advisable for any meeting of the members, including proof of membership in the Association, evidence of the right to vote and the appointment and duties of inspectors of votes. Such regulations shall be binding upon the Association.

Section 8. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the members and a ballot on which each member may vote for or against the motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 6 of this Article II. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE III

DIRECTORS

Section 1. General Powers. The affairs of the Association shall be managed by its directors. The directors need not be members of the Association.

Section 2. Number and Tenure. Initially the number of directors shall be three (3) with the number of directors in subsequent years to be set by the Board of Directors at three (3), five (5), seven (7), nine (9) or eleven (11) members as the directors deem appropriate. At the first annual meeting the members shall elect three (3) directors. One (1) director shall be elected for a one (1) year term, one (1) director shall be elected for a two (2) year term, and one (1) director shall be elected for a three (3) year term. If the number of directors is expanded in the future, any such additional directors shall be initially elected to serve staggered terms so that in the future, no more than one-third (1/3) of the members of the Board of Directors shall be up for election in any year. At each annual meeting thereafter, the members shall elect directors for a term of three (3) years. Any vacancy occurring in the initial or any subsequent Board of Directors may be filled at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors exists, or by a sole remaining director and, if not previously filled, shall be filled at the next succeeding meeting of the members of the Association. Any director elected to fill a vacancy shall serve as such until the expiration of the term of the directors whose position he was elected to fill. Election of directors may be conducted by mail ballot if the Board of Directors so determine.

Section 3. Annual Meetings. Annual Meetings of the Board of Directors shall be held annually immediately following the annual meeting of the Members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without notice.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors by giving notice thereof as provided in Section 5 of this Article III. Such persons calling a special meeting of the Board of Directors may fix any location as the place for holding such special meeting.

Section 5. Notice. When notice of any meeting of the Board of Directors is required, such notice shall be given at least three (3) days' previous to such meeting by written notice delivered personally or sent by mail to each director at his address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited postage prepaid in the United States mail in a sealed envelope properly addressed. Any director may waive notice of any meeting before or after the time of the meeting stated therein and attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law, the Articles of Incorporation, these ByLaws or the Covenants.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting without further notice.

Section 7. Manner of Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors any director may be reimbursed for his actual expenses incurred in the performance of his duties as director but herein contained shall be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefor.

Section 9. Informal Action by Directors. Any action required or permitted by law to be taken at a meeting of directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by a majority of the directors, which consent shall be filed with the secretary of the Association as part of the corporate records.

Section 10. Removal of Directors. Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the members of the Association. The vacancy thus created by such a removal shall be filled as provided in Section 2 of this Article III.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Properties. Purchased Common Properties and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended, regardless of payment, after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these ByLaws, the Articles of Incorporation or the Covenants; and

(d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by a one-fourth (1/4) vote of the members who are entitled to vote;

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.;

(c) as more fully provided in the Covenants; to:

(1) fix the amounts of all assessments;

(2) send written notice of all assessments to every owner subject thereto;

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the owner personally obligated to pay the same; and

(4) provide for an Architectural Review Board.

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned or leased by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) cause the Common Properties and Purchased Common Properties to be maintained or improved.

ARTICLE V

To the extent and in the manner provided by law, the Association may participate in mergers and consolidation with other non-profit associations organized for the same purpose, provided, however, that any such mergers or consolidation shall require approval by the vote of two-thirds (2/3) of the Type "A" memberships, if any, at a meeting duly called for such purpose.

Upon merger or consolidation of the Association with another association or associations, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the existing property, together with the covenants and restrictions established upon any other property as one plan. No merger or consolidation shall effect any revocation, change or addition to the Covenants, including, without limitation, the maximum limits on assessments and dues of the Association, or any other matter substantially affecting the interest of members of the Association.

ARTICLE VI

To the extent provided by law the Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions.

Notwithstanding anything in the covenants to the contrary, the Association shall not be allowed to reduce the limits of the minimum regular annual assessment at any time there are outstanding any amounts as repayment of any such loans.

ARTICLE VII

OFFICERS

Section 1. Officers. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors) , a Secretary, and a Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary. The President shall be a director of the Association. Other officers may be, but need not be, directors of the Association.

Section - 2. Election, Term of Office. and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interest of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors, except as otherwise determined by the Board of Directors. The President shall be chief executive officer of the Association.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VIII

COMMITTEES

Section 1. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the directors in office, may designate one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in the resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Association; provided, however, that no such committee shall have the authority of the Board of Directors as to the following matters; (a) the dissolution, merger or consolidation of the Association; the amendment of the Articles of Incorporation of the Association; or the sale, lease or exchange of all or substantially all of the property of the Association; (b) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; (c) the amendment or repeal of these ByLaws or the adoption of new ByLaws; and (d) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

Section 2. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Association may be designated by a resolution adopted by a majority of directors present at a meeting of which a quorum is present. Such committees shall perform such duties and have such powers as may be provided in the resolution.

Section 3. Rules. Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE IX

CERTIFICATES OF MEMBERSHIP

The Board of Directors may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or a Vice President and by the Secretary or An Assistant Secretary and shall be sealed of the Association. All certificates evidencing membership shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the Association. If any certificate shall become lost, mutilated, or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board of Directors may determine.

ARTICLE X

The books, records and papers of the Association shall at all times be subject to inspection by any member during reasonable business hours. The Covenants, the Articles of Incorporation and the ByLaws of the Association shall be available for inspection and purchase by any Member at the principal office of the Association.

ARTICLE XI

PROXIES

Section 1. Each member entitled to vote may vote in person or by proxy at all meetings of the Association.

Section 2. All proxies shall be executed in writing by the member or by his duly authorized attorney-in-fact and filed with the secretary; provided, however, that proxies shall not be required for any action which is subject to a referendum in accordance with the Covenants. No proxy shall be valid beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date and no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Any proxy shall automatically terminate upon sale by the Member of his Lot.

ARTICLE XII

CONSTRUCTION

In the event of a conflict between the Covenants and the Articles of Incorporation or the ByLaws, the Covenants shall control; and in the case of any conflict between the Articles of Incorporation and the ByLaws that the Covenants do not resolve, the Articles of Incorporation shall control.

ARTICLE XIII

ASSESSMENTS

As more fully provided in the Covenants , each member is obligated to pay to The Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall, unless waived by the Board of Directors, bear interest from the date of delinquency at the rate of eighteen (18%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Properties of abandonment of his Lot.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Dewees Island Property Owners Association, Inc., State of South Carolina, 1992.

ARTICLE XV

AMENDMENTS

These By-Laws may be altered, amended, or repealed and new ByLaws may be adopted, by the Board of Directors, or at a regular or special meeting of the members by a vote of a majority of votes of the Association.

DECLARATION OF RIGHTS, RESTRICTIONS,

AFFIRMATIVE OBLIGATIONS AND CONDITIONS

APPLICABLE TO ALL PROPERTY IN DEWEES ISLAND

WHEREAS, Island Preservation Partnership, a South Carolina general partnership (the "Company") and the Existing Owners are the owners of certain lands located within the community known as Dewees Island, in Charleston County, South Carolina.

WHEREAS, the Company and the Existing Owners wish to declare certain restrictive covenants affecting certain lands in Dewees Island.

NOW, THEREFORE, the Company and the Existing Owners do hereby declare that the covenants contained herein shall be covenants running with the land and shall apply to the lands shown on Exhibit "A" attached hereto. The Company reserves the right to add additional restrictive covenants in respect to said properties or to limit the application of this Declaration.

ARTICLE I

DEFINITIONS

All defined terms set forth in this Declaration or any Supplemental Declaration, unless otherwise defined herein, will have the meaning ascribed to them in the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association executed by Island Preservation Partnership and the Dewees Island Property Owners Association Inc. on the 22nd day of April, 1992 and recorded simultaneously herewith.

1. "Dewees Island" when used herein shall refer to the lands in Charleston County, South Carolina which are shown as a part of Dewees Island on the Company's Master Development Plan as revised from time to time.

2. Whenever used herein, the term "Company" or "the Company" shall refer to Island Preservation Partnership, a South Carolina general partnership, its successors and assigns.

3. Whenever used herein, the term "Association" shall refer to Dewees Island Property Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

4. The term "Property" when used herein shall refer to any tract of land or subdivision thereof in Dewees Island which has been subjected to the provisions of this Declaration.

5. The term "Property Owner" or "Owner" when used in this Declaration shall mean and refer to all owners of an interest in real property in Dewees Island.

6. Whenever used herein the term "Lot" shall refer to any subdivided parcel of land located in Dewees Island which is intended for use as a site for a single family detached dwelling.

7. Whenever used herein the term "Dwelling Unit" shall refer to any improved property located in Dewees Island which is intended for use as a single family detached dwelling.

8. Whenever used herein the term "Utility Company" shall mean and refer to the Dewees Island Utility Company, a South Carolina corporation, its successors and assigns.

9. The covenants and restrictions below will be referred to as the General Covenants of April 22, 1992, and have recorded in the office of the Register of Mesne Conveyance of Charleston County, South Carolina, in Book ___ at page ___, and may be incorporated by reference in deeds to real property issued by the Company by reference to the book and page of recording in the land records of said office.

ARTICLE II

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these covenants is described as follows:

All that tract or parcel of land, situate, lying and being in Charleston County, South Carolina which is more particularly described in Exhibit A attached hereto and by specific reference made a part hereof.

All of the real property hereinabove described shall sometimes be referred to herein as the "Existing Property". The Company intends to develop the existing property in accordance with a Master Plan. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. The Master Plan shall not bind the Company, its successors and assigns, to adhere to the Master Plan in the development of the land shown thereon. The Company shall not be required to follow any predetermined sequence or order of improvements and development; and it may bring within the plan of these covenants additional lands, and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph, the Company shall have full power to add to, subtract from or make changes in the Master Plan regardless of the fact that such actions may alter the relative maximum potential voting strength of the various types of membership of the Association.

I Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. During the period of development, which shall by definition extend from the date hereof to January 1, 2002, the Company, its successors and assigns, shall have the right, without further consent of the Association to bring within the plan and operation of this Declaration any property which is contiguous or nearly contiguous to or on Dewees Island if acquired by the company prior to or during the period of development, including, but not limited to, all that property described in a Warranty Deed from _____ to Company dated _____, 19___, and of record in Book___, at page _____. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this and the succeeding subsection, shall be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the

Company to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect on the property described in Section 1, of this Article II.

(b) Additional lands which become subject to this declaration under the provisions of this Section II may in the future be referred to as a part of Dewees Island.

ARTICLE III

COVENANTS, RESTRICTIONS AND AFFIRMATIVE

OBLIGATIONS APPLICABLE TO ALL

PROPERTIES IN DEWEES ISLAND

Section 1. Purposes. The primary purpose of these covenants and restrictions is the creation and maintenance of a community which is aesthetically pleasing and functionally convenient. The establishment of objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of property and of technological advances and environmental values. For this reason such standards are not established by these covenants. In order to implement the purposes of these covenants, the Company shall establish and from time to time amend objective standards and guidelines which shall be in addition to these covenants.

Section 2. Residential Lots. All Lots in Dewees Island shall be used for residential purposes exclusively. Not more than one (1) Dwelling Unit may be constructed on any Residential Lot.

Section 3. Architectural and Design Review.

(a) Purpose. In order to preserve the natural beauty of Dewees Island, to maintain Dewees Island as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, no building, fence, swimming pool, tennis court, garage, paving materials of any kind, or any other structure or improvement of any nature or addition shall be erected, placed or altered on a Lot until the proposed plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking areas) , building height, landscape plan, and construction schedule shall have been approved in writing by the Company.

(b) Objectives. Architectural and design review shall be directed toward attaining the following objectives for Dewees Island:

(1) Preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property, removal of trees and vegetation which could cause disruption of natural water courses or scar natural landforms;

(2) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Lot and with surrounding Lots and structures and do not unnecessarily block scenic views from existing structures or tend to dominate the natural landscape.

(3) Ensuring that the architectural design of structures and their materials and colors are visually harmonious with Dewees Islands overall appearance, history, cultural heritage, surrounding development, natural landforms, native vegetation and development plans, officially approved by the Company, or any governmental or public authority, if any, for the areas in which the structures are proposed to be located;

(4) Ensuring that the plans for landscaping provide visually pleasing settings for structures on the same lot and on adjoining or nearby lots, and blend harmoniously with the natural landscape;

(5) Ensuring that any development, structure, building or landscaping complies with the provisions of these Covenants; and

(6) Promoting building designs and construction techniques that are responsive to energy and environmental quality consideration such as heat loss, air emissions, and run-off water quality.

(c) Submission Approval and Refusal of Architecture, Siting, Landscaping and Other Building Plans.

Two copies of all plans and related data shall be submitted to the Company. The Company shall establish a fee sufficient to cover the expense of reviewing plans and related data at the time they are submitted for review and to compensate any consulting architects landscape architects, urban designers or attorney's retainer. The fee initially established by these General Covenants shall be \$500 for each submission. The Company shall have the right to increase this amount not more than once in any subsequent twelve (12) month period. Approvals shall be dated and shall not be effective for construction commenced more than six (6) months after such approval. Disapproved plans and related data shall be accompanied by a statement of items found unacceptable. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the Company of the written request for approval, the provisions of this Section shall be thereby waived. Refusal or approval of plans, site location, building height, or specifications may be based by the Company upon any ground which is consistent with the objectives of these Covenants, including purely aesthetic considerations, so long as such ground is not arbitrary or capricious.

(d) Architectural and Design Review Guidelines. The Company will publish Architectural and Design Review Guidelines (the "Architectural Guidelines") from time to time which will set forth minimum criteria and controls for construction of improvements on the Property. In order to further carry out the objectives set forth in this Section the Architectural and Design Review Guidelines will provide for lot line setbacks, lot coverage and clearing limitations, and specify types of materials approved for incorporation in the exterior construction of structures. All plans submitted to the Company must incorporate the provisions of these Guidelines prior to the Company becoming obligated to review the plans, and the failure by the Company to review non-conforming plans shall not be deemed a waiver of the provisions of this Section.

(e) Approval Not a Guarantee or Representation of Proper Design or Good Workmanship. No approval of plans, location or specifications, and no publication or Architectural and Design Review Guidelines shall be construed as implying that such plans, specifications or standards will, if followed, result in a properly designed residence. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence or improvement thereto will be built in a good workmanlike manner. The Company shall not be liable for any defects in any plans or specifications submitted, revised or approved under these Covenants nor for any defects in construction pursuant to such plans and specifications. The Property Owner shall have sole responsibility for compliance with approved plans and does hereby hold the Company harmless for any failure thereof caused by the Property Owner's architect or builder. The Company reserves the right to prohibit the Property Owner's builder and/or general contractor from the site in the event it is determined that failure to comply with approved plans is determined to be intentional or due to gross negligence.

(f) Non-applicability to Existing Dwelling units. The provisions of Section 3 (a), (b), (c) and (d) shall not apply to Dwelling Units which have been constructed on a Lot prior to the recording of this Declaration. Provided, however, any additions or changes to existing Dwelling Units must comply in all respects with the provisions hereof.

Section 2. Siting. To assure that buildings and other structures will be located so that the maximum view, privacy and breeze will be available to each building or structure, and that structures will be located with regard to the topography of each property taking into consideration the location of large trees and other aesthetic and environmental considerations, the Company reserves unto itself, its successors and assigns, the right to control and to decide solely (so long as (a) its decisions are not arbitrary or capricious and (b) subject to the provisions of the pertinent land use regulations of public authorities having jurisdiction) the precise site and location of any building or structures on any property on Dewees Island. The location shall be determined only after reasonable opportunity is afforded the Property Owner to recommend a specific site. Provided, however, that in the event an agreed location is stipulated in writing in the contract of purchase from the Company, and such location complies with the local county subdivision regulations, the Company shall approve automatically such location for a Dwelling Unit.

Section 3. Parking. Each Property Owner subject to these Covenants shall provide sufficient space for the parking of approved vehicles and boats for his and his family's use and the use of their guests off community roads prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Company. Enclosed parking shall be provided for all vehicles and boats used by occupants of each Dwelling Unit.

Section 4. Contractor Bonds and Completion of Construction. The Company, in its sole discretion, may require that any contracts and/or sub-contractor of a Dwelling Unit post a payment and/or performance bond with the Company to assure that such contractor or sub-contractor shall satisfactorily complete such improvements, such bonds to be in the name of the Company and to be in for an amount satisfactory to the Company, its successors or assigns. The exterior of all Dwelling Units and other structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Property Owner or builder due to strikes, fires, national emergency or, natural calamities. Dwelling Units and other dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction the Property Owner shall require the contractor to maintain the Lot in a reasonably clean and uncluttered condition. Upon completion of construction the Property Owner shall cause the contractor to immediately remove all equipment, tools and construction material from the Lot. Any damage to roads, paths, Common Properties or any other property owned by any person or entity caused by the Property Owner's contractor or other parties providing labor or services to the Property Owner shall be repaired by the Property Owner or by the Company at Property Owner's expense. The landscaping plan for all Family Dwelling Units and other structures must be completed within ninety (90) days of occupancy or substantial completion, whichever date shall first occur.

Section 5. Vehicles. No cars, dune buggies, motorcycles or other motorized vehicles will be allowed on Dewees Island, except Association corporate or utility company vehicles for official business or construction vehicles. Only approved types of electric golf carts and bicycles will be permitted. All such vehicles, including bicycles, will be licensed by the Association with a number corresponding to the lot number of the Owner.

Section 6. Conservation Easement. The State of South Carolina has conservation rights on Dewees Island with which these covenants are in general conformity. If a conflict arises between these covenants and the conservation agreement with the State of south Carolina, then the conservation agreement shall control.

Section 7. Beach as Trust Property. The Company covenants and agrees it will hold in trust all lands, if any, located between the front property lines of any ocean front lot or other lot having front beach access and the high water mark of the Atlantic Ocean and Dewees Inlet, directly in front of each such lot for the use and benefit of the Members, and that it will not subdivide, sell or otherwise dispose of such land under conditions which would permit its use for the erection of any structure whatsoever, without the written permission of the owner of the ocean-front lot contiguous to and immediately behind such portion of the trust property involved. The Company may deed this property to the Association to hold in trust in accordance with the terms of this paragraph.

Section 8. Activities Prohibited in Open Space. No building, tent, trailer, camper, recreational vehicle or other structure, either temporary or permanent shall be erected or caused to be placed on any Lot or Open Space except as authorized by the company.

Section 9. Reserved Rights for Wildlife Feeding and Preservation. Pursuant to an overall program of wildlife conservation and nature study as set forth in the Wildlife Management Plan for Dewees Island dated, 1992 by Newkirk Environmental Consultants (the "Wildlife Plan"), the right is expressly reserved to the Company and to the Association to erect wildlife feeding stations, to plant small patches of cover and food crops for quail, turkeys and other wildlife, to make access trails and paths or boardwalks through Open Space areas for the purpose of permitting observation and study of wildlife, hiking and riding, to erect small signs throughout such open Space areas designating points of particular interest and attraction, and to take such other steps as are reasonable, necessary and proper to further the aims and purposes of the Open Space areas and community use and enjoyment thereof.

Section 10. Signs. No signs of any kind may be placed on any Residential Lot except in accordance with the Architectural Guidelines.

Section 11. Unsightly Conditions. It shall be the responsibility of each owner to prevent the existence of any unclean, unsightly or unkempt conditions of buildings or ground on such lot which shall tend to decrease the beauty of the neighborhood as a whole or the specific area.

Section 12. Animals. Except for common household pets, no animals, livestock or poultry shall be raised, bred or kept in the Property. All pets must be secured by-a. leash or lead, or under the control of a responsible person and obedient to that person's command at all times they are outside a dwelling or other enclosed area approved by the company f or the maintenance and confinement of pets.

Section 13. Sewage. Except for Dwelling Units constructed prior to the date of the filing this Declaration, prior to the occupancy of a Dwelling Unit proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer mains of the Company, its licensee, successor or assigns. No sewage or other waste material shall be emptied or discharged into the ocean, any creek, marsh, river, sound, any waterway or beach or shorelines thereof.

Section 14. Wells. Except for private wells already in existence as of the date hereof, no private water wells may be drilled or maintained on any Lot.

Section 15. Certain Easements. The Company reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under each lot to erect, maintain and use poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, community antenna television service, gas, sewer, water or other public conveniences or utilities on, in or over those portions - of each lot , parcel or tract of land as may be reasonably required for utility line purposes, provided however, that no such utility easement shall be applicable to any portion of such lot, parcel or tract as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Company, or as (b) may be designated as the site for a planned building on a plot plan which has been filed with the Company and which has been approved in writing by the Company. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. Such rights may be exercised by any licensee of the Company, but this reservation shall not be considered an obligation of the Company to provide or maintain any such utility or service.

Section 16. Storage Areas. Each Property Owner shall provide a screened area not generally visible from the road to serve as a service yard and an area for the storage of garbage receptacles and fuel tanks or similar storage receptacles as well as all approved vehicles and boats. Plans for such screen delineating the size, design, texture, appearance and location must be approved by the Company prior to construction. Garbage receptacles and fuel tanks may be located outside of such screened area only if located underground.

Section 17. Unsightly Conditions. It shall be the responsibility of each Property Owner and tenant thereof to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkept condition of buildings or grounds on his property either before, during or after construction, nor to permit accumulations which shall tend to substantially decrease the beauty of the community as a whole or the specific area.

Section 18. Bridges. The Company expressly reserves to itself, its agents or assigns, any other provisions in this Declaration notwithstanding, the right to build bridges, walkways, or fixed spans across any or all natural or man-made canals, creeks, impoundments, wetlands or lagoons in the property. Nothing in this paragraph shall be construed as placing an affirmative obligation on the Company to provide or construct any bridge, walkway or f ixed span unless such bridge, walkway or f ixed span shall be designated on the recorded plat of the subdivision or section of lots referred to in the deed of conveyance to the grantee lot owner asserting such an obligation by the Company.

Section 19. Offensive Activities. No noxious or offensive activity shall be carried on Dewees Island, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance. There shall not be

maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property.

Section 20. Temporary Buildings and Vehicles. No mobile home, recreational vehicle, trailer, tent, or other similar vehicle or out-building or structure shall be placed on any Residential Lot, or any other Portion of the Property at any time, either temporarily or permanently without prior approval from the Company; provided, however, that this prohibition shall not apply to shelters or temporary structures used by the contractor during the construction of the Dwelling Unit, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the property after completion of construction. The design and color of temporary structures shall be subject to reasonable aesthetic control by the Company.

Section 21. Antennas. Except for radio antennas normally used for ship to shore communication, no television antenna, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of any Dwelling Unit or on any Property within Dewees Island; provided, however, that the provisions of this paragraph shall not apply to Company and/or the Association for the installation of equipment necessary for a master antenna system, C.A.T.V. and mobile radio systems or other similar systems within the Properties.

Section 22. Trespass. Whenever the Company is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on the property of any lot owner or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

Section 23. Firearms; Hunting. No hunting by any means or discharge of firearms of any type shall be allowed on the Property.

Section 24. Parcels. Except as hereinafter provided, no Lot shall be subdivided, or its boundary lines changed, except with the written consent of the Company. However, the Company hereby expressly reserves to itself, its successors or assigns, the right to replat any lot and to take such other steps as are reasonably necessary to make such replatted lot suitable and fit as a building site including, but not limited to, the relocation of the lot or easements, walkways, rights-of-way, private roads, bridges, parks and recreational facilities. The provision of this section shall not prohibit the combining of two (2) or more contiguous lots into one (1) large lot or the reconfiguration of two (2) or more contiguous lots, provided such reconfiguration does not create an additional Lot. Following the combining of two (2) or more lots into one (1) larger lot, only the exterior boundary lines of the resulting larger lot shall be considered in the interpretation of these General Covenants. Consolidation of lots, as described above, must be approved by the Company, said approval to be granted in the Company's sole discretion upon such terms and conditions as may be established by the Company from time to time, including specific provisions for the payment of assessments.

Pursuant to the Master Plan for Dewees Island, there is an allocation for thirteen (13) Dwelling Units for the Existing Lots. These eleven (11) Lots may be subdivided to accommodate up to thirteen (13) Lots provided such subdivision receives all necessary governmental approvals. No such subdivision shall be allowed so as to deprive an Existing Owner of the right to construct a Dwelling Unit on an Existing Lot. In the event one of these Lots becomes unbuildable for any reason, the Owner of such Lot shall have the right to assign his right to construct a Dwelling Unit to another Existing Owner.

Section 25. Easements for Utilities. There is hereby reserved for the benefit of the Company, the Association, and their respective successors and assigns, and perpetual right and easement, as well as the power to grant and accept easements to and from any public authority or agency, public service district, public or private utility, or other person, upon, over, under, and across (a) all of the Common Properties in accordance with this Declaration; (b) those strips of land, ten (10) feet in width, running adjacent to and parallel with the front and rear lines of Lots, and fifteen (15) feet in width running seven and one-half (7 1/2) feet on either side of the side lot line of each Lot, not to conflict with any drainage easements thereon, and as further shown on the Plat; and (c) such other such easement areas recited in any Supplemental Declaration for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including but not limited to, storm sewers and drainage systems and electrical, gas, telephone, water, and sewer lines. Such easements may be granted or accepted by the Company, its successors and assigns, or by the Board of Directors, provided, however, that for so long as the Company

has the right to appoint a majority of the Board of Directors must obtain the written consent of the Company prior to granting and accepting any such easements. To the extent practical, in Declarant's the Company's sole discretion, all utility lines and facilities serving the Property and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Property so encumbered, (i) to erect and maintain, pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes/ or shrubbery, (iii) to grade, excavate, or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

ARTICLE IV

ADDITIONAL RESTRICTIONS TO IMPLEMENT

EFFECTIVE ENVIRONMENTAL CONTROLS

In order to protect the natural beauty of the vegetation, topography, and other natural features of all properties within Dewees Island, the following environmental controls are hereby established:

Section 1. Topography and Vegetation. In order to protect the natural beauty of the vegetation and topography of the shoreline, marsh and lagoon edges located throughout Dewees Island, written approval of the Company is hereby required for the removal, reduction, cutting down, excavation or alteration of topographic and vegetation characteristics. Written approval will be granted for the minimum amount of earth movement required in plans and specifications approved pursuant to the provisions of Paragraph 1 of Article III.

Section 2. Tree Removal. No trees may be removed from any Residential Lot except in accordance with the provisions of the Architectural Guidelines.

Section 3. Certain Controls. In order to implement effective insect, reptile and woods fire control, the Company and its agents have the right to enter upon any property on which a building or structure had not been constructed and upon which no landscaping plan had been implemented, for the purpose of mowing removing, clearing, cutting, or pruning underbrush, weeds or other unsightly growth which in the opinion of the Company detracts "from the overall beauty, setting and safety for Dewees Island. The cost of this vegetation control shall be kept as low as reasonably possible and shall be paid by the owner of the property. The Company and its agents may likewise enter upon such property to remove any trash which has collected. The provisions in this paragraph shall not be construed as an obligation on the part of the Company to mow, clear, cut or prune any property, to provide garbage or trash removal services, or to provide water pollution control on any privately owned property. Entrance upon property pursuant to the provisions of this paragraph shall not be deemed a trespass.

Section 4. Pesticides; Fire Control. In addition, the Company reserves unto itself, its successors and assigns a perpetual, alienable and releasable easement and right on, over and under any Residential Lot and Common Properties to dispense pesticides and take other action which in the opinion of the Company is necessary or desirable to control insects and vermin, to cut fire breaks and other activities which in the opinion of the Company are necessary or desirable to control fires on any property, or any improvements thereon. Entrance upon property pursuant to the provisions of this paragraph shall not be deemed a trespass.

The rights reserved unto the Company in this paragraph 4 and in paragraph 3 above shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of said paragraphs.

ARTICLE IV

ADDITIONAL RESTRICTIONS AFFECTING OPEN SPACE AREAS

Section 1. Intention of Company. It is the intent of the Company to maintain and enhance (or to convey subject to open space restrictions to the Association) certain areas which the Company designates as "Open Space Areas" on plats filed for record in the office of the Register of Mesne Conveyance of Charleston County, South Carolina by the Company. It is the further intent and purpose of the restrictions and covenants to protect, to maintain and enhance the conservation of natural and scenic resources, to promote the conservation of soils, wet lands, wildlife, game and migratory birds, enhance the value of abutting and neighboring properties adjacent to such forests, wildlife preserves, natural reservations or sanctuaries or other open areas and open spaces, and to afford and enhance recreation opportunities, preserve historical sites and implement generally the Dewees Island Master Plan for development.

Section 2. Easement to Property Owners in Open Space Areas. An easement in Open Space Areas is hereby granted to the owners of properties in Dewees Island, tenants and their guests which easement shall entitle such owners, tenants and their guests to enjoy the Open Space Areas subject to the rules and regulations of the Company.

Section 3. Open Space Uses. Land designated as "Open Space Areas" may be employed in the construction, maintenance, and enjoyment of the following facilities:

(a) Social, recreational, and community buildings;

(b) Art school and/or art gallery and/or nature museum;

(c) Emergency squad(s) and fire stations; and

(d) Such other facilities and uses determined by the Company to be in the best interest of the Property, including but not limited to drainage, fire breaks, sewage effluent spray areas and soil borrow bits.

Section 4. Wildlife Study. Pursuant to its overall program of wildlife conservation and nature study, the right is expressly reserved to the Company to erect wildlife feeding stations, to plant small patches of cover and food crops for quail, turkey and other wildlife, to stock fish, to make access trails or paths or boardwalks through said open Space Areas for the purpose of permitting observation and study of wildlife, hiking, and riding to erect small signs throughout the Open Space Areas designating points of particular interest and attraction, and to take such other steps as are reasonable, necessary and proper to further the aims and purposes of the Open Space and community use and enjoyment thereof pursuant to the Wildlife Plan.

Section 5. Erosion Control. The Company shall have the right to protect from erosion the land described as Open Space Area by planting trees, plants, and shrubs where and to the extent necessary or by such mechanical means as construction and maintenance of siltation basins, or other means deemed expedient or necessary by the Company. The right is likewise reserved to the Company to take steps necessary to provide and insure adequate drainage ways in open space, to cut fire breaks, remove diseased, dead or dangerous trees and carry out other similar activities.

Section 6. Reservation of Easements. The Company reserves unto itself, its successors and assigns a perpetual, alienable and releasable easement of right to go on, over and under the ground to erect, maintain and use electric, community antenna television, telephone poles, wires, cables, conduits, drainage ways, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water drainage or other public conveniences or utilities in said open Space Areas. These reservations and rights expressly include the right to cut any trees, bushes, or shrubbery, rights to make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Company further reserves the right to locate wells, pumping stations and tanks within such Open Space Areas. Such rights may be exercised by any licensee or assignee of the Company, but this reservation shall not be considered an obligation of the Company to provide or maintain any such utility or service.

Section 7. Antennas. Except for antennas normally used in ship-to-shore communications, no television antenna, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of open space property within Dewees Island except that the provisions of this paragraph shall not prohibit the Company or the

Association from installing equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.) and mobile radio systems or other similar systems within Dewees Island.

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

Section 9. Public Rights Limited. The granting of the easement in Open Space Areas in this part in no way grants to the public or to the owners of any land outside Dewees Island the right to enter such open space without the express permission of the Company.

Section 10. Reservations. The Company expressly reserves to itself, its successors and assigns, every reasonable use and enjoyment of said Open Space, in a manner not inconsistent with the provisions of this Declaration.

Section 11. Conveyance of Open Space Areas. The Company further reserves the right to convey "Open Space Areas" to the Association. Such conveyance shall be made subject to the provisions of this Article IV. As an appurtenance to such conveyances the Association shall have all of the powers, immunities and privileges reserved unto the Company in this part as well as all of the Company's obligations with respect thereto, including the obligation to maintain and enhance set out in paragraph 1 of this article. Property conveyed to the Association pursuant to the authority of this paragraph 11 shall become "Common Properties" or "Purchased Common Properties" as prescribed by the "Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association, Inc.", which are to be recorded in the office of the Register of Mesne Conveyance of Charleston County, South Carolina, contemporaneously herewith.

Section 12. Company Actions. Where the Company is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on the restricted property, entering the property and taking such action shall not be deemed a breach of these covenants.

ARTICLE V

SPECIAL RESTRICTIONS AFFECTING ALL

WATERFRONT AND WOODLAND AREAS

Section 1. Habitat Preservation. In order to preserve the natural appearance and scenic beauty of the property and to provide a "cover" for animals which habitually move along the marsh edges, there is hereby established a construction and clearing restricted zone on all lots fronting on marshlands. That portion of any marshland lot located within twenty-five (25) feet of the South Carolina Coastal Counsel Critical Line shall be preserved substantially in its present natural state except for moderate clearing for view and breeze. Construction of improvements and major clearing of trees and underbrush in this area is hereby prohibited. For the purpose of this paragraph "marshland lot" is defined as any lot fronting on the salt marshland one of the four sides of which is within twenty (20) feet of the mean high tide line. Notwithstanding the foregoing, the Company hereby reserves the right to exempt lots or portions of lots from said construction and clearing restrictions in those cases where it, in its uncontrolled discretion, determines that such exemption will not materially lessen the natural appearance and scenic beauty of the property or is necessary to protect the shoreline from erosion.

Section 2. Docks.

a) If approved by all necessary governmental authorities, the owners of Lots designated on the Plat as previously recorded Lots 1, 2, 3, 4, 5, 6 and 7 shall have the right to erect, maintain and rebuild docks extending out into Dewees Inlet. In the event an Owner of any of these Lots is able to subdivide his Lot as provided in Article III, Section 24 hereof, then the Owner of any such new Lot created by such subdivision shall also have the right to erect and maintain a dock on such Lot. Docks may not be erected on any other Lots.

b). Only boats without heads and less than twenty five (25) feet in length shall be allowed to dock at any Company or Association owned dock. No boat shall remain at any dock for longer than twenty-four (24) hours. The Company and/or Association owned docks shall also be subject to such other rules and regulations regarding their use as may be adopted from time to time by the Company or the Association. In the event of a violation of any of the provisions of this section or the rules and regulations adopted by the Company or the Association, then the Company and/or the Association shall have the authority to remove any boat in violation of the provisions hereof and the costs of any such removal shall be paid by the Member who owns the boat removed. Any such costs shall be the personal obligation of the offending Member and shall constitute an additional assessment against any Residential Lots owned by such Member. These provisions shall not apply to the ferry service boat operated by the Company or any barges which may be necessary to deliver building materials or other supplies to Dewees Island. Notwithstanding any other provisions of these Covenants allowing for amendment, the provisions of this Section 3(b) may not be amended so as to lessen the restrictions imposed without the approval of the South Carolina Department of Health and Environmental Control, the South Carolina coastal Council, the U.S. Army Corps of Engineers, and the South Carolina Wildlife and Marine Resources Department.

Section 3. Watercraft Restrictions. In order to protect the natural beauty and water quality of the natural ponds, impoundments, man-made lakes and lagoons, watercraft will be allowed to operate only in inland ponds, etc., only as designated by the Company where the operation will not affect the natural environment and outdoor recreation. Permission to operate water craft on the designated water ways shall be at the discretion of the company which will establish operating rules for each designated waterway. To this end, watercraft propelled by an internal combustion engine will not be allowed except to perform maintenance or other community related functions with prior company approval. Nothing contained herein shall preclude the use of small private boats such as canoes, pond boats or floating rafts.

Section 4. Whenever the Company is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on the property of any lot owner, or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

ARTICLE VII

DEWEES ISLAND UTILITY COMPANY

Section 1. Membership in Utility Company. Every Owner of a Residential Lot shall be a member of the Utility Company and shall be subject to such rules, regulations and fees of the Utility Company as may be adopted by its Board of Directors pursuant to its bylaws, the terms of which are incorporated herein by reference.

Section 2. Creation of the Lien and Personal Obligation of Charges. Each Owner of any Residential Lot, shall be deemed to covenant and agree to pay to the Utility Company all charges and fees which may be hereafter charged by the Utility Company. Such fees and costs of collection is hereinafter provided, shall be a charge and continuing lien on the Residential Lot and improvements against, which said fees are charged. Each such fee, together with interest and costs of collection, shall also be the personal obligation of the person who was the Owner of the Lot at the time which the fee first became due and payable. In the case of coownership of a Lot, all such Co-Owners shall be jointly and severally liable for the entire amount of the fee.

Section 3. Purpose of Fees. The monthly fee levied by the Utility Company shall be used to provide for utility services on Dewees Island and for such other uses as may be adopted by the Utility Company pursuant to its ByLaws.

Section 4. Remedy of the Utility Company. If any fees assessed by the Utility Company are not paid on or before the past due date specified in any bill for such fees, the Utility Company shall have the right, in addition to any other remedies at law or in equity, to file a notice of lien in the Office of the RMC Office for Charleston County. Such lien may be foreclosed by the Utility Company in any court by an action brought as in mortgage foreclosures. In any proceeding brought to collect the fees or enforce the lien, any judgment rendered against the Owner as a result thereof, shall include interest on the fees as above provided and reasonable attorney's fees together with the costs of the action.

Section 5. Subordination of-the Lien and Mortgage. The lien for the fees provided for herein shall be subordinate to the lien of any mortgage now or hereafter placed upon the Lot subject to such fee; provided however, that such subordination shall apply only to the fees which accrue subsequent to the date of such mortgage and have become due and payable prior to a sale of transfer of such lot pursuant to foreclosure, or any other proceeding or deed in lieu of foreclosure.

ARTICLE VIII

ADDITIONS, LIMITATIONS, DURATION AND

VIOLATION OF COVENANTS

Section 1. Duration. All covenants restrictions, and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them specifically including, but not be limited to, the successors and assigns, if any, of the Company for a period of twenty-five (25) years from the execution date of this Declaration after which time, all said covenants shall be automatically extended for successive periods of ten (10) years unless changed in whole or in part by an instrument signed by a majority of the then owners of lots substantially affected by such change in covenants. "Substantially affected" shall mean those lots shown on (a) the plat showing the lots to be modified in permitted use by the change, and (b) the plats which subdivided the property immediately abutting the plat described in (a).

Section 2. Enforcement. In the event of a violation or breach of any of the restrictions contained herein by any Owner, or agent of such owner, other Owners, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent a violation or a breach. In on Dewees island and for such other uses as may be adopted by the Utility Company pursuant to its ByLaws.

Section 4. Remedy of the Utility Company. If any fees assessed by the Utility Company are not paid on or before the past due date specified in any bill for such fees, the Utility Company shall have the right, in addition to any other remedies at law or in equity, to file a notice of lien in the Office of the RMC Office for Charleston County. Such lien may be foreclosed by the Utility company in any court by an action brought as in mortgage foreclosures. In any proceeding brought to collect the fees or enforce the lien, any judgment rendered against the owner as a result thereof, shall include interest on the fees as above provided and -reasonable attorney's fees together with the costs of the action.

Section 5. Subordination of -the Lien and Mortgage. The lien for the fees provided for herein shall be subordinate to the lien of any mortgage now or hereafter placed upon the Lot subject to such fee; provided however, that such subordination shall apply only to the fees which accrue subsequent to the date of such mortgage and have become due and payable prior to a sale of transf er of such lot pursuant to foreclosure, or any other proceeding or deed in lieu of foreclosure.

ARTICLE VIII

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Section 2. Enforcement. In the event of a violation or breach of any of the restrictions contained herein by any Owner, or agent of such owner, other Owners, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent a violation or a breach. In addition to the foregoing, the Company and/or the Association shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent a violation or a breach. In addition to the foregoing the Company and/or the Association shall have the right, whenever there shall have been built on any lot any structure which is in violation of these restrictions, to enter upon such property where such violation exists and summarily abate or remove the same at the expense of the owner, if after thirty (30) days' written notice of such violation it shall not have been corrected by the owner. Any such entry and abatement or removal shall not be deemed a trespass. Any person entitled to file a legal action for the violation of these covenants shall be entitled to recover reasonable attorneys' fees as a part of such action. The failure to enforce any rights, reservations, restrictions, or condition contained in this Declaration, however long continued, shall not be deemed a waiver of this right to do so hereafter as to the same breach, or as to a breach occurring prior to subsequent thereto and shall not bar or affect its enforcement.

Section 3. Addition. The Company reserves in each instance the right to add additional restrictive covenants in respect to lands conveyed in the future in Dewees Island.

Section 4. Amendment. The Company specifically reserves the right to Amend this Declaration, or any portion hereof, on its own motion until January 1, 2002, so long as the voting power of existing Members is not diluted thereby, nor the amounts of assessments of such existing Members raised or changed in any manner which would adversely affect such Members. Thereafter, the procedure for amendment shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association and any such proposed amendment shall be deemed approved if sixty percent (60%) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted) , the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes cast in favor of such amendment, and the total number of votes cast against the amendment. Such Addendum shall be made of record.

So long as the Company, as the Type B Member, is entitled to elect a majority of the members of the Board of Directors of the Association no amendment of this Declaration shall be made without the consent of the Company. The quorum required for any action authorized to be taken by the Association under this Section 2 shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this Section 4 the presence at the meeting of the Members or proxies entitled to cast sixty percent (60%) of the total vote of the Membership shall constitute a quorum if the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast fifty percent (50%) of the total vote of the Association.

Section 5. Application to Existing Lots. The provisions hereof shall not apply to any existing structures on any Existing Lots. The provisions hereof will apply however to any additions to or modifications of any such structures.

Section 6. Successors to the Company. The Company reserves the right to assign to the Association any of its rights reserved in these covenants including but not limited to, its right to approve (or disapprove) plans and, specifications of proposed improvements.

Section 7. Severability. Should any covenant or restriction herein contained, or any article, section, subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof. Such judgment shall in no wise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 8. Other Rights and Reservations. THE OMISSION OF ANY RIGHT OR RESERVATION IN THIS ARTICLE SHALL NOT LIMIT ANY OTHER RIGHT OR RESERVATION BY THE COMPANY WHICH IS EXPRESSLY STATED IN OR IMPLIED FROM ANY OTHER PROVISIONS IN THIS DECLARATION.

Section 9. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Mrs. Rose Kennedy, mother of U.S. Senator Edward Kennedy.

Section 10. No Affirmative Obligation Unless Stated. ANY RESERVATION OR RIGHT OF THE COMPANY WHICH IS STATED IN OR IMPLIED THESE COVENANTS SHALL NOT GIVE RISE TO ANY AFFIRMATIVE OBLIGATION OR DUTY ON THE PART OF THE COMPANY UNLESS STATED IN THIS DECLARATION.

Section 11. No Implied Liabilities or Duties. ANY RULES OR REGULATIONS ESTABLISHED BY THE COMPANY PURSUANT TO THESE COVENANTS SHALL NOT EXPRESSLY OR IMPLIEDLY CREATE ANY DUTY OF CARE TO ANY LOT OWNER.

Section 12. Binding Effect. The provision hereof shall be binding upon the parties, their heirs personal representatives, successors and assigns.

IN WITNESS WHEREOF, Island Preservation Partnership, a South Carolina general partnership, Dewees Island Property Owners Association, Inc., and the Existing Owners have caused these presents to be executed by its duly authorized officers this 22nd day of April, 1992.

WITNESSES:

ISLAND PRESERVATION PARTNERSHIP,
A SOUTH CAROLINA GENERAL PARTNERSHIP

By: _____

Its: _____

DEWEES ISLAND PROPERTY OWNERS
ASSOCIATION INC.

By: _____

Its: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PROBATE

Personally appeared before me and made oath that (s)he saw the within named Dewees Island Preservation Partnership, By _____, Its _____, sign seal, and as his act and deed deliver Covenants, and that the deponent, with the other witnesses whose names are subscribed above, witnessed the execution thereof.

SWORN to before me this _____ day of April, 1992.

Notary Public for South Carolina
My Commission Expires: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PROBATE

Personally appeared before me and made oath that (s)he saw the within named Dewees Island Property Owners Association, Inc., By _____, Its _____, sign seal, and as his act and deed deliver Covenants, and that the deponent, with the other witnesses whose names are subscribed above, witnessed the execution thereof.

SWORN to before me this _____ day of April, 1992.

Notary Public for South Carolina
My Commission Expires: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

FIRST AMENDMENT TO THE
DECLARATION OF RIGHTS, RESTRICTIONS
AFFIRMATIVE OBLIGATIONS AND
CONDITIONS APPLICABLE TO ALL
PROPERTY IN DEWEES ISLAND

WHEREAS, the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Dewees Island (the "Declaration of Rights") was recorded in the RMC Office for Charleston County of the 23rd day of April, 1992, in Book B213, Page 772 ; and

WHEREAS, Article VIII Section 4 of the Covenants grants Island Preservation Partnership (the "Company") the right to amend the Covenants or any portion thereof on its own motion, for a ten (10) year period commencing the date of the Declaration of Rights and terminating on January 1, 2002; and

WHEREAS, this ten (10) year period has not expired; and

WHEREAS, the Company desires to amend the Declaration of Rights;

NOW, THEREFORE, the Company amends the the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Dewees Island in the following manner:

I. Article V Section 2. Docks. a) and b) are deleted in their entirety and the following is substituted therefor:

a). If approved by all necessary governmental authorities, the owners of Existing Lots designated on the Plat as previously recorded Lots 1, 2, 3, 4, 5, 6 and 7 shall have the right to erect, maintain and rebuild docks extending out into Dewees Inlet. In the event an Owner of any of these Lots is able to subdivide his Lot as provided in Article III, Section 24 hereof, then the Owner of any such new Lot created by such subdivisions shall also have the right to erect and maintain a dock on such Lot. Docks may not be erected on any other Lots.

b). Only boats without heads and less than twenty-five (25) feet in length shall be allowed to dock at any Company or Association owned dock. No boat shall remain at any Company or Association dock for longer than twenty-four hours. The Company and/or Association owned docks shall also be subject to such other rules and regulations regarding their use as may be adopted from time to time by the Company or the Association. In the event of a violation or any of the provisions of this section or the rules and regulations adopted by the Company or the Association, then the Company and/or the Association shall have the authority to remove any boat in violation of the provisions hereof and the costs of any such removal shall be paid by the Member who owns the boat removed. Any such costs shall be the personal obligation of the offending Member and shall constitute an additional assessment against any Residential Lots owned by such Member. These provisions shall not apply to the ferry service boat operated by the Company or any barges which may be necessary to deliver building materials or other supplies to Dewees Island. Notwithstanding any other provisions of these Covenants allowing for amendment, the provisions of this Section 3 (b) may not be amended so as to lessen the restrictions imposed without the approval of the South Carolina Department of Health and Environmental Control, the South Carolina Coastal Council, the U.S. Army Corps of Engineers, and the South Carolina Wildlife and Marine Resources Department.

IN WITNESS WHEREOF, Island Preservation Partnership has caused these presents to be executed by its duly authorized officers this 11th day of March, 1994.

SIGNED, SEALED AND DELIVERED
in the presence of:

ISLAND PRESERVATION
PARTNERSHIP

By: _____
John L. Knott, Jr.
Its: Chief Executive Officer

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PROBATE

PERSONALLY appeared before me the undersigned witness, who being duly sworn deposes and says that (s)he saw Island Preservation Partnership, by John L. Knott, Jr., its Chief Executive Officer, sign, seal and deliver as its act and deed the within written First Amendment to the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Dewees Island and that (s)he saw the other witness whose name appears above witnessed the execution thereof.

SWORN TO before me this
11th day of March, 1994.

Notary Public for South Carolina
My commission expires:_____

Property Type
Residential Lots

\$2,000.00 per Residential Lot, subject to annual increases.

(b) Property shall not be classified for purposes of these covenants and these annual assessments as a Residential Lot, until the first day of the quarter of the year after all of the following have occurred:

1. Making of record a plat showing such Residential Lot;
2. Approval by the Office of Interstate Land Sales Registration or successor agencies permitting such Residential Lot to be offered for sale; and
3. The Residential Lot has been conveyed by the Company to a purchaser.

Provided, however, the Existing Lots shall be subject to assessment commencing on September 1, 1992 or the date on which the Company sells its first Residential Lot, whichever occurs first. Notwithstanding the provisions of Section 3 (e) or any other provision hereof, the annual assessment imposed on the Existing Lots shall be Six Hundred and 00/100 dollars (\$600.00) per year until the Existing Lot in question is sold or January 1, 2002, whichever occurs first.

If an Existing Lot is still owned by its present Existing Owner after January 1, 2002, then until said Existing Lot is sold, the annual assessment imposed under the provisions of this Article on any such Existing Lot shall be equal to one-half (1/2) of the annual assessment imposed on all other Residential Lots which do not qualify for this exception. Upon the sale of an Existing Lot, such Lot shall immediately become subject to the annual assessment then in effect with regard to all other Residential Lots. For purposes of this Section 3, "sale" shall be defined as in Section 6 of this Article.

(c) The annual assessment shall be billed yearly commencing on the first day of January of each year. All assessment bills shall be due and payable thirty (30) days from the date of mailing the same.

(d) All assessments charged by the Association shall be rounded off to the nearest dollar.

(e) Except as hereinabove provided, from and after January 1, 1993, the maximum regular annual assessment shall be increased each year by the Board of Directors of the Association by five per cent (5%) per year over the previous year or the percentage increase between the first month and the last month on an annual assessment period in the Consumer Price Index, U.S. City Average, All Items (1967-100) (hereafter "C.P.I.") issued by the U. S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas", whichever of these two percentage figures is larger. However, the Board of Directors may suspend such automatic increase for any one (1) year at its own discretion.

In the event that the C.P.I. referred to above shall be discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.

II. Article V, Section 4 entitled "Special Assessments for Improvements and Additions" is deleted in its entirety and the following is substituted therefor:

Section 4. Special Assessments for Improvements and Additions. Except as hereinafter provided, in addition to the annual regular assessments authorized by Section 3 hereof, the Association may levy special assessments, for the following purposes:

(a) Construction or reconstruction, repair or replacement of capital improvements and other assets (specifically including the beaches and sand dunes) upon the Common Properties or Purchased Common Properties, including the necessary fixtures and personal property related thereto;

(b) For additions to the Common Properties;

(c) To provide for the necessary facilities and equipment to offer the services authorized herein;

(d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein; and

(e) Such assessment before being charged must have received the assent of a majority of the votes of the Members responding to a mail Referendum within thirty (30) days of mailing. The mail Referendum shall include one statement from the Directors favoring the special assessment and one statement from those Directors opposing the special assessment containing the reasons for those Directors, support and opposition for the assessment. Neither statement shall exceed five pages in length.

This provision shall be interpreted to mean that the Association may make in any one year an annual assessment up to the maximum set forth in Section 3 of this Article plus an additional special assessment. Such special assessment in any one year may not exceed a sum equal to the amount of the maximum regular annual assessment for such year except that such limitation shall not apply for a special assessment for emergency or other repairs required as a result of storm, fire, natural disaster or other casualty loss. The fact that the Association has made an annual assessment for an amount up to the permitted maximum shall not affect its right to make a special assessment during the year.

The proportion of each special assessment to be paid by the owners of the various classifications of assessable property shall be equal to the proportion of the regular assessments made for the assessment year during which such special assessments are approved by the Members.

(f) Notwithstanding the provision of this Section 4, special assessments may not be assessed against the Existing Lots until the Existing Lot in question is sold or five (5) years from the date of the filing of this Declaration, whichever occurs first. Thereafter, until the earlier of the sale of any such Existing Lot by an Existing Owner or January 1, 2002, any special assessment imposed on any Existing Lot shall not exceed \$1,000.00 per year.

If an Existing Lot is still owned by its present Existing Owner after January 1, 2002, then until said Existing Lot is sold, any special assessment imposed under the provisions of this Article on any such Existing Lot shall be equal to one-half (1/2) of the special assessment imposed on Residential Lots which do not qualify for this exception. Any Existing Lot shall be exempt entirely from any special assessments imposed for the purpose of reconstruction, repair, replacement and/or renourishment of beaches and/or sand dunes. Upon the sale of an Existing Lot, such lot shall thereafter be subject to any special assessment which may thereafter be imposed on all other Residential Lots. For the purposes of this Section 4, "sale" shall be defined as in Section 6 of this Article.

IN WITNESS WHEREOF, Island Preservation Partnership has caused these presents to be executed by its duly authorized officers this 30 day of June, 1992.

SIGNED, SEALED AND DELIVERED
in the presence of:

ISLAND PRESERVATION
PARTNERSHIP

By: _____
Its: Chief Executive Officer

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

SECOND AMENDMENT TO THE
COVENANTS AND RESTRICTIONS OF
THE DEWEES ISLAND PROPERTY OWNERS
ASSOCIATION

WHEREAS, the Declaration of Covenants and Restrictions of The Dewees Island Property Owners Association (the "Covenants") was recorded in the RMC Office for Charleston County of the 23rd day of April, 1992, in Book B213, -Page 772 ; and

WHEREAS, the Declaration of Covenants and Restrictions of The Dewees Island Property Owners Association were amended by First amendment to the Covenants and Restrictions of The Dewees Island Property Owners Association dated June 3, 1992 and recorded in Book E-216, Page 448 of the Charleston County RMC Office; and

WHEREAS, Article VIII Section 2 of the Covenants grants Island Preservation Partnership (the "Company") the right to amend the Covenants or any portion thereof on its own motion, for a ten (10) year period commencing the date of the Covenants and terminating on January 1, 2002; and

WHEREAS, this ten (10) year period has not expired; and

WHEREAS, the Company desires to amend the Covenants;

NOW, THEREFORE, the Company amends the Declaration of Covenants and Restriction of The Dewees Island Property Owners Association in the following manner:

I. Article I (e) , entitled "Existing Owners" is deleted in this entirety and the following is substituted therefor:

Section I(e). Existing Owners. Existing owner(s) shall mean and refer to those persons or entities who own the Lots designated as Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 on that certain plat prepared by E.M. Seabrook, Jr. R.L.S". , dated August 10, 1978 (as revised) and recorded in the RMC Office for Charleston county in Plat Book AL at pages 103, 104, 105, 106 and 107.

I. Article I (f) , entitled "Existing Lots" is deleted in its entirety and the following is substituted therefor:

Section I(f). Existing Lots. Existing lot(s) shall mean and refer to those lots designated as Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 on that certain plat prepared by E.M. Seabrook, Jr. R.L.S., dated August 10, 1978 (as revised) and recorded in the RMC Office for Charleston County in Plat Book AL at pages 103, 104, 105, 106 and 107.

Persons becoming Members subsequent to the beginning of each fiscal year (currently October 1) shall pay assessments prorated as of the date of Initial membership.

IV. Article V, Section 16 entitled "Annual Budget" is deleted in Its entirety and the following is substituted therefor:

Section 16. Annual Budget The Board of Directors shall prepare and make available to all Members at least sixty (60) days prior to the first day of the following year, a budget outlining anticipated receipts and expenses for the following year. Non-cash items such as depreciation shall not be included in such anticipated receipts and expenses. The total annual assessment for each Existing Lot (until it is sold or January 1, 2002, whichever occurs first) shall be \$600.00, as provided in Section 3(b). The total annual assessment for each Residential Lot (other than Existing Lots referred to in the preceding sentence) shall consist of the operations portion and the reserve portion, determined as follows: The operations portion shall be determined by dividing the anticipated net costs of operation as outlined in the budget (after subtracting total anticipated receipts from Existing Lots on which the assessment is \$600.00) equally among all other authorized Residential Lots (other than the two unbuildable Existing Lots), except that, as provided In Section 3(b), the amount allocated to each Existing Lot still owned by its present Existing Owner after January 1, 2002, until such Existing Lot is sold, shall be one-half the amount allocated to all such other authorized Residential Lots. The operations portion shall in no event exceed the \$2000 maximum annual assessment per lot (subject to annual increases) allowed under Section 3 hereof. The reserve portion shall be determined by dividing 'the total additions to the reserve funds established for the year pursuant to Section 5 equally among all authorized Residential Lots (other than Existing Lots an which the assessment is \$600.00 and the two unbuildable Existing Lots), except that, as provided in Section 3(b), the amount allocated to each Existing Lot still owned by its present Existing Owner after January 1, 2002, until such Existing Lot is sold, shall be one-half the amount allocated to all such other authorized Residential Lots. Until 113 Residential Lots are owned by persons other than the Company, the Company shall be responsible for paying to the Association any shortfall in income caused by the total annual assessments (including both the operations portion and the reserve portion) not being sufficient to cover the net costs of operation and additions to reserve funds for the year. After the financial statements become available at the end of each year, an adjusting amount shall be paid by the Company to the Association, or by the Association to the Company, as appropriate, so that the total net amount paid by the Company to the Association to cover shortfalls with respect to such year is in balance with the amount owed by the Company to the Association under this Section 16 with respect to such year. The financial books of the Association shall be available for inspection by all Members at all reasonable times. With respect to the assessment year 1997-1998, the Board, as provided in Section 3, may levy a supplemental assessment if the amount of the assessment previously assessed is less than the amount permitted to be assessed by this Article V, as amended.

IN WITNESS WHEREOF, Island Preservation Partnership has caused these presents to be executed by its duly authorized officers this 4th day of September, 1998.

SIGNED, SEALED AND DELIVERED
In the presence of:

ISLAND PRESERVATION
PARTNERSHIP

By: _____
John L. Knott, Jr.
Its: Chief Executive Officer

DEWEES ISLAND PROPERTY OWNERS
ASSOCIATION

By: _____
Its: President

STATE OF SOUTH CAROLINA)

PROBATE

COUNTY OF CHARLESTON)
)

PERSONALLY appeared before me the undersigned witness, who being duly sworn deposes and says that (s)he saw Island Preservation Partnership, by John L. Knott, Jr., Its Chief Executive Officer, sign, seal and deliver as its act and deed the within written Third Amendment to the Declaration of Covenants and Restriction of the Dewees Property Owners Association and that (s)he saw the other witness whose name appears above witnessed the execution thereof.

Sworn to before me this 4
day of September 1998.

Notary Public for South Carolina
My commission expires _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PROBATE

PERSONALLY appeared before me the undersigned witness, who being duly sworn deposes and says that (s)he saw Dewees Island Property Owners Association. By John L. Knott, Jr. its President, sign, seal and deliver as its act and deed the within written Third Amendment to the Declaration of Covenants and Restriction of the Dewees Property owners Association and that (s)he saw the other witness whose name appears above witnessed the execution thereof.

Sworn to before me this ___ of September, 1998.

Notary Public for South Carolina
My commission expires: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

THIRD AMENDMENT TO THE DECLARATION OF
COVENANTS AND RESTRICTIONS OF THE
DEWEES ISLAND PROPERTY OWNERS
ASSOCIATION

WHEREAS, the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association (the "Covenants") was recorded in the RMC Office for Charleston County of the day of 23rd day of April 1992, in Book B 213, Page 772; and

WHEREAS, the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association was amended by First Amendment to the Covenants and Restrictions of the Dewees Island Property Owners Association dated March 11, 1994 and recorded in Book E 216, Page 448 of the Charleston County RMC office, and

WHEREAS, the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association was amended by Second Amendment to the Covenants and Restrictions of the Dewees Island Property Owners Association dated June 3, 1992 and recorded in Book N 240, Page 824 of the Charleston County RMC office; and

WHEREAS, Article VIII Section 2 grants Island Preservation Partnership (the "Company") the right to amend the Covenants or any portion thereof on its own motion, for a ten-year period commencing the date of the Covenants and terminating on January 1, 2002, and

WHEREAS, this ten (10) year period has not expired; and

WHEREAS, the Company desires to amend the Covenants;

NOW, THEREFORE, the Company amends the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association as follows:

I. Article I. "Definitions" "(k) Owner" will be amended to add, following the immediate existing paragraph:

"No more than four (4) natural persons, however, unrelated by blood or marriage may own any beneficial or equitable interest in any single Residential Lot, no matter the percentage of interest held by each natural person, and without regard to whether or not the ownership interest is in a joint tenancy, a partnership or in some corporate form or combination of corporate forms. This limitation will not limit ownership among family members, that is, by natural persons related by blood or marriage."

"This limitation will apply to all Sales of Residential Lots from the Company after August 17, 1999 and all Sales from Owners to subsequent purchasers after August 17, 1999."

II. Article 1, "Definitions" will be amended to add the following definition: "(u) Sale":

Any transfer of legal or equitable title to all or any portion of the property for valuable consideration, other than by gift, inheritance or mortgage foreclosure. A Sale, a transfer of legal or equitable title, will also include, but is not limited to the execution of (i) a contract of sale which provides for a closing one (1) year beyond the execution of said contract (ii) a lease for a term, including renewal terms, in excess of one (1) year with a purchase option, which applies rental payments toward the purchase price, (iii) an option for a term, including renewal terms, in excess of one (1) year which applies option payments toward the purchase price; (iv) the transfer of any portion of the stock of a corporate Property Owner, or any portion of the partnership interest of a corporate Property Owner, or any portion of the beneficial interest in a Trust; or any portion of the legal or beneficial interest in any other form of a legal entity which is a Property Owner. The transfer of ten (10%) percent or less of the stock of a publically traded entity will not be deemed a Sale.

III. Article 1, "Definitions" will be amended to add the following definition: "(v) Vacation Time Sharing Plan"

The definition in S.C. Code Section 27-32-10, et.seq., will apply in these covenants and restrictions. The Residential Lots will not be used for any type of Vacation Time Sharing Plan without the express written consent of the Company or, after January 1, 2002, the Board of Directors of the Association.

IN WITNESS WHEREOF, Island Preservation Partnership caused these presents to be executed by their duly authorized officer this 16th day of July 2000.

SIGNED, SEALED AND DELIVERED
in the presence of:

ISLAND PRESERVATION
PARTNERSHIP

By: _____
John L. Knott, Jr.
Its Chief Executive Officer

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF CHARLESTON

PERSONALLY appeared before me the undersigned witness, who being duly sworn deposes and says that (s)he saw Island Preservation Partnership, by John L. Knott, Jr., its Chief Executive Officer sign, seal and deliver as its act and deed the within written Third Amendment to the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association, and that (s)he saw the other witness whose name appears above witnessed the execution thereof.

SWORN TO before me this 18th day of July, 2000.

Notary Public for South Carolina

My commission expires:_____

STATE OF SOUTH CAROLINA)
OF)
COUNTY OF CHARLESTON)

FOURTH AMENDMENT OT THE DECLARATION
COVENANTS AND RESTRICTIONS OF THE
DEWEES ISLAND PROPERTY OWNERS
ASSOCIATION

WHEREAS, the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association (the "Covenants") was recorded in the RMC Office for Charleston County the day of 23rd day of April 1992, in Book B 213, Page 772; and

WHEREAS, the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association was amended by First Amencment to the Covenants and Restrictions of the Dewees Island Property Owners Association dated March 11, 1994 and recorded in Book E 216, Page 448 of the Charleston County RMC office; and

WHEREAS, the Declaration of Covenants and Restrictions of the Dewees Island Property Owners Association was amended by Second Amendment to the Covenants and Restrictions of the Dewees Island Proeprty Owners Association dated June 3, 1992 and recorded in Book N 240, Page 824 of the Charleston County RMC office; and

WHEREAS, Article VIII Section 2 grants Island Preservation Partnership (the "Company") the right to amend the Covenants or any portion thereof on its own motion for a ten- (10) year period commencing the date of the Covenants and terminating on January 1, 2002; and

WHEREAS, this ten- (10) year period has not expired; and

WHEREAS, the Company desires to amend the Covenants;

NOW, THEREFORE, the Company amends the Declaration fo Covenants and Restrictions of the Dewees Island Property Owners Association as follows:

- I. Article I, "Definitions" "(k) Owner" will be amended to add the following language to the existing paragraph:

[EXISTING PARAGRAPH]

"No more than our (4) natural persons, however, unrelated by blood or marriage may own any beneficial or equitable interest in any single Residential Lot, no matter the percentage of interest held by each natural person, and without regard to whether or not the ownership interest is in a joint tenancy, a partnership or in some corporate form or combination of corporate forms. This limitation will not limit ownership among family members, that is, by natural persons related by blood or marriage."

[NEW PARAGRAPH]

This definition is solely intended to prevent overuse of the Residential Lorts and the attendant overuse of common property commensurate with that use. The definition is intenced to prevent active ownership and use of a single Residential Lot by multiple owners through a partnership or corporate form. It is not intended to apply and does not apply, however, to limited partners in limited partnerships or to shareholders or members of corporations or limited liability companies that own a single or multiple Residential Lots as investments when the corporate owners or partners are passive only and have no intention of personally using the Residential Lot or the common property or facill.ities as an "Owner". In fact, the development lots have been ehld by just such an entity, Island Preservation Partnerhsip, and it was always contemplated that

ownership of Residential Lots could be owned by and sold to corporated entities, as well as individuals, so long as the purpose of the transaction was not to vest active use and ownership in more than four individuals per Residential Lot.

IN WITNESS WHEREOF, Island Preservation Partnership caused these presents to be executed by their duly authorized officer this 28th day of December 2001.

SIGNED, SEALED AND DELIVERED

In the presence of:

ISLAND PRESERVATION PARTNERSHIP

By: _____

John L. Knott, Jr.

Its Chief Executive Officer