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**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
THE ISLES AT RIVERTOWNE COUNTRY CLUB**

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**DECLARATION OF COVENANTS, RESTRICTIONS AND
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FOR
THE ISLES AT RIVERTOWNE COUNTRY CLUB**

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR THE ISLES AT RIVERTOWNE COUNTRY CLUB ("Protective Covenants") is made this 20th day of June 2000, by CENTEX HOMES, a Nevada general partnership, its successors and assigns ("Declarant").

WHEREAS, Declarant is the owner in fee simple of the real property more particularly described on Exhibit "A" ("Property") attached hereto and made a part hereof, which Property is a portion of the real property subject to a final subdivision plat recorded in Plat Book ED, Pages 536-543, in the RMC Office of Charleston County, South Carolina (the "County"); and

WHEREAS, Declarant is also the owner of the real property more particularly described on Exhibit "B" (the "Additional Property") attached hereto and made a part hereof. The Property and the Additional Property are sometimes collectively referred to herein as the "Total Property"; and

WHEREAS, Declarant has the right to submit the Additional Property to the terms and provisions of these Protective Covenants, as provided in accordance with the provisions of these Protective Covenants; and

WHEREAS, Declarant desires to develop a community (the "Project") in multiple separate stages as hereinafter set forth and to provide for the preservation of the values and amenities of the Project; and

WHEREAS, the Property is the first stage of development of the Project and subsequent stages are planned to consist of those portions of the Additional Property approved for the development of lots appropriate for single family dwellings; and

WHEREAS, in order to develop and maintain the Project as a planned residential community and to preserve the values and amenities of such community, it is necessary to declare, commit and subject the Property and the improvements now or hereafter constructed thereon to certain land use covenants, restrictions, reservations, regulations, burdens, liens, and easements; and to delegate and assign to the Association certain powers and duties of ownership, administration, operation, maintenance and enforcement; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities established to create a corporation known as The Isles Property Owners Association, Inc., to which there will be delegated and assigned: (i) certain powers and duties of ownership, operation, administration, maintenance and repair of portions of the Property, including, but not limited to, the "Association Property" (as hereinafter defined); (ii) the enforcement of the covenants and restrictions contained herein; and (iii) the collection of assessments for, and disbursement of, the "Operating Expenses" (as hereinafter defined); and

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Declarant hereby declares that the Property shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth, all of which shall run with the Property and any part thereof and which shall be binding upon all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns.

ARTICLE I
DEFINITIONS

A. "Additional Property" means the real property more particularly described on Exhibit B, and any additional contiguous property acquired by Declarant prior to the Turnover Date which is permitted to be subjected to the terms of these Protective Covenants in accordance with the provisions of Section C.2 of Article II.

B. "Amendment(s)" means any and all amendments to these Protective Covenants, all of which shall be consecutively numbered beginning with the "First Amendment to the Declaration of Protective Covenants and Restrictions for The Isles at RiverTowne Country Club and each of which shall be properly adopted pursuant to the terms of the Association Documents and recorded in the Public Records; provided, however, the failure to so consecutively number such amendments shall not impair their validity hereunder and such amendments to the extent not otherwise numbered will be deemed to have been numbered in chronological order of their appearance in the Public Records.

C. "Articles" mean the Articles of Incorporation of the Association.

D. "Assessments" mean the assessments for which all Owners are obligated to the Association and include "Individual Lot Assessments," "Individual Expense Assessments" and "Special Assessments" (as such terms are defined in Article V hereof) and any and all other assessments which are levied by the Association in accordance with the Association Documents.

E. "Association" means The Isles Property Owners Association, Inc., a South Carolina nonprofit mutual benefit corporation.

F. "Association Documents" mean in the aggregate these Protective Covenants, the Articles and Bylaws of the Association, any rules and regulations adopted by the Association from time to time, any development guidelines or architectural standards promulgated by the Association or the Committee from time to time, and all of the instruments and documents referred to or incorporated therein, including, but not limited to, amendments to any of the foregoing, as applicable.

G. "Association Property" means the lands, systems, facilities, rights and easements which may be deeded, leased, granted, reserved, assigned or transferred to the Association, as described in Section E of Article II hereof, or as designated Association Property by the Declarant prior to the Turnover Date, and thereafter by the Association, together with all improvements thereon and equipment, facilities and rights associated therewith. The Association Property includes, but is not limited to, the areas described in Section E of Article II hereof. Association Property shall also include personal property and interests therein transferred to or acquired by the Association if so designated. Association Property does not include those land, systems, facilities, rights and easements that are designated as a "Common Area" or area of "Common Responsibility" for which the Parkers Island Association has a responsibility as defined and set forth in the Parkers Island Declaration.

H. "Board" means the Board of Directors of the Association.

I. "Bylaws" mean the Bylaws of the Association.

J. "Club" means the organization or group of members having rights to use the Golf Facilities, membership in which is separate from and unrelated to membership in the Association.

K. "Club Owner" means RiverTowne Golf, LLC, a Georgia limited liability company, its successor and assigns, the owner of the Golf Course Parcel who is constructing the Golf Course Facilities and the Parkers Island Amenity Center.

L. "Committee" means the Architectural Control Committee established and empowered as provided in Article X.

M. "Contributing Lot" means any Lot upon which an affirmative covenant to pay Assessments, as more particularly set out in Article IV and Article V hereof, is imposed, excluding all Lots owned by Declarant.

N. "Contributing Lot Owner" means the Owner of a Contributing Lot.

O. "County" means Charleston County, South Carolina.

P. "Declarant" means Centex Homes, a Nevada general partnership, and any successor or assign thereof, which (a) acquires any Lot from Declarant for the purpose of development and to which Centex Homes specifically assigns all or part of the rights of Declarant hereunder by an express written assignment recorded in the Public Records of the County; or (b) acquires any portion of the Additional Property to which Centex Homes specifically assigns all or part of the rights of Declarant hereunder by an express written assignment recorded in the Public Records of the County.

Q. "Director" means a member of the Board.

R. "Golf Course Facilities" means the facilities and improvements to be constructed on the Golf Course Parcel, including an 18-hole golf course, clubhouse, driving range and related facilities, but specifically excluding the Parkers Island Amenity Center.

S. "Golf Course Lots" means those Lots in the Property which abut any portion of the Golf Course Parcel.

T. "Golf Course Parcel" means the real property owned by the Club Owner upon which the Golf Course Facilities and the Parkers Island Amenity Center are to be constructed, as more particularly described in the Parkers Island Declaration.

U. "Home" means a residential dwelling unit in the Project intended as an abode for one family constructed upon a Lot.

V. "Improvement" means any building, fence, wall, patio area, driveway, walkway, antenna, sign, mailbox, pool, tennis court, or other structure or improvement, including trees, plants, shrubs, flowers and other landscaping, which is constructed, made, installed, placed or developed within or upon, or removed from, any portion of the Property, or any change, alteration, addition or removal of any such structure or improvement other than normal maintenance and repair which does not materially alter or change the exterior appearance, condition and color of same.

W. "Institutional Mortgagee" means any lending institution owning a first mortgage covering a Home or Lot, including any of the following institutions:

- (i) Any federal or state savings and loan association or bank, or real estate investment trust, or mortgage banking company or any subsidiary thereof, or a national banking association chartered under the laws of the United States of America; or
- (ii) Any "secondary mortgage market institution," including the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and such other secondary mortgage market institution as the Board shall hereafter approve in writing; or
- (iii) Any pension or profit-sharing funds qualified under the Internal Revenue Code; or
- (iv) Any and all investing or lending institutions, or the successors and assigns of such lenders ("Lenders"), which purchase mortgages on any portion of the Property from any other Institutional Mortgagee; or

(v) Such other institutional lenders as the Board shall hereafter approve in writing as an Institutional Mortgagee which have acquired a mortgage upon any portion of the Property; or

(vi) Declarant, if Declarant holds a mortgage on any portion of the Property and the transferee of any mortgage encumbering the Property which was originally held by Declarant; or

(vii) Any life insurance company; or

(viii) The Veterans Administration or the Federal Housing Administration or the Department of Housing and Urban Development.

X. "Interest" means the maximum nonusurious interest rate allowed by law on the subject debt or obligation, and if no such rate is designated by law, then eighteen percent (18%) per annum.

Y. "Lake" means those portions of the Property which are shown on a Plat as a delineated parcel of real property which contains all or any portion of a pond, lake, lagoon, retention or detention area, or similar body of water, and which shall be dedicated and conveyed to the Parkers Island Association in accordance with the Parkers Island Declaration.

Z. "Legal Fees" mean reasonable fees for attorney and paralegal services incurred in connection with: (i) negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and post-judgment proceedings; (ii) collection of past due Assessments including, but not limited to, preparation of notices and liens; and (iii) court costs through and including all trial and appellate levels and post-judgment proceedings.

AA. "Lot" means a portion of the Property as shown on a Plat which can be conveyed as a separate legal parcel, and upon which a Home may be erected.

BB. "Master Association" means the Wando Plantation Master Association, a South Carolina not-for-profit corporation, organized to administer the Master Declaration.

CC. "Master Declaration" means the Declaration of Covenants, Conditions and Restrictions for the Wando Plantation Master Association, Inc. recorded in Book D253, Page 183, of the Public Records, and all amendments thereto, to which the Property is subject. "Master Documents" means the Master Declaration, the Articles of Incorporation and Bylaws of the Master Association and all of the documents and instruments referred to therein and any amendment to any of such documents.

DD. "Member" means a member of the Association.

EE. "Operating Expenses" mean the expenses for which Owners are liable to the Association as described in these Protective Covenants and any other Association Documents and include, but are not limited to, the costs and expenses incurred by the Association in administering, operating, reconstructing, maintaining, financing, repairing, replacing or improving the Association Property or any portion thereof and improvements thereon and all costs and expenses incurred by the Association in carrying out its powers and duties hereunder or under any other Association Documents, including, but not limited to, the cost of any reserves and any other expenses designated to be Operating Expenses by the Board.

FF. "Owner" means the owner of the fee simple title to a Lot and includes Declarant for so long as Declarant is the owner of the fee simple title to a Lot but excluding those having such interest merely as security for the performance of any obligation and excluding purchasers under executory contracts of sale of a Lot.

GG. "Parkers Island" means the master golf course residential community being developed on the Property and on certain property surrounding or adjacent to the Property by Declarant, the Club Owner and the other developers referred to in the Parkers Island Declaration, of which the Project is a portion.

HH. "Parkers Island Association" means the Parkers Island Property Owners Association, a South Carolina not-for-profit corporation, organized to administer the Parkers Island Declaration, with respect to which the Association is a "Neighborhood Association" as provided in the Parkers Island Declaration.

II. "Parkers Island Declaration" means the Declaration of Covenants, Conditions and Restrictions for Parkers Island, recorded in Book L336, Page 555 of the Public Records, and all amendments thereto whereby, to which the Property is subject. "Parkers Island Documents" means the Parkers Island Declaration, the articles of incorporation and bylaws of the Parkers Island Association, and all of the documents and instruments referred to therein and any amendment to any of such documents.

JJ. "Parkers Island Storm Water Management System" means the lagoons, drainage areas, drainage easements, lakes, retention areas, storm water piping systems, drains, catch basins and other related apparatus and facilities intended to provide storm water management and control for the overall property within Parkers Island, including the Property and the Additional Property. The Lakes located within the Property are a portion of the Parkers Island Storm Water Management System.

KK. "Person" means a natural individual or any other entity with the legal right to hold title to real property.

LL. "Plat" means a final subdivision plat or conditional subdivision plat approved by the Town consistent with the Sketch Plan for a portion of the Property or the Additional Property (in the event such portion of the Additional Property becomes part of the Property) and recorded in the public records of the County, establishing each Lot thereon as a separately delineated parcel that can be legally and separately conveyed.

MM. "Project" means the single-family residential community planned for development on part or all of the Total Property in multiple separate stages. The first stage will consist of the Property committed to land use under these Protective Covenants and which is intended to be comprised of, including, but not limited to, thirty-one (31) residential Lots and the Association Property located within the Property (if any). The subsequent stages planned for development on the Additional Property, which may be added to the terms and provisions of the Association Documents, is planned to consist of three hundred fifty-five (355) Lots and the Association Property located within the Additional Property, as reflected by the Sketch Plan. The Additional Property, or any part of it, may be added to the terms and provisions of the Association Documents by the recordation of a Supplement if a Plat therefor is approved by the Town for the development of lots appropriate for single family dwelling units.

NN. "Property" means the real property more particularly described on Exhibit "A" attached hereto and made a part hereof, and any portion of the "Additional Property" in the event same becomes encumbered by these Protective Covenants as provided herein by the recordation of a Supplement.

OO. "Protective Covenants" means this document and any amendments and supplements hereto.

PP. "Public Records" means the County or other local office in which deeds and other land records and documents are filed for public record, which is currently the RMC Office of the County.

QQ. "Sketch Plan" means the preliminary development plan or plans of the Project approved by the Town for the Total Property, as such plan or plans may be supplemented or amended from time to time as approved by the Town.

RR. "Total Planned Lots" means the total number of Lots planned for the Project by the Sketch Plan as such may exist from time to time and as reflected by the Sketch Plan as such is updated from time to time. For the purposes hereof, the term "Total Planned Lots" shall mean three hundred eighty six (386) Lots, as such number may be adjusted to reflect changes approved by the Town to the Sketch Plan.

SS. "Total Property" means collectively the Property and the Additional Property.

TT. "Town" means the Town of Mt. Pleasant, Charleston County, South Carolina.

UU. "Turnover Date" means the earlier of (i) three (3) months after seventy-five (75%) of the Total Planned Lots have been improved with a Home and conveyed to an Owner other than a successor Declarant, (ii) the date on which Declarant records in the Public Records a document relinquishing its control of the Association to the members at large, or (iii) the date that is ten (10) years following the date these Protective Covenants are recorded in the Public Records.

ARTICLE II
PLAN OF DEVELOPMENT:
ASSOCIATION PROPERTY: RULES AND REGULATIONS

A. Wando Plantation

"Wando Plantation" refers to a collection of mixed use residential and commercial areas subject to the Master Declaration which are developed or being developed by various parties as separate developments. Those various separate developments, including the Parkers Island community, are all serviced by access to and from South Carolina State Highway 41 by RiverTowne Parkway. The Parkers Island Association is a "Sub-association" of the Master Association. The Master Association is responsible for the maintenance of entryways, signage and landscaping along a major portion of RiverTowne Parkway in accordance with the Master Declaration. The expenses incurred by the Master Association in performing such maintenance for the benefit of the owners and occupants of the developments subject to the Master Declaration are funded through assessments payable by all "Unit Owners" (as defined in the Master Declaration), including the Lot Owners in the Project.

B. Parkers Island

Declarant, the Club Owner and the other parties to the Parkers Island Declaration, are developing Parkers Island as a multi-phased golf course residential community comprised of residential and recreational property and improvements in accordance with the requirements and related approvals of the Town and other applicable governmental authorities. The Project is located within the Parkers Island community. The Parkers Island Association is responsible for the maintenance of the "Common Areas" and other areas of "Common Responsibility" (as defined in the Parkers Island Declaration), which are available for the use and enjoyment of all residents and occupants of the Parkers Island community in accordance with the Parkers Island Declaration. The Club Owner is constructing certain recreational facilities (referred to in the Parkers Island Declaration as the "Amenity Center") upon a portion of the Golf Course Parcel, which shall be owned by the Parkers Island Association and shall be available for the use and enjoyment of all residents and occupants of the Parkers Island community, including the Lot Owners in the Project in accordance with the Parkers Island Declaration.

C. The Isles at RiverTowne County Club - The Project

Declarant plans to develop (or cause the development of) the Project in multiple stages. The real property which initially is and shall be held, transferred, sold, conveyed and occupied subject to these Protective Covenants, is more particularly described on Exhibit A hereto and will contain thirty-one (31) Lots and the Association Property located on the Property. The subsequent stages are intended to consist of three hundred fifty-five (355) Lots and the Association Property located on the Additional Property.

Declarant's general plan of development of the Project contemplates the construction of Homes thereon and, further, that various Improvements will be constructed on the Lots and other portions of the Property which will enhance the Project and benefit the Owners of all Lots, however there is no obligation imposed by these Protective Covenants on the Declarant to build a Home on any particular Lot. Declarant's general plan of development further contemplates that such Homes shall be whatever types of structures Declarant may choose. Declarant's general plan of development of the Project is reflected by the Sketch Plan and may also include whatever facilities and amenities Declarant considers in its sole judgment to be appropriate to the Project. Declarant reserves the right to increase or decrease the number of Lots reflected and/or permitted by the Sketch Plan as approved by the Town in accordance with and subject to the

terms and provisions of all other applicable law and approvals for the Project and for Parkers Island, and such change shall not require an amendment to these Protective Covenants.

NEITHER DECLARANT OR THE ASSOCIATION HAS ANY CONTROL OVER THE COMPLETION, MAINTENANCE AND OPERATION OF THE AMENITY CENTER. WHILE DECLARANT, AS ONE OF THE PARTIES TO THE PARKERS ISLAND DECLARATION, HAS MADE REASONABLE EFFORTS TO ENSURE THAT THE AMENITY CENTER WILL BE DEVELOPED, OWNED AND OPERATED IN THE MANNER DESCRIBED IN THE PARKERS ISLAND DECLARATION, DECLARANT IS UNDER NO OBLIGATION TO A LOT OWNER TO CONSTRUCT OR COMPLETE THE AMENITY CENTER, AND DECLARANT MAKES NO GUARANTEE TO A LOT OWNER THAT THE AMENITY CENTER WILL BE COMPLETED UPON THE PORTION OF THE GOLF COURSE PARCEL PLANNED FOR THE FACILITY OR THE CONTINUED OPERATION OF THE AMENITY CENTER.

D. Golf Course Facilities-

The Club Owner shall be constructing the Golf Course Facilities on the Golf Course Parcel pursuant to an agreement between the Parkers Island Association and the Club Owner. The use of the golf course and the Golf Course Facilities shall be limited to members of the Club and any other Persons authorized to use the Golf Course Facilities by the Club Owner. All Persons, including all Owners, hereby acknowledge that the Golf Course Facilities will be owned by a third party and not by the Declarant, the Association, or the Parkers Island Association, and that the Golf Course Facilities do not and will not constitute Association Property. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by any Person with regard to the continuing ownership or operation of the Golf Course Facilities as depicted upon any master land use plan, or marketing display or plat of the portion of the Golf Course Parcel planned for the Golf Course Facilities. No purported representation or warranty, written or oral, regarding to the continuing ownership or operation of the Golf Course Facilities will ever be effective without an amendment to the Parkers Island Declaration executed or joined into by the Club Owner. Further, the ownership and/or operations of the Golf Course Facilities may change at any time and from time to time by virtue of, but without limitation, (i) the sale or assumption of operations of the Golf Course Facilities and/or the Golf Course Parcel to/by any Person, or (ii) the conversion of the membership structure for the Club to an arrangement whereby the members thereof or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Golf Course Facilities. No Owner will have any ownership interest in the Golf Course Facilities or right to membership in the Club or other right to use the Golf Course Facilities solely by virtue of membership in the Association. Owners in the Project are entitled to the opportunity to acquire membership in the Golf Course Facilities, as provided in the Parkers Island Declaration. Owners should consult the Parkers Island Declaration for a description of the procedures and requirements for the acquisition of memberships in the Golf Course Facilities.

THE DECLARANT AND THE CLUB OWNER ARE SEPARATE AND DISTINCT COMPANIES WITH NO AFFILIATION TO EACH OTHER. IN ADDITION, THE DECLARANT AND THE CLUB OWNER ARE NOT PARTNERS OR JOINT VENTURERS. THE GOLF COURSE AND RELATED GOLF COURSE FACILITIES SHALL BE A SEPARATELY OWNED FACILITY, WHICH IS NOT A PART OF THE PROJECT OR THE ASSOCIATION PROPERTY. THE GOLF COURSE AND OTHER GOLF COURSE FACILITIES SHALL NOT BE PART OF THE ASSOCIATION PROPERTY OF THE ASSOCIATION (OR COMMON AREA OF THE PARKERS ISLAND ASSOCIATION) AND NEITHER THE ASSOCIATION NOR ANY LOT OWNER SHALL HAVE ANY RIGHT IN AND TO THE GOLF COURSE OR THE GOLF COURSE FACILITIES, INCLUDING THE RIGHT TO ENTER UPON OR USE THE GOLF COURSE FACILITIES, EXCEPT FOR SUCH RIGHTS GRANTED TO THE GENERAL PUBLIC.

WHILE DECLARANT, AS ONE OF THE PARTIES TO THE PARKERS ISLAND DECLARATION, HAS MADE REASONABLE EFFORTS TO ENSURE THAT THE GOLF COURSE WILL BE DEVELOPED, OWNED AND OPERATED IN THE MANNER DESCRIBED IN THE PARKERS ISLAND DECLARATION, DECLARANT IS UNDER NO OBLIGATION TO A LOT OWNER TO DEVELOP A GOLF COURSE, AND DECLARANT MAKES NO GUARANTEE TO A LOT OWNER

THAT A GOLF COURSE AND RELATED GOLF FACILITIES WILL BE COMPLETED UPON THE GOLF COURSE PARCEL OR CONTINUE TO BE OPERATED THEREON.

D. Supplement

1. Additional Property

Prior to the Turnover Date, Declarant (or the owner of any portion of the Additional Property) shall, upon the Town's approval and recordation of a Plat among the Public Records for the development of lots appropriate for single family dwelling units upon any portion of the Additional Property, bring such portion of the Additional Property under the provisions of these Protective Covenants and thereby add same to the Project by recording a "Supplement", which Supplement shall not require the consent of the then existing Owners, the Association or any other person, except if applicable, the consent of the United States Department of Housing and Urban Development ("HUD") and /or the Veterans Administration ("VA") as provided below. To the extent that the Additional Property is made part of the Project by a Supplement, reference herein to the Property shall be deemed to include such Additional Property. The Supplement may contain such complementary additions and modifications to the terms of these Protective Covenants as may be necessary or desirable to reflect the different character, if any, of the portion of the Additional Property being subjected to these Protective Covenants and as are not inconsistent with the general scheme of these Protective Covenants. Notwithstanding the foregoing, Declarant is not obligated to add to the Property, to develop any Additional Property under a common scheme, or be prohibited from changing development plans with respect to future portions of the Project comprised of any portion of the Additional Property. All Owners by acceptance of a deed to their Lots, consent to any change, rezoning or addition made by Declarant and shall evidence such consent in writing if requested to do so by Declarant at any time without obviating the effect of this provision.

After the Turnover Date, upon the vote or written consent of the Owners of not less than seventy-five percent (75%) of the Lots, any portion of the Additional Property may be brought under the provisions of these Protective Covenants and thereby added to the Project. To the extent that any portion of the Additional Property is approved for annexation by the Owners after the Turnover Date and is thereafter made part of the Project by a Supplement, reference herein to the Property shall be deemed to include such portion of the Additional Property.

2. Other Contiguous Property

Prior to the Turnover Date, Declarant shall have the right, without the approval or joinder of the Association, the Owners or any other Person (except for the consent of the Town, if required, and if applicable, the consent of HUD/VA as provided below), to bring under the provisions of these Protective Covenants and thereby add to the Project, any real property owned or acquired by Declarant which is contiguous to the Property or which is contiguous with a public or private street adjacent to the Property, provided that the annexation of such real property is for the purposes of reflecting changes or modifications to the Sketch Plan which have been approved by the Town, and has been approved for annexation into the Parkers Island and Wando Plantation communities in accordance with the Parkers Island Declaration and the Master Declaration. In the event any additional contiguous property is so approved by the Town for annexation to the Project, the definition of the Additional Property shall be expanded to include such property as if such property had originally been a part of the Additional Property. To the extent that such portion of the Additional Property is thereafter made part of the Project by a Supplement, reference herein to the Property shall be deemed to include such portion of the Additional Property, including such portion being deemed part of the Sketch Plan for the Project and the number of Total Planned Lots shall be increased by the number of Lots (if any) depicted on the final subdivision plat of such portion of the Additional Property.

After the Turnover Date, upon the vote or written consent of the Owners of not less than seventy-five percent (75%) of the Lots, any real property which is contiguous to the Property or which is contiguous with a public or private street adjacent to the Property may be brought under the provisions of these Protective Covenants and thereby added to the Project, provided that the annexation of such real property is for the purposes of reflecting changes or modifications to the Sketch Plan which have been

approved by the Town, and has been approved for annexation into the Parkers Island and Wando Plantation communities in accordance with the Parkers Island Declaration and the Master Declaration. To the extent that any contiguous property approved for annexation by the Owners after the Turnover Date is thereafter made part of the Project by a Supplement, reference herein to the Property shall be deemed to include such property.

3. HUD/VA Approval

If prior to the Turnover Date, the Property is subject to the requirements of the VA, the Federal Housing Administration ("FHA"), the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency which insures, guaranties, or purchases mortgages, the annexation of any additional property requires the prior approval of the HUD and/or the VA, as applicable.

D. Withdrawal

Declarant reserves the right to amend these Protective Covenants at any time, without prior notice and without the consent of any Person (except if applicable, the consent of HUD/VA) or the purpose of removing certain portions of the Property and/or the Additional Property then owned by Declarant from the provisions of these Protective Covenants to the extent that such real property was included originally in error or as a result of changes in the plans for the Project desired by Declarant and approved by the Town and consistent with the Sketch Plan, including minor boundary adjustments between the Property and the Golf Course Parcel.

E. Association Property

The Association Property is for the use and benefit of the Association and the Owners, the residents of the Property, and their respective guests and invitees, the Institutional Mortgagees, and any other person authorized to use the Association Property or any portion thereof by Declarant, the Association, or if applicable, the Parkers Island Association, for all proper and reasonable purposes and uses for which same are reasonably intended, subject to the terms of these Protective Covenants, the applicable terms of the Master Declaration and the Parkers Island Declaration (if any), and the terms of any easement, restriction, reservation or limitation of record affecting the Association Property or contained in the deed or instrument conveying the Association Property to the Association. The Association Property shall include, but not be limited to, the property hereinafter described.

1. Roadways and Rights of Way

Until such areas are dedicated to the Town for public use, the Parkers Island Association shall maintain any roadway improvements located within the Right-of-Way of RiverTowne Country Club Drive as provided in the Parkers Island Declaration. The expenses incurred by the Parkers Island Association for such temporary Roadway maintenance will be reimbursed to the Association through the assessments payable by the "Owners" in Parkers Island as established in the Parkers Island Declaration. Otherwise, any portion of the Property shown on the Plat as a roadway ("Roadway") or rights of way ("Rights of Way") and all improvements thereon shall be kept and maintained by the Association (except for those portions which are dedicated to the public, if any) substantially in the same condition and fashion as constructed by Declarant and in accordance with governmental standards. Roadways and Rights of Way shall provide a means of ingress and egress to and from all portions of the Property for the use of the Association, Declarant, the Owners, and their guests, licensees, lessees and invitees. There is hereby reserved and granted to the Town, the County, the United States of America, and other applicable governmental entities, a non-exclusive easement across such Roadways and Rights of Way for all governmental purposes including, but not limited to, provision for the following services: police and fire protection, garbage collection, mail delivery, building inspection, and all other available public services. Declarant may, without the consent of the Association, Owners or any other party, dedicate all or any portion of the Roadways or Rights of Way to the Town or the County or other applicable governmental agency for use by the public. In the event all or a portion of the Roadways and Rights of Way are conveyed or dedicated to a governmental agency and such governmental agency is willing or obligated to maintain such portion of the Roadways or Rights of Way, the Association shall have no responsibility for the maintenance thereof, but if permitted by

the Town or applicable governmental agency, shall have the right, but not the obligation, to provide supplemental maintenance together with the governmental agency, as the Board may determine in its sole discretion.

2. Landscape Buffer Areas

Any portion of the Property shown on a Plat as a landscape area, buffer area, wetland buffer, landscape buffer area or otherwise established for landscape, buffer or open space purposes to be dedicated or maintained by the Association ("Landscape Buffer Areas") shall be used and maintained by the Association substantially in the same fashion as constructed by Declarant subject to the requirements of the Town and any applicable requirements of the Parkers Island Documents, except to the extent that any such areas are designated for ownership or maintenance by the Parkers Island Association (if any). To the extent that any portion of a Landscape Buffer Area is located upon any Lot, an easement upon the applicable portion of such Lot is hereby reserved in favor of Declarant and the Association as provided in Section B.12 of Article VIII.

3. Entryway and Signage Areas

Any portion of the Property shown on a Plat as an entryway area ("Entryway Area") or signage area ("Signage Area") to be dedicated to or maintained by the Association shall be used and maintained by the Association in substantially the same fashion as landscaped and constructed by Declarant, except to the extent any such areas are designated for ownership or maintenance by the Parkers Island Association (if any). To the extent that any portion of a Signage Area or Entryway Area is located upon any Lot, an easement upon the applicable portion of such Lot is hereby reserved in favor of Declarant and the Association as provided in Section B.12 of Article VIII.

4. Sidewalks, Pedestrian Access Areas and Street Lighting

The Association shall maintain any common sidewalks or walkways within the Property if permitted by the appropriate governmental authority, but not any sidewalk or walkway exclusively serving only one Lot or located upon a Lot. The Association shall also maintain any common street lighting within the Property other than any street lighting exclusively serving one Lot, and shall maintain and pay for any utility services used in connection with such common street lighting, except to the extent such common street lighting is maintained by governmental authorities or a public utility provider. Any pedestrian access areas not located in a Roadway or on a Lot and shown on any Plat shall be owned and maintained by the Association substantially in the same fashion as constructed by Declarant.

5. Open Space Areas

Any portion of the Property shown on a Plat as an open space area or otherwise established for use as an open area or park area ("Open Space Areas") and owned by the Association shall be used and maintained by the Association in accordance with the requirements and regulations of the Town and the applicable governmental authorities.

6. Other Property

In addition to the Association Property specifically described in this Section E of Article II, Association Property shall also consist of such other property, real or personal, and interests therein as may be determined by Declarant to be of use or benefit to the Association, its Members or the Project and designated as Association Property by Declarant.

7. Maintenance of Adjacent Property

In addition to the Association Property specifically set forth in these Protective Covenants, the maintenance responsibility of the Association may include, without limitation, any landscaping on public roadways or other property adjacent to the Property selected by the Board for

maintenance and determined by the Board as benefitting the Project with the approval of the owner of such property or the governmental authority responsible for maintenance of same.

8. Right to Add Additional Improvements

Such portions of the Association Property upon which Declarant has constructed, or hereinafter constructs, Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located, or to be located thereon. Declarant reserves the right, but shall not be obligated, to construct additional facilities upon the Association Property and hereby reserves an easement over and upon the Association Property for the purpose of installing and completing the installation of any Improvements or additional Improvement upon the Association Property. The decision as to whether to construct additional facilities and the construction thereof shall be in the sole discretion of Declarant.

9. Administration and Costs of Maintenance

Except as specifically provided to the contrary herein, all costs associated with operating and maintaining the Association Property shall be the obligation of the Association. The Association Property shall be conveyed to the Association in accordance with the provisions of Section E.12 of this Article II. The administration, management, operation and maintenance of the Association Property shall be the responsibility of the Association, all as is provided herein and in the other Association Documents.

10. Private Use

Except as may otherwise be expressly provided herein, for the term of these Protective Covenants, the Association Property is not for the use and enjoyment of the public, but is expressly reserved for the private use and enjoyment of Declarant, the Association, and the Lot Owners in the Project their family members, guests, invitees and lessees, and any other Person authorized to use the Association Property or any portion thereof by Declarant or the Association but only in accordance with these Protective Covenants.

11. Declarant's Rights to Use Association Property

Notwithstanding anything in these Protective Covenants to the contrary, however, Declarant hereby expressly reserves the right to use the Association Property and the Lots in connection with the sale and marketing by Declarant of Homes in the Project and other communities developed by Declarant, including, but not limited to, the holding of sales and marketing meetings, sales promotions and related activities.

12. Conveyance of Association Property

Declarant agrees that fee simple title to the Association Property shall be conveyed to the Association by quitclaim deed, bills of sale, easements or leases, as applicable, and the Association is obligated to accept, fee simple title to the Association Property, as applicable, subject to: (i) the terms and provisions of these Protective Covenants; (ii) all applicable Association Documents; (iii) real estate taxes for the year of such conveyance; (iv) all applicable zoning ordinances; (v) such facts as an accurate survey would show; (vi) all applicable Parkers Island Documents and Master Documents; and (vii) all covenants, easements, restrictions and reservations of record or common to the Project or reserved or set forth in these Protective Covenants. While Declarant (or the owner of any portion of the Additional Property which is made subject to these Protective Covenants as permitted hereby) shall have the right to convey or cause to be conveyed all or such portions of the Association Property as such developers shall from time to time determine, the conveyance of the Association Property located in any portion of the Property and shown on a Plat of such phase or portion of the Property, shall be effectuated no later than the date the first Lot improved with a Home in such phase or portion of the Property is conveyed to an Owner. Any portion of a phase or portion of the Property which becomes or is designated Association Property subsequent to the date the first Lot improved with a Home in such phase is conveyed, shall be conveyed to the Association within thirty (30) days after the date Declarant designates such portion of the Property as Association

Property and receives all required governmental approvals (if any). Notwithstanding the foregoing, if the Property will be subject to the requirements of the Veteran's Administration ("VA"), The Federal Housing Administration ("FHA"), the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency which insures, guaranties, or purchases mortgages, the conveyance of Association Property shown on a Plat of such phase or portion of the Property shall be effectuated no later than the date that the United States Department of Housing and Urban Development ("HUD") insures the first mortgage in the portion of the Property in which the Association Property is located. At the time of conveyance of the Association Property or any portion thereof, the Association shall be required to accept such conveyance of the Association Property or portions thereof and the personal property and improvements appurtenant thereto subject to the easement rights hereby reserved by Declarant for the purpose of completing Improvements thereon and other easement rights set forth in these Protective Covenants. The Association hereby agrees to accept the Association Property and the personal property and improvements appurtenant thereto "AS IS", without any representation or warranty, expressed, implied, in fact or by law, as to the condition or fitness of the Association Property or portions thereof and the personal property and improvements thereon, subject to the obligation of Declarant (or the owner of any portion of the Additional Property or other contiguous property which is made subject to these Protective Covenants as permitted hereby) to convey the Association Property to the Association free of any liens or encumbrances, including, but not limited to, any mortgages, deeds of trust, or mechanic's or materialmen's liens for any work performed by or on behalf of such developers for the completion of the Improvements to the Association Property.

Notwithstanding anything contained in these Protective Covenants to the contrary, the Association Property shall not be conveyed or mortgaged by the Association without (i) the approval of at least two-thirds (2/3) of the Members (other than Declarant), (ii) during the period of Class "B" membership, the approval of HUD or VA, as applicable, and (iii) all rights of the mortgagee shall be subordinate to the rights of the Association and its Members.

13. Excluded from Association Property – Lands, Systems and Facilities owned or maintained by Parkers Island Association and Club Owner

(a) Parkers Island Storm Water Management System

Those portions of the Parkers Island Storm Water Management System which are located within the Property shall be owned and maintained by the Parkers Island Association, except for any pumps and transmission lines used by the Club Owner to transmit water to the golf course on the Golf Course Parcel, which shall be owned and maintained by the Club Owner. Those portions of the Property include the Lakes and appurtenant facilities, and the drainage facilities and improvements located within any drainage easements as reflected on a Plat or as set forth in separate instruments recorded in the Public Records. The Parkers Island Storm Water Management System shall be integrated among the Property, the Additional Property, the Golf Course Parcel and the other "Development Parcels" (as defined in the Parkers Island Declaration) subject to the Parkers Island Declaration. The portions of the Parkers Island Storm Water Management System located on or within the Property shall be available to all portions of the Parkers Island community for drainage, stormwater retention/detention or other stormwater control purposes in accordance with the requirements of the Town and other applicable governmental authorities. The Parkers Island Declaration reserves and grants an easement in favor of the Parkers Island Association throughout all portions of the Property for the purpose of maintaining and administering all applicable portions of the Parkers Island Stormwater Management System and no Owner shall do any act which may interfere with the performance of the Parkers Island Association in its obligations hereunder. Any easements shown on a Plat as a drainage easement or similar easement with respect to the Property, shall be maintained, administered, and owned by the Parkers Island Association, except if applicable, any easements specifically granted or dedicated to the Town or other applicable governmental authority by separate instrument or as indicated on such Plat.

(b) Lakes/Storm Water Retention Areas

The portions of the Property designated on any Plat as a Lake shall always be kept and maintained as an area for water retention, drainage and water management purposes in compliance with the provisions of these Protective Covenants, the Master Declaration, the Parkers Island

Declaration, and the applicable governmental and water management district requirements. Such Lakes shall not be a part of the Association Property and shall be maintained (except for the maintenance of portions of the Lakes by the Owners of certain Lots which abut Lake), administered, and owned by the Parkers Island Association. The Parkers Island Declaration reserves and grants an easement in favor of the Parkers Island Association throughout all portions of the Property for the purpose of maintaining and administering such Lakes and no Owner shall do any act which may interfere with the performance of the Parkers Island Association in its obligations hereunder. Owners of any Lots which abut a Lake shall have the obligation to maintain the embankment portion of the abutting Lake which is located between the rear lot line of the subject Owner's Lot and the water's edge of the Lake as provided in Section B.3 of Article IX.

(c) Wetland Areas

Those portions of the Property designated on any Plat as wetlands, wetland areas, or similarly-named areas ("Wetland Area") shall be owned, maintained, and administered by the Parkers Island Association. The Parkers Island Declaration reserves and grants an easement in favor of the Parkers Island Association throughout all portions of the Property for the purpose of access to and protection of such Wetland Areas and no Owner shall do any act which may interfere with the performance of the Parkers Island Association in its obligations hereunder. The Wetland Areas are subject to restriction as provided by applicable law and as set forth in Section T of Article XI.

(d) Parkers Island Amenity Center

The Parkers Island Amenity Center is being constructed by the Club Owner on a portion of the Golf Course Parcel and is not a part of the Property, nor will the Amenity Center be designated as Association Property or otherwise subject to the jurisdiction and control of the Association. As more particularly set forth in the Parkers Island Declaration, upon completion of the Amenity Center improvements, the Amenity Center and the portion of the Golf Course Parcel upon which the Amenity Center is located shall be conveyed to and owned by the Parkers Island Association and managed by the Club Owner. The rights and obligations related to the use of the Amenity Center by the Owners in the Project are set forth in the Parkers Island Documents, and all Owners should refer to those documents for a complete and accurate description of such rights and obligations.

G. Rules and Regulations

The Association shall, from time to time, impose rules and regulations regulating the use and enjoyment of the Association Property. The rules and regulations so promulgated shall, in all respects, be consistent with the provisions of the Association Documents. The right to use the Association Property shall be subject to the rules and regulations established by the Association. The rules and regulations shall not apply to Declarant as an Owner.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION:
BOARD; DURATION OF THE ASSOCIATION

A. Membership and Voting Rights

Each Member shall be entitled to the benefit of, and be subject to, the provisions of the Association Documents. The qualification of Members of the Association, the manner of their admission to membership, the manner of the termination of such membership and the manner of voting by Members shall be established and terminated as set forth below (and as more particularly set forth in the Articles):

1. Membership in the Association for Owners other than Declarant shall be established by the acquisition of ownership of fee title to a Lot as evidenced by the recording of an instrument of conveyance amongst the Public Records of the County. Otherwise, voting rights attributable to an ownership interest shall vest upon the recording of this Declaration. Where title to a Lot is acquired by conveyance from a party other than Declarant by means of sale, gift, inheritance, devise, judicial decree or otherwise, the person, persons or entity thereby acquiring such Lot shall not be a Member unless or until such

Owner shall deliver a true copy of a deed or other instrument of acquisition of title to the Association, but if the Lot so acquired is a Contributing Lot as defined in these Protective Covenants, the person, persons or entity thereby acquiring such Lot shall be deemed to be a Contributing Lot Owner upon the acquisition of such Lot and liable to the Association for Assessments attributable to such Lot in accordance with the provisions of Article IV and V, regardless of the membership status of such Contributing Lot Owner.

2. The Association shall have two (2) classes of voting membership:

(i) "Class A Members" shall be all Members, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned.

(ii) "Class B Members" shall be Declarant who shall be entitled to two times the total number of votes of the Class A Members plus one. Class B membership shall cease and be converted to Class A membership upon the Turnover Date.

On the Turnover Date, Class A Members including Declarant shall assume control of the Association and elect the Board.

3. The designation of different classes of membership are for purposes of establishing the number of votes applicable to certain Lots, and, nothing herein shall be deemed to require voting solely by an individual class on any matter which requires the vote of Members, unless otherwise specifically set forth in Association Documents.

4. No Member may assign, hypothecate or transfer in any manner his membership in the Association except as an appurtenance to his Lot.

5. Any Member who conveys or loses title to a Lot by sale, gift, devise, bequest, judicial decree or otherwise shall, immediately upon such conveyance or loss of title, no longer be a Member with respect to such Lot and shall lose all rights and privileges of a Member resulting from ownership of such Lot, but shall remain personally liable to the Association for any unpaid Assessments levied upon the subject Lot which accrue during the period of such Person's ownership of the Lot.

6. There shall be only one (1) vote for each Lot, except for Class B Members as set forth herein. If there is more than one Member with respect to a Lot as a result of the fee interest in such Lot being held by more than one all such persons shall be Members, but no more than one vote shall be cast with respect to any Lot. The vote for any such Lot shall be exercised as the Members holding an interest in such Lot determine among themselves. In the event of disagreement, the decision of Members holding a majority of interest in such Lot shall govern. Unless otherwise notified by a co-owner as to a dispute between the co-owners regarding their vote prior to the casting of that vote, the vote of any co-owner shall be conclusively presumed to be the majority vote of the Owners of that Lot.

7. Unless a different percentage is specifically required by any other provisions of the Association Documents, a quorum shall consist of persons entitled to cast at least one-third (1/3) of the votes of the Members, which may be reduced as provided in the Bylaws.

B. Board

The Association shall be governed by the Board which shall be appointed, designated or elected, as the case may be, as set forth in the Bylaws.

C. Duration of Association

The duration of the Association shall be perpetual, as set forth in the Articles.

ARTICLE IV
COVENANT TO PAY ASSESSMENTS FOR OPERATING EXPENSES;
ESTABLISHMENT OF LIENS; COLLECTION OF ASSESSMENTS; COLLECTION BY
DECLARANT; CERTAIN RIGHTS OF DECLARANT AND INSTITUTIONAL MORTGAGEES;
NON-MONETARY DEFAULTS; FINES

A. Affirmative Covenant to Pay Operating Expenses

In order to: (i) fulfill the terms, provisions, covenants and conditions contained in the Association Documents; and (ii) maintain, operate and preserve the Association Property for the use, safety, welfare and benefit of the Members and their family members, guests, invitees and lessees, there is hereby imposed upon each Contributing Lot and Contributing Lot Owner (which by definition, excludes all Lots owned by Declarant for so long as Declarant pays the Deficit during the Guarantee Period referred to in Section F of Article V) the affirmative covenant and obligation to pay to the Association (in the manner herein set forth) all Assessments, including, but not limited to, the Individual Lot Assessments, Special Assessments and Individual Expense Assessments. Each Owner (except if applicable as provided in Section F of Article V, Declarant) by acceptance of a deed or other instrument of conveyance conveying a Lot within the Property from Declarant, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Association all Assessments for Operating Expenses in accordance with the provisions of the Association Documents.

B. Establishment of Liens

Any and all Assessments made by the Association in accordance with the provisions of the Association Documents with Interest thereon and costs of collection, including, but not limited to, Legal Fees, are hereby declared to be a charge and continuing lien upon each Contributing Lot against which each such Assessment is made. Each Assessment against a Contributing Lot, together with Interest thereon, including, but not limited to, Legal Fees, shall be the personal obligation of the Contributing Lot Owner of such Contributing Lot. Said lien shall be effective only from and after the time of the recordation amongst the Public Records of the County of a written, acknowledged statement by the Association setting forth the amount due to the Association as of the date the statement is signed. Upon full payment of all sums secured by that lien, the party making payment shall be entitled to a satisfaction of the statement of lien in recordable form. Notwithstanding anything to the contrary herein contained, where an Institutional Mortgagee of record obtains title to a Contributing Lot as a result of foreclosure of its first mortgage or deed in lieu of foreclosure, such acquirer of title, its successors or assigns, shall not be liable for the share of Assessments pertaining to such Contributing Lot or chargeable to the former Contributing Lot Owner thereof which became due prior to the acquisition of title as a result of the foreclosure or deed in lieu thereof, unless the Assessment against the Contributing Lot in question is secured by a claim of lien for Assessments that is recorded prior to the recordation of the mortgage which was foreclosed or with respect to which a deed in lieu of foreclosure was given.

C. Collection of Assessments

In the event any Contributing Lot Owner shall fail to pay any Assessment, or installment thereof, charged to such Contributing Lot Owner within fifteen (15) days after the same becomes due, then the Association, through its Board, shall have any and all of the following remedies to the extent permitted by law, which remedies are cumulative and which remedies are not in lieu of, but are in addition to, all other remedies available to the Association:

1. To accelerate the entire amount of any Assessments for the remainder of the calendar year notwithstanding any provisions for the payment thereof in installments.

2. To advance on behalf of the Contributing Lot Owner(s) in default funds to accomplish the needs of the Association up to and including the full amount for which such Contributing Lot Owner(s) is liable to the Association and the amount or amounts of monies so advanced, together with Interest and all costs of collection thereof, including, but not limited to, Legal Fees, may thereupon be collected by the Association and such advance by the Association shall not waive the default.

3. To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Association in like manner as a foreclosure of a mortgage on real property.

4. To file an action at law to collect said Assessment plus Interest and Legal Fees, without waiving any lien rights or rights of foreclosure in the Association.

5. To charge Interest on such Assessment from the date it becomes due, as well as a late charge of Twenty Five Dollars (\$25.00) by the Association to defray additional collection costs.

D. Collection by Declarant

In the event for any reason the Association shall fail to collect the Assessments, then, in that event, Declarant shall at all times prior to the Turnover Date have the right (but not the obligation): (i) to advance such sums as the Association could have advanced as set forth above; and (ii) to collect such Assessments and, if applicable, any such sums advanced by Declarant; using the remedies available to the Association against a Contributing Lot Owner as set forth in Section C of this Article IV, which remedies (including, but not limited to, recovery of Legal Fees) are hereby declared to be available to Declarant.

E. Rights of Declarant and Institutional Mortgagees to Pay Assessments and Receive Reimbursement

Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singly, and at their sole option, to pay any of the Assessments which are in default and which may or have become a charge against any Contributing Lots. Further, Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singly, and, at their sole option, to pay insurance premiums or fidelity bond premiums or other required items of Operating Expenses on behalf of the Association where the same are overdue and where lapses in policies or services may occur. Declarant and any Institutional Mortgagees paying overdue Operating Expenses on behalf of the Association will be entitled to immediate reimbursement from the Association plus Interest and any costs of collection including, but not limited to, Legal Fees, and the Association shall execute an instrument in recordable form to this effect and deliver the original of such instrument to each Institutional Mortgagee who is so entitled to reimbursement and to Declarant if Declarant is entitled to reimbursement.

F. Rental and Receiver

If an Owner remains in possession of his Home and the claim of lien of the Association against his Lot is foreclosed, the court, in its discretion, may require the Owner to pay a reasonable rental for the Home, and the Association is entitled to the appointment of a receiver to collect the rent.

G. Assignment of Claim and Lien Rights

The Association, acting through its Board, shall have the right to assign its claim and lien rights for the recovery of any unpaid Assessments and any other monies owed to the Association, to any third party.

H. Unpaid Assessments Certificate

Within fifteen (15) days after written request by any Owner or any Institutional Mortgagee holding or making a mortgage encumbering any Lot, the Association shall provide the Owner or Institutional Mortgagee a written certificate as to whether or not the Owner of the Lot is in default with respect to the payment of Assessments or with respect to compliance with the terms and provisions of these Protective Covenants, and any person or entity who relies on such certificate in purchasing or in making a mortgage loan encumbering any Lot shall be protected thereby.

I. Application of Payments

Any payments made to the Association by any Owner shall first be applied towards any sums advanced and paid by the Association for taxes and payment on account of superior mortgages, liens or encumbrances which may have been advanced by the Association in order to preserve and protect its lien, next toward reasonable attorneys' fees incurred by the Association incidental to the collection of assessments and other moneys owned to the Association by the Owner and/or for the enforcement of its lien; next towards interest on any Assessments or other moneys due to the Association, as provided herein, and next towards any unpaid Assessments owed to the Association, in the inverse order that such Assessments were due.

J. Non-Monetary Defaults

In the event of a violation by any Owner or any tenant of an Owner, or any person residing with them, or their guests or invitees, (other than the non-payment of any Assessment or other monies) of any of the provisions of these Protective Covenants, the Articles, the Bylaws or the rules and regulations of the Association, the Association shall notify the Owner and any tenant of the Owner of the violation, by written notice. If such violation is not cured as soon as practicable and in any event within seven (7) days after such written notice, or if the violation is not capable of being cured within such seven (7) day period, if the Owner or tenant fails to commence and diligently proceed to completely cure such violation as soon as practicable within seven (7) days after written notice by the Association or if any similar violation is thereafter repeated, the Association may, at its option:

1. Impose a fine against the Owner or tenant as provided in Section K of this Article IV; and/or
2. Commence an action to enforce the performance on the part of the Owner or tenant, or for such equitable relief as may be necessary under the circumstances, including injunctive relief; and/or
3. Commence an action to recover damages; and/or
4. Take any and all actions reasonably necessary to correct such failure, which action may include, where applicable, but is not limited to, removing any addition, alteration, improvement or change which has not been approved by the "Committee" (as herein defined), or performing any maintenance required to be performed by these Protective Covenants.

All expenses incurred by the Association in connection with the correction of any failure, plus a service charge of ten percent (10%) of such expenses, and all expenses incurred by the Association in connection with any legal proceedings to enforce these Protective Covenants, including reasonable Legal Fees, shall be assessed against the applicable Owner as an Individual Expense Assessment in accordance with Section D of Article V. The Association shall have a lien for any such Individual Expense Assessment and any interest, costs or expenses associated therewith, including Legal Fees incurred in connection with such Assessment, and may take such action to collect such Assessment or foreclose said lien as in the case and in the manner of any other Assessment as provided above. Any such lien shall only be effective from and after the recording of a claim of lien in the public records of the County in which the Property is located.

K. Fines

The amount of any fine shall be determined by the Board, and shall not exceed the greater of \$25.00 or one (1) month's Assessment for Operating Expenses for the first offense, the greater of \$50.00 or two (2) months' Assessment of Operating Expenses for a second similar offense, and the greater of \$100.00 or three (3) months' Assessment for Operating Expenses for a third or subsequent similar offense. Notwithstanding the foregoing, if any violation of these Protective Covenants or the rules and regulations is of a continuing nature, and if the Owner fails to cure any continuing violation within thirty (30) days after written notice of such violation, or if such violation is not capable of being cured within such thirty (30) day period, if the Owner fails to commence action reasonably necessary to cure the violation within such thirty (30) day period or shall thereafter fail to diligently proceed to cure the violation as soon as is reasonably practical, a daily fine may be imposed until the violation is cured in an amount not to exceed the greater of

\$10.00 or 1/4 of one (1) months' Assessment for Operating Expenses. Prior to imposing any fine, the Owner or tenant shall be afforded an opportunity for a hearing after reasonable notice to the Owner or tenant of not less than fourteen (14) days, which notice shall include (i) a statement of the date, time and place of the hearing, (ii) a statement of the provisions of these Protective Covenants, Bylaws or rules and regulations which have allegedly been violated, and (iii) a short and plain statement of the matters asserted by the Association. The Owner of a leased Home shall have the right to participate in any hearing involving the tenant of such Home, and the Association shall provide notice to the Owner of such Home concurrently with the Association's notice to the tenant of the subject Home. The Owner or tenant shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Association. At the hearing, the Board shall conduct a reasonable inquiry to determine whether the alleged violation in fact occurred, and if the Board so determines, it may impose such fine as it deems appropriate by written notice to the Owner or tenant. If the Owner or tenant fails to attend the hearing as set by the Board, the Owner or tenant shall be deemed to have admitted the allegations contained in the notice to the Owner or tenant. Any fine imposed by the Board shall be due and payable within ten (10) days after written notice of the imposition of the fine, or if a hearing is timely requested within ten (10) days after written notice of the Board's decision at the hearing. Any fine levied against an Owner shall be deemed an Individual Expense Assessment, and if not paid when due all of the provisions of these Protective Covenants relating to the late payment of Assessments shall be applicable. If any fine is levied against a tenant and is not paid within ten (10) days after same is due, the Association shall have the right to evict the tenant as hereinafter provided.

L. Negligence

An Owner shall be liable and may be assessed by the Association for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, to the extent otherwise provided by law and to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Lot or Home or the Association Property.

M. Responsibility of an Owner for Occupants, Tenants, Guests, and Invitees

To the extent otherwise provided by law, each Owner shall be responsible for the acts and omissions, whether negligent or willful, of any person residing in his Home, and for all guests and invitees of the Owner or any such resident, and in the event the acts or omissions of any of the foregoing shall result in any damage to the Association Property, or any liability to the Association, the Owner shall be assessed for same as in the case of any other Assessment, limited where applicable to the extent that the expense or liability is not met by the proceeds of insurance carried by the Association. Furthermore, any violation of any of the provisions of these Protective Covenants, the Articles, or the Bylaws, by any resident of any Home, or any guest or invitee of an Owner or any resident of a Home, shall also be deemed a violation by the Owner, and shall subject the Owner to the same liability as if the violation was that of the Owner.

N. Right of the Association to Evict Tenants, Occupants, Guests and Invitees

With respect to any tenant or any person present in any Home or any portion of the Property other than an Owner and the members of his immediate family permanently residing with him in the Home, if such person shall materially violate any provision of these Protective Covenants, the Articles, or the Bylaws, or shall create a nuisance or an unreasonable and continuous source of annoyance to the residents of the Property, or shall willfully damage or destroy any Association Property or personal property of the Association, then upon written notice by the Association such person shall be required to immediately leave the Property and if such person does not do so, the Association is authorized to commence an action to evict such tenant or compel the person to leave the Property and, where necessary, to enjoin such person from returning. The expense of any such action, including Legal Fees, may be assessed against the applicable Owner as an Individual Expense Assessment, and the Association may collect such Assessment and have a lien for same as elsewhere provided. The foregoing shall be in addition to any other remedy of the Association. The Association shall provide notice to the Owner of a leased Home concurrently with any

notices sent to the tenant of such Home pursuant to this Section N of Article IV, and such Owner shall have the right to participate in any hearings or eviction proceedings involving the tenant of such Owner's Home.

O. No Waiver

The failure of the Association to enforce any right, provision, covenant or condition which may be granted by these Protective Covenants, the Articles, or the Bylaws, shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

P. Rights Cumulative

All rights, remedies and privileges granted to the Association pursuant to any terms, provisions, covenants or conditions of these Protective Covenants, the Articles or the Bylaws, shall be deemed to be cumulative, and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude the Association from executing any additional remedies, rights or privileges as may be granted or as it might have by law.

ARTICLE V

METHOD OF DETERMINING ASSESSMENTS AND ALLOCATION OF ASSESSMENTS

A. Determining Amount of Assessments

The total anticipated Operating Expenses for each calendar year shall be set forth in the budget ("Budget") prepared by the Board as required under the Association Documents. The total anticipated Operating Expenses (other than those Operating Expenses which are properly the subject of a Special Assessment) shall be apportioned equally among the Contributing Lots by dividing the total anticipated Operating Expenses as reflected by the Budget, other than those Operating Expenses which are properly the subject of a Special Assessment (adjusted as hereinafter set forth), by the total number of Contributing Lots, with the quotient thus arrived at being the "Individual Lot Assessment." Notwithstanding anything in the Association Documents to the contrary, any assessment for legal expenses incurred by the Association to begin legal proceedings against Declarant shall be deemed an Operating Expense which is properly the subject of a Special Assessment and not the subject of a regular Individual Lot Assessment.

Notwithstanding the foregoing, during the Guarantee Period referred to in Section F of this Article V, Contributing Lot Owners shall pay Individual Lot Assessments in an amount which shall not exceed the Guaranteed Assessment referred to in Section F of this Article V.

B. Assessment Payments

The Individual Lot Assessments shall be payable in advance in monthly, quarterly, annual or semi-annual installments with the due dates being established by the Board. The Individual Lot Assessments, and the installments thereof, as well as all Assessments provided for herein and all installments thereof may be adjusted from time to time by the Board to reflect changes in the number and status of Contributing Lots (thus apportioning all such Assessments and installments thereof among all Contributing Lots in existence at the time such installment is due) or changes in the Budget or in the event that the Board determines that the Assessments or any installment thereof is either less than or more than the amount actually required. When a Lot becomes a Contributing Lot after the date the Assessment is determined and during a period with respect to which an Assessment or installment thereof has already been assessed, the applicable Lot shall be deemed assessed the amount of such Assessment or installment thereof which was assessed against Lots which qualified as Contributing Lots in existence at the time of such Assessment, prorated from the date the applicable Lot becomes a Contributing Lot through the end of the period in question. If the payment of such Assessment or installment thereof was due at the time the subject Lot became a Contributing Lot or prior thereto, said prorated amount thereof shall be immediately due and payable. ✓

C. Special Assessments

"Special Assessments" include, in addition to other Assessments designated as Special Assessments in the Association Documents and whether or not for a cost or expense which is included within the definition of "Operating Expenses," those Assessments which are levied for capital improvements which include the costs (whether in whole or in part) of constructing or acquiring improvements for, or on, the Association Property or the cost (whether in whole or in part) of reconstructing or replacing such improvements. It is recognized and declared that Special Assessments shall be in addition to, and are not part of, any "Individual Lot Assessment". Any such Special Assessments assessed against Contributing Lots and Contributing Lot Owners thereof shall be paid by such Contributing Lot Owners in addition to any other assessments. Special Assessments shall be assessed in the same manner as the Individual Lot Assessment. Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from time to time, determine. Notwithstanding the foregoing, in any fiscal year of the Association after the Turnover Date, the levying of any Special Assessment shall require the affirmative assent of at least two-thirds (2/3) of all Contributing Lot Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. In any fiscal year of the Association prior to the Turnover Date, the levying of any Special Assessment which exceeds five (5%) of the budgeted Operating Expenses of the Association for that fiscal year, shall require the consent of at least two-thirds (2/3) of the Contributing Lot Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws.

D. Individual Expense Assessments

Individual Expense Assessments include any Assessment levied against any Lot Owner occasioned by such Lot Owner's or any such Lot Owner's family members, guests, invitees or lessees and their family members, guests and invitees use, maintenance, or treatment of the Association Property or Lots or such person's non-compliance with the Association Documents including, but not limited to, non-compliance of Homes and any other Improvements or personal property contained therein with the standards set forth in the Association Documents, or as adopted from time to time by the Association, which causes the Association or Declarant to incur additional costs and expenses which would not have been incurred if the Lot Owner's or the Lot Owner's family members, guests, invitees or lessees and their family members, guests and invitees had been in compliance with the foregoing ("Noncompliance"). The amount of the Individual Expense Assessment(s) shall be equal to any such additional costs incurred. The Individual Expense Assessment and any late charges relating thereto shall be assessed against the Lot Owner(s) in Noncompliance and collected and enforced in the same manner as any other Assessments hereunder as provided herein.

The Association agrees to reimburse Declarant out of funds received by the Association from Individual Expense Assessments levied therefor for any cost incurred by Declarant, including Legal Fees, as a result of such Noncompliance.

Notwithstanding anything to the contrary contained herein, it is recognized and declared that Individual Expense Assessments shall be in addition to and not part of any other Assessment; any such Individual Expense Assessment assessed against a Lot Owner shall be paid by such Lot Owner in addition to any other Assessment.

E. Liability of Contributing Owners for Individual Assessments

By the acceptance of a deed or other instrument of conveyance of a Lot in the Property, each Owner thereof acknowledges that each Contributing Lot and the Contributing Lot Owners thereof are jointly and severally liable for their own Individual Lot Assessment and their applicable portion of any Special Assessments as well as for all Individual Expense Assessments for which they are liable as provided for herein. Such Contributing Lot Owners further recognize and covenant that they are jointly and severally liable with the Contributing Lot Owners of all Contributing Lots for the Operating Expenses (subject to any specific limitations provided for herein such as, but not limited to, the limitation with respect to matters of Special Assessments, the limitations on the liability of Institutional Mortgagees and their successors and assigns, and the exemption of Lots owned by Declarant). Accordingly, subject to such specific limitations, it is recognized and agreed by each Owner who is or becomes a Contributing Lot Owner, for himself and his

heirs, executors, successors and assigns, that in the event other Contributing Lot Owners fail or refuse to pay their Individual Lot Assessment or any portion thereof or their respective portions of any Special Assessments or any Individual Expense Assessments, then the remaining Contributing Lot Owners may be responsible for increased Individual Lot Assessments or Special Assessment or other Assessments due to the nonpayment by such other Contributing Lot Owners, and such increased Individual Lot Assessment or Special Assessment or other Assessment can and may be enforced by the Association and Declarant in the same manner as all other Assessments hereunder as provided in the Association Documents.

F. Guaranteed Assessment During Guarantee Period

Declarant covenants and agrees with the Association and the Contributing Lot Owners that for the period commencing with the date of recordation of these Protective Covenants and ending upon the sooner to occur of the following: (i) the date upon which two hundred seventy-nine (279) Lots have become Contributing Lots, or (ii) the date that is three (3) years after the date of recordation of this Declaration ("Guarantee Period"), that the amount of the Individual Lot Assessment will not exceed the amount of Two Hundred Dollars (\$200.00) for any consecutive twelve (12) month period (the "Guaranteed Assessment Amount") and that Declarant will pay the difference, if any, between (a) the Operating Expenses (other than those Operating Expenses which are properly the subject of a Special Assessment) incurred by the Association during the Guarantee Period, and (b) the Guaranteed Assessment Amounts assessed as Individual Lot Assessments against the Contributing Lots and the "Working Capital Contributions" set forth in Section G of this Article V (the "Deficit"), which will be used to defray initial start up expenses. Thus, during the Guarantee Period, Contributing Lot Owners shall not be obligated to pay Individual Lot Assessments in an amount greater than the Guaranteed Assessment Amount. Declarant hereby reserves the right to extend the Guarantee Period to a date ending no later than the Turnover Date at Declarant's sole election by providing written notice to the Association of such election at least thirty days prior to the expiration of a Guarantee Period. After the Guarantee Period terminates, each Contributing Lot Owner shall be obligated to pay Assessments as set forth in Section A of this Article V.

The Guaranteed Assessment Amount referred to above applies only to the Individual Lot Assessments assessed under these Protective Covenants during the Guarantee Period and payable to the Association. The Guaranteed Assessment Amount has no relationship to, or effect on, any Special Assessments or other charges imposed by these Protective Covenants other than on the amount of the Individual Lot Assessment during the Guarantee Period. Likewise, the Guaranteed Assessment Amount has no relationship to, or effect on, any of the assessments or other charges due to the Master Association or the Parkers Island Association in accordance with the Master Documents or the Parkers Island Documents, which assessments and charges are separate from and in addition to the assessments, charges, fees and other expenses imposed upon the Owners by these Protective Covenants. Neither Declarant nor the Association has any control or authority over the amount of the assessments and charges payable in accordance with the Master Documents and the Parkers Island Documents or the use of the funds by the Master Association or the Parkers Island Association, notwithstanding the fact that the Association may bill for and collect the assessments and other charges due and payable by the Owners in accordance with the Master Documents or the Parkers Island Documents.

Declarant's obligation to fund the Deficit during the Guarantee Period as set forth above, together with Interest thereon and costs of collection, including, but not limited to, Legal Fees, are hereby declared to be a charge and continuing lien upon each Lot owned by Declarant. Said lien shall be effective only from and after the time of the recordation amongst the Public Records of a written, acknowledged statement by the Association setting forth the amount due to the Association as of the date the statement is signed. Upon full payment of all sums secured by that lien, Declarant shall be entitled to a satisfaction of the statement of lien in recordable form.

G. Working Capital Contribution

Each Owner who purchases a Lot from Declarant shall pay to the Association at the time legal title is conveyed to such Owner a "Working Capital Contribution." The Working Capital Contribution shall be an amount equal to a two months' share of the Guaranteed Assessment Amount for each Contributing Lot. The purpose of the Working Capital Contribution is to insure that the Association will

have cash available for initial start up expenses including, but not limited to Operating Expenses, to meet unforeseen expenditures or to acquire additional equipment and services deemed necessary or desirable by the Board. Working Capital Contributions are not advance payments of Individual Lot Assessments and shall have no effect on future Individual Lot Assessments. The Working Capital Contributions payable pursuant to these Protective Covenants are separate from and in addition to any payments required by the Parkers Island Declaration from each Owner at the time legal title of a Lot is conveyed to such Owner.

H. Exempt Property

Operating Expenses and expenses which are the subject of any Special Assessments shall be assessed only against Contributing Lots which are subject to Assessment under the provisions hereof, and all other portions of the Property shall be exempt therefrom including, but not limited to, the Association Property, any and all Lots or other portions of the Property which may from time to time be withdrawn from the provisions of these Protective Covenants by Declarant, any Lot which is not by definition, a Contributing Lot, specifically including all Lots which may be now or hereafter owned by Declarant.

I. Assessments under Master Declaration and Parkers Island Declaration

The Master Declaration and the Parkers Island Declaration require that all "Owners" in the property subject to such declarations (as the term "Owner" is defined in those documents), including the Lot Owners in the Project, will be assessed for the payment of assessments to the Master Association and the Parkers Island Association. Those assessments are for the purpose of funding the expenses incurred by the Master Association and the Parkers Island Association for maintaining certain common areas and amenities within the property subject to the Master Declaration and the Parkers Island Declaration, respectively, for the benefit of the residents of such areas and for enforcing and administering the terms and provisions of the Master Declaration and the Parkers Island Association. So long as the Parkers Island Association shall require, the Association shall collect said assessments on behalf of the Master Association and the Parkers Island Association. The assessments due to the Master Association and the Parkers Island Association shall be established as provided in the Master Declaration and the Parkers Island Declaration and collectively billed to each Owner by either the Parkers Island Association or, at the direction of the Parkers Island Association, by the Association. After receipt of the statement for the assessments due to the Master Association and the Parkers Island Association, each Owner will remit to the Association a payment for the applicable assessments which are required to be made to the Master Association and the Parkers Island Association when those assessments are due (which may or may not be due at the same time as the Individual Lot Assessment or other assessments and charges payable to the Association as provided in these Protective Covenants). The Association will thereafter remit same to the Parkers Island Association. The Master Association and the Parkers Island Association also have lien rights against each Lot which they may foreclose in the event of the non-payment of any assessment due to the Master Association or the Parkers Island Association, as applicable.

Notwithstanding the requirement that each Owner in the Project remit their payments for assessments imposed by the Master Declaration and the Parkers Island Declaration to the Association, the assessments and other charges payable to the Master Association and the Parkers Island Association are separate from and in addition to, the assessments and other charges which are payable to the Association and provided for in these Protective Covenants. Neither Declarant nor the Association makes any representation as to the amount of the assessment or other charges payable pursuant to the Master Declaration or the Parkers Island Declaration or as to any other matter which is addressed or controlled by the Master Documents and the Parkers Island Documents. For a complete and accurate description of the rights and obligations of the Owners as set forth in the Master Documents and the Parkers Island Documents (including but not limited to, the assessment obligations), all Owners should refer to the Master Documents and the Parkers Island Documents.

ARTICLE VI OPERATING EXPENSES

The Assessments for Operating Expenses with respect to the Association Property are payable by each Contributing Lot Owner to the Association notwithstanding the fact that Declarant may not

have yet conveyed title to the Association Property to the Association. The following operating expenses of the Association are hereby declared to be Operating Expenses which the Association is obligated to assess and collect and which the Contributing Lot Owners are obligated to pay as provided herein or as may be otherwise provided in the Association Documents:

A. Taxes

Any and all taxes levied or assessed at any and all times by any and all taxing authorities including all taxes, charges, assessments and impositions and liens for public Improvements, special charges and assessments and water drainage districts, and in general all taxes and tax liens which may be assessed against the Association Property and against any and all personal property and Improvements, which are now or which hereafter may be placed thereon, including any interest, penalties and other charges which may accrue thereon shall be considered Operating Expenses. Any and all taxes levied or assessed against the Lots shall be the obligation of the respective Owners thereof.

B. Utility Charges

All charges levied for utilities providing services for the Association Property whether they are supplied by a private or public firm shall be considered Operating Expenses. It is contemplated that this obligation will include all charges for water, gas, electricity, telephone, sewer and any other type of utility or any other type of service charge. All charges levied for utilities providing services to the Lots shall be the obligation of the respective Owners thereof.

C. Insurance

The premiums on any policy or policies of insurance required to be maintained under these Protective Covenants and the premiums on any policy or policies the Association determines to maintain even if not required to be maintained by the specific terms of these Protective Covenants shall be Operating Expenses.

D. Destruction of Buildings or Improvements on the Association Property

Any sums necessary to repair or replace, construct or reconstruct damages caused by the destruction of any building upon the Association Property by fire, windstorm, flood or other casualty regardless of whether or not the same is covered in whole or in part by insurance shall be Operating Expenses. In the event insurance money shall be payable, such insurance money shall be paid to the Association who shall open an account with a banking institution doing business in the County, for the purpose of providing a fund for the repair and reconstruction of the damage. The Association shall pay into such account, either in addition to the insurance proceeds or in the event there are no insurance proceeds, such sums as may be necessary so that the funds on deposit will equal the costs of repair and reconstruction of the damage or destruction. The sums necessary to pay for the damage or destruction as herein contemplated shall be considered Operating Expenses but shall be raised by the Association under the provisions for Special Assessments as provided in Section C of Article V of these Protective Covenants and subject to the limitations therein set forth with respect to Special Assessments. The Association agrees that it will levy Special Assessments to provide the funds for the cost of reconstruction or construction within ninety (90) days from the date the destruction takes place and shall go forward with all deliberate speed so that the construction or reconstruction, repair or replacement, shall be completed within nine (9) months from the date of damage.

E. Maintenance, Repair and Replacements

Operating expenses shall include all expenses necessary to keep and maintain, repair and replace any and all buildings, other Improvements, personal property and furniture, fixtures and equipment upon the Association Property, including landscaping, lawn and sprinkler service, in a manner consistent with the development of the Project and in accordance with the covenants and restrictions contained herein, and in conformity with all orders, ordinances, rulings and regulations of any and all federal, state, County and Town governments having jurisdiction over the Property as well as the statutes and laws of the State of South

Carolina and the United States. This shall include any expense attributable to the maintenance and repair and replacement of pumps or other equipment, if any, located upon or servicing the Project pursuant to agreements with utility corporations. Any expenses for replacements which would not be in the nature of normal repair and maintenance shall be the subject of a Special Assessment as provided in Section C of Article V of these Protective Covenants and subject to the limitations thereon set forth with respect to Special Assessments. If the Association is permitted by the owner of property in close proximity to the Property or the governmental authority responsible for maintaining same to provide additional maintenance for such property, and the Board elects to do so in order to enhance the overall appearance of the Property, then the expense thereof shall be an Operating Expense.

F. Indemnification

The Association covenants and agrees that it will indemnify and save harmless Declarant, and the members of the Board from and against any and all claims, suits, actions, damages, and/or causes of action arising from any personal injury, loss of life, and/or damage to property sustained in or about the Property or the appurtenances thereto from and against all costs, Legal Fees, expenses and liabilities incurred in and about any such claim, the investigation thereof or the defense of any action or proceeding brought thereon, and from and against any orders, judgments and/or decrees which may be entered therein. The costs of fulfilling the covenant of indemnification herein set forth shall be deemed to be Operating Expenses.

Included in the foregoing provisions of indemnification are any expenses that Declarant may be compelled to incur in bringing suit for the purpose of compelling the specific enforcement of the provisions, conditions and covenants contained in these Protective Covenants to be kept and performed by the Association.

G. Administrative and Operational Expenses

The costs of administration of the Association including, but not limited to, any secretaries, bookkeepers and other employees necessary to carry out the obligations and covenants of the Association shall be deemed to be Operating Expenses. In addition, it is contemplated that the Association may retain a management company or companies or contractors (any of which management companies or contractors may be, but are not required to be, a subsidiary, affiliate or an otherwise related entity of Declarant) to assist in the operation of the Association Property and other obligations of the Association hereunder. The fees or costs of this or any other management company or contractors so retained shall be deemed to be part of the Operating Expenses hereunder. All contracts with management companies shall contain a provision which allows the Association to unilaterally terminate the contract after ninety (90) days notice.

H. Compliance with Laws

The Association shall take such action as it determines necessary or appropriate in order for the Association Property and the Improvements thereon to be in compliance with all applicable laws, statutes, ordinances and regulations of any governmental authority, whether federal, state, county or local, including, without limitation, any regulations regarding zoning requirements, setback requirements, drainage requirements, sanitary conditions and fire hazards, and the cost and expense of such action taken by the Association shall be an Operating Expense.

I. Failure or Refusal of Lot Owners to Pay Individual Lot Assessments

Funds needed for Operating Expenses due to the failure or refusal of Contributing Lot Owners to pay the Assessments levied shall, themselves, be deemed to be Operating Expenses and properly the subject of an Assessment; provided, however, that any Assessment for any such sums so needed to make up a deficiency due to the failure of Lot Owners to pay a Special Assessment shall, itself, be deemed to be a Special Assessment subject to the limitations thereon with respect to Lots owned by Declarant.

J. Extraordinary Items

Extraordinary items of expense under these Protective Covenants such as expenses due to casualty losses and other extraordinary circumstances shall be the subject of a Special Assessment subject to the limitations thereon with respect to Lots owned by Declarant set forth in Section C of Article V.

K. Costs of Reserves

Any funds deemed necessary by the Board to establish an adequate reserve fund ("Reserves") for periodic maintenance, repair, and replacement of the Association Property and the facilities and Improvements thereupon in amounts determined sufficient and appropriate by the Board from time to time shall be an Operating Expense. Reserves shall be deposited in a separate account to provide such funds and reserves. The monies collected by the Association on account of Reserves shall be and shall remain the exclusive property of the Association and no Lot Owner shall have any interest, claim or right to such Reserves or any fund composed of same.

L. Miscellaneous Expenses

The cost of all items or costs or expenses pertaining to or for the benefit of the Association, the Association Property or the Lots, or any part thereof, not herein specifically enumerated and which is determined to be an appropriate item of Operating Expense by the Board shall be an Operating Expense.

ARTICLE VII
INSURANCE AND CONDEMNATION

The Association shall purchase and maintain the following insurance coverages subject to the following provisions, and the cost of the premiums therefor shall be a part of the Operating Expenses:

A. Casualty Insurance

Property and casualty insurance in an amount equal to the then full replacement cost, exclusive of land, foundation, excavation and other items normally excluded from such coverage, of all improvements and personal property which is owned, or to be owned, by the Association and now or hereafter located upon the Association Property, which insurance shall afford protection against such risks, if any, as shall customarily be covered with respect to areas similar to the Association Property in developments similar to the Project in construction, location and use.

B. Public Liability Insurance

A comprehensive policy of public liability insurance naming the Association and, until Declarant's ownership of Lots within the Property ceases, Declarant as named insureds thereof insuring against any and all claims or demands made by any person or persons whomsoever for injuries received in connection with, or arising from, the operation, maintenance and use of the Association Property and any improvements located thereon, and for any other risks insured against by such policies with limits of not less than One Million Dollars (\$1,000,000) for damages incurred or claimed by any one person for any one occurrence; not less than One Million Dollars (\$1,000,000) for damages incurred or claimed for any one occurrence; and for not less than Fifty Thousand Dollars (\$50,000) property damage per occurrence with no separate limits stated for the number of claims.

C. Fidelity Coverage

Adequate fidelity coverage to protect against dishonest acts of the officers and employees of the Association and the Directors and all other who handle and are responsible for handling funds of the Association shall be maintained in the form of fidelity bonds, which requirements shall be reasonably determined by the Board.

D. Other Insurance

Such other forms of insurance and in such coverage amounts as the Association shall determine to be required or beneficial for the protection or preservation of the Association Property and any improvements now or hereafter located thereon or in the best interests of the Association.

E. Cancellation or Modification

All insurance policies purchased by the Association shall provide that they may not be canceled (including for nonpayment of premiums) or substantially modified without at least ten (10) days prior written notice to the Association and to each first mortgage holder named in the mortgage clause.

F. Condemnation

In the event the Association receives any award or payment arising from the taking of any Association Property owned by the Association in fee simple or any part thereof as a result of the exercise of the right of condemnation or eminent domain, the net proceeds thereof shall first be applied to the restoration of such taken areas and improvements thereon to the extent deemed advisable by the Association and approved by Owners owning at least two-thirds (2/3) of the Lots, and the remaining balance thereof, if any, shall then be placed in a reserve fund of the Budget.

ARTICLE VIII
EASEMENTS

A. Recognition of Existing Easements

Each Owner, by acceptance of a deed or other instrument of conveyance, recognizes and consents to the easements reserved and/or granted with respect to the Property under these Protective Covenants.

B. Grant and Reservation of Easements

Declarant hereby reserves and grants the following perpetual easements over and across the Property as covenants running with the Property for the benefit of the Owners, the Association and Declarant and where specified, the Parkers Island Association, the Master Association, the Club Owner, and until the Association Property is made subject to these Protective Covenants, the owners and occupants of the Additional Property for the following purposes:

1. Utility and Services Easements

Easements in favor of governmental and quasi-governmental authorities, utility companies, telecommunications companies, cable television companies, ambulance or emergency vehicle companies, and mail carrier companies, over and across all roads existing from time to time within the Property, and over, under, on and across the Association Property, as may be reasonably required to permit the foregoing, and their agents and employees, to provide their respective authorized services to and for the Property, and the Additional Property. Also, easements as may be required for the installation, maintenance, repair and providing of utility services, equipment and fixtures in order to adequately serve the Property and the Additional Property including, but not limited to, electricity, telephones, sewer, water, lighting, irrigation, drainage, television antenna and cable television facilities, and electronic security. However, easements affecting any Lot which serve any other portion of the Property shall only be under the Lot, and shall only be for utility services actually constructed, or reconstructed, and for the maintenance thereof, unless otherwise approved in writing by the Owner of the Lot. An Owner shall do nothing on his Lot which interferes with or impairs the utility services using these easements. The Board or its designee shall have a right of access to each Lot to inspect, maintain, repair or replace the utility service facilities contained under the Lot and to remove any improvements interfering with or impairing the utility services or easement herein reserved; provided such right of access shall not unreasonably interfere with the Owner's permitted use of the Lot.

2. Easement for Encroachment

If (i) any Improvements which are constructed as Association Property or upon Association Property, or (ii) any Improvements constructed upon a Lot, encroach upon a Lot because of the placement, construction, reconstruction, repair, movement, settling or shifting of such Improvements, and such Improvements have been constructed, reconstructed or repaired in accordance with the provisions of these Protective Covenants, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains, provided, however, that in no event shall such an easement exist for willful encroachments. If any Lot Improvement encroaches upon the Association Property as a result of construction, reconstruction, repair, shifting, settlement or movement of the subject Lot Improvements, and such Improvements have been constructed, reconstructed or repaired in accordance with the provisions of these Protective Covenants, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains.

3. Easement to Enter Upon Lots

An easement or easements for ingress and egress in favor of the Declarant, the Committee, the Association, including the Board or the designee of the Board, and the Parkers Island Association, to enter upon the Lots for the purposes of inspecting any construction, proposed construction of Improvements, or fulfilling their duties and responsibilities of ownership, maintenance and/or repair in accordance with the Association Documents or the Parkers Island Documents, including the making of such repairs, maintenance or reconstruction by Declarant or the Association as are necessary for the Association Property.

4. Easement Over Association Property

An easement of use and enjoyment in favor of all Owners, their family members, guests, invitees and lessees in and to the Association Property which shall be appurtenant to and shall pass with title to every Lot, subject to the following:

- (a) the right of the Association to suspend the voting rights and rights to use the Association Property of any Owner for any period during which Assessments against his Lot(s) remain unpaid;
- (b) the right of the Association to grant permits, licenses and easements over the Association Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operating of the Property and the Additional Property; and
- (c) all provisions set forth in the Association Documents, and if applicable, the Master Documents and the Parkers Island Documents.

5. Drainage and Irrigation Easement

An easement for drainage, flowage and irrigation over, under and upon the Property in favor of the Association and each of the Owners including, but not limited to, reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair the Storm Water Management System.

6. Use and Enjoyment Easement for Lots Abutting the Lakes

An easement for the benefit of each owner of a Lot which abuts the waterfront area of an adjacent Lake, which easement shall be located within the landscaped area located between the edge of the water line of the subject Lake and the rear lot line of such Owner's Lot for the use and enjoyment of such Owner, subject to terms and provisions of Section B.3 of Article IX.

7. Additional Easements

Declarant (so long as it owns any Lot) and the Association, on their behalf and on behalf of all Owners, each shall have the right to (i) grant and declare additional easements over, upon, under and/or across the Association Property in favor of Declarant, the Master Association, the Parkers Island Association, or any Person, entity, public or quasi-public authority or utility company, or (ii) modify, relocate, abandon or terminate existing easements benefitting or affecting the Property. In connection with the grant, modification, relocation, abandonment or termination of any easement, Declarant reserves the right to relocate roads, parking areas, utility lines, and other improvements upon or serving the Property. So long as the foregoing will not unreasonably and adversely interfere with the use of Lots for dwelling purposes, no consent of any Owner or any mortgagee of any Lot shall be required or, if same would unreasonably and adversely interfere with the use of any Lot for dwelling purposes, only the consent of the Owners and Institutional Mortgagees so affected shall be required. To the extent required, all Owners hereby irrevocably appoint Declarant and/or the Association as their attorney-in-fact for the foregoing purposes.

8. Sale and Development Easement

Declarant reserves and shall have an easement over, upon, across and under the Property as may be reasonably required in connection with the development, construction, sale and promotion, or leasing, of any Lot or Home within the Property or within any other property owned by Declarant.

9. Storm Water Control and Drainage Easement

An easement over, under, across and upon the Property for the benefit of the Additional Property, the Golf Course Parcel and the other "Development Parcels" subject to the Parkers Island Declaration for the purposes of constructing, maintaining, using, operating, repairing and replacing so much of the Parkers Island Stormwater Management System as may be within the Property and as may be required to provide stormwater control for such other properties including the right to interconnect with and use those parts of the Parkers Island Stormwater Management System located on the Property as reflected on the Plat thereof, for the purposes of conveyancing stormwater runoff into and through such portions of the Parkers Island Stormwater Management System.

10. Easements for the benefit of the Golf Course Parcel and Golf Course Facilities

Easements in favor of the Club Owner, its successors and assigns, for the benefit of the portion of the Golf Course Parcel upon which the Golf Course Facilities are located, in order for the Club Owner to perform its responsibilities and exercise its rights under the Parkers Island Declaration and as are reasonably necessary for the construction, development, operation and maintenance of the Golf Course Facilities and the Amenity Center. Such easements are more particularly described in the Parkers Island Declaration and include, but are not limited to, the following:

(a) Retrieval of Golf Balls. An easement of access over the Property for the purpose of retrieving golf balls as more specifically described in the Parkers Island Declaration, including the right of entry upon the unimproved portions of a Golf Course Lot to remove a ball or, prior to the completion of the Home thereon, to play a ball.

(b) Overspray. A nonexclusive easement over the Golf Course Lots for overspray of water from the irrigation system serving the Golf Course Facilities, as well as overspray of herbicides, fungicides and pesticides. Under no circumstances will Declarant, the Club Owner, the Association, or the Parkers Island Association be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(c) Golf Course Maintenance Easement. As more particularly described in the Parkers Island Declaration, the right of the Club Owner and its successors and assigns, to an easement over and across the Golf Course Lots for maintenance and landscaping limited to the portion of each Golf

Course Lot within ten feet (10') of those boundary lines of the Lot which abut any portion of the Golf Course Parcel upon which the Golf Course Facilities are located.

(d) Club Facilities' Construction, Maintenance, Repair and Replacement.

An easement for the right of ingress, egress, access and construction by the Club Owner over the Property's Roadways and over those portions of the Association Property reasonably necessary to the construction, operation, maintenance, repair and replacement of the Golf Course Facilities.

11. Other Easements established by the Parkers Island Declaration

(a) In addition to those easements specifically referred to herein, general easements in favor the Parkers Island Association as more specifically described and granted in the Parkers Island Declaration in order for the Parkers Island Association to perform its responsibilities and exercise its rights under the Parkers Island Declaration.

(b) Easements in favor of the owners and developers of the other "Development Parcels" subject to the Parkers Island Declaration, their successors and assigns, as more specifically provided in the Parkers Island Declaration as are reasonably required for the installation of utilities and the development of their respective "Development Parcel" (as defined in the Parkers Island Declaration).

12. Landscape Buffer Area, Entryway Area, and Signage Area Easement

An easement for the installation, maintenance, repair, and replacement of any entry monument, sign, landscaping, or other facilities located in the Landscape Buffer Areas, Entryway Areas, and Signage Areas is reserved in favor of Declarant and the Association over, upon, across and under the Landscape Buffer Areas, Entryway Areas, and Signage Areas.

13. Easement to install Improvements

An easement for the installation, maintenance, repair, and replacement of Improvements, landscaping, or other facilities located on or in the Association Property is reserved in favor of Declarant over, upon, across and under the Association Property.

C. Assignments

The easements reserved hereunder may be assigned by Declarant or the Association in whole or in part to the Parkers Island Association or any Town, County or state government or agency thereof, or any duly licensed or franchised public utility, or any other designee of Declarant. The Owners hereby authorize Declarant and/or the Association to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Property or portions thereof in accordance with the provisions of these Protective Covenants.

Notwithstanding anything in these Protective Covenants to the contrary, all easement rights reserved or granted to Declarant shall terminate upon Declarant no longer holding any Lots or Homes, or interests in such on the Property for sale in the ordinary course of business. In addition, the easement rights granted or reserved by Declarant hereunder are not to be construed as creating an affirmative obligation to act on the part of Declarant.

ARTICLE IX
MAINTENANCE AND REPAIR

A. By the Association

Except as otherwise specifically set forth herein, the responsibility of the Association is to repair, maintain and replace any and all improvements located on the Association Property commencing with the completion of same by Declarant and whether or not same are owned by or conveyed to the Association.

The improvements shall be maintained in the same condition as originally constructed by Declarant. In the event of any damage or destruction to the Association Property or to the improvements and facilities located thereon by fire, storms, acts of God, acts of government, acts of third parties or other calamity, the Association shall be required to rebuild such improvements and facilities as quickly as practicable.

B. By the Lot Owners

1. Each Owner shall maintain his Home and all Improvements and personal property upon his Lot in good condition at all times, except any portions thereof to be maintained by the Association (if any) as provided in these Protective Covenants. The exterior of all Homes including but not limited to roofs, walls, doors, windows, patio areas, pools, screenings, and awnings shall be maintained in good condition and repair and in a neat and attractive manner. All exterior painted areas shall be painted as reasonably necessary, with colors which are harmonious with other Homes, and no excessive rust deposits on the exterior of any Home, peeling of paint or discoloration of same shall be permitted. No Owner shall change the exterior color of his Home without the consent of the Committee. All sidewalks, driveways and parking areas within the Owner's Lot or serving the Owner's Home shall be cleaned and kept free of debris; and cracks, damaged and/or eroding areas on same shall be repaired, replaced and/or resurfaced as necessary.

2. The Owner of each Lot containing a Home shall be required to maintain the landscaping of his Lot, and on any contiguous property between his Lot and the pavement edge of any abutting road, in accordance with the provisions of these Protective Covenants and the requirements of any controlling governmental authority. All such landscaping shall be maintained by the Owner in first class condition and appearance and, as reasonably required, mowing, watering, trimming, fertilizing, and weed, insect and disease control shall be performed by the Owner. Underground sprinkler systems may be installed, maintained and used to irrigate all landscaping on the Lot, or any other landscaping which the Owner of the Lot is required to maintain pursuant to this Section. All landscaped areas shall be primarily grass, and shall not be paved or covered with gravel or any artificial surface without the prior written consent of the Committee. All dead or diseased sod, plants, shrubs, trees, or flowers shall be promptly replaced, and excessive weeds, underbrush or unsightly growth shall be promptly removed. No artificial grass, plants, or other artificial vegetation shall be placed or maintained on the exterior of any Lot. Notwithstanding the foregoing, no Owner shall install or maintain any landscaping on any portion of his Lot to be maintained by the Association, without the prior written consent of the Association.

3. The outer boundary of the Lakes will extend beyond the edge of the water line and the top of the bank to the rear lot line of the adjacent Lots. Notwithstanding the provisions of Section A of this Article IX with respect to the maintenance of the Lakes by the Parkers Island Association, each Owner of a Lot which has a rear Lot line which abuts the portion of any Lake which is immediately adjacent to the edge of the water line (a "Lakefront Lot") shall be required to maintain the adjoining area located between such Owner's Lot and the edge of the water line of the adjacent Lake (the "Lakefront Area") as if said area were a portion of the Lot owned by such Owner. The area between a Lakefront Lot and the edge of the water line of the adjacent Lake shall be landscaped and sodded by the Owner of the adjoining Lakefront Lot and any embankment shall be maintained by such Owner so that grass, planting or other lateral support to prevent erosion of the embankment shall not be changed without the prior written consent of the Association, the Committee, and the Parkers Island Association. If the Owner of any Lakefront Lot fails to maintain such embankment or area as part of the landscape maintenance obligations in accordance with the foregoing, the Association shall have the right, but not the obligation, to enter upon any such Lot or area to perform such maintenance work which may be reasonably required, all at the expense of the Owner of such Lot. No docks, bulkheads, moorings, pilings, boat shelters or other structure shall be constructed by the Owner of any Lot on the landscaped area and embankment located between the edge of the water line of a Lake and the adjoining Lakefront Lots, except for those constructed by Declarant or approved by the Committee. No fences shall be erected or installed upon any portion of the Lakefront Area of a Lakefront Lot, except that fences may be installed upon the rear boundary line of a Lakefront Lot with the approval of the Committee. The landscaped area between the water line of a Lake and an adjoining Lakefront Lot shall be reserved hereby for the use and enjoyment of the Owner of the subject Lakefront Lot and all other Owners shall be restricted from entering upon such area, except as a guest or invitee of the Owner of the subject Lakefront Lot, as may be more specifically set forth in the rules and regulations of the Association and the Parkers Island Association on the use and enjoyment of the Lakes. A Lakefront Lot Owner's use and enjoyment of

the waterfront area adjoining such Owner's Lot shall be subject to (i) any existing drainage and related easements affecting such area, including the general easement rights to construct, use, maintain, repair and replace those portions of the Parkers Island Storm Management System on the Property, (ii) the right of entry by the Association and the Parkers Island Association to perform their obligations under these Protective Covenants and the Parkers Island Declaration, (iii) the right of the Association and the Parkers Island Association to adopt rules and regulations in order to further restrict the use of such area in a manner consistent with these Protective Covenants, and (iv) the rights, laws, rules and regulations of any governmental authority or other entity having jurisdiction over the Lakes.

4. In the event that a Lot Owner fails to maintain his Lot or Home in accordance with these Protective Covenants, the Association shall have the right, but not the obligation, upon thirty (30) days' written notice to the Lot Owner, to enter upon the Lot for the purpose of performing the maintenance and/or repairs described in such notice to the Lot Owner, as applicable. The cost of performing such maintenance and/or repairs and the expense of collection (including, but not limited to, Legal Fees) shall be assessed by the Association against the Lot Owner as an Individual Expense Assessment.

C. Rights of Governmental Authority

Any governmental authority or agency, including, but not limited to the Town and the County, their agents, and employees, shall have the right of immediate access to the Property at all times if necessary for the preservation of public health, safety and welfare. Should the Association or its Board fail to maintain the Association Property in accordance with the specifications set forth in the applicable governmental approvals for the Project for an unreasonable time, not to exceed ninety days after written request to do so, the Town, the County and any other applicable governmental authority, by and through the affirmative action of a majority of authorized members, directors or officers, shall have the same right, power and authority as is herein given to the Association and its Board to enforce these Protective Covenants and levy Assessments necessary to maintain the Association Property, it being understood that in such event the applicable governing body may elect to exercise the rights and powers of the Association or its Board, to the extent necessary to take any action required and levy any Assessment that the Association might have taken, either in the name of the Association or otherwise, to cover the cost of maintenance of any Association Property.

ARTICLE X ARCHITECTURAL CONTROL

A. Establishment

"Committee" shall mean the architectural control committee, which shall be the governing body charged with using its best efforts to promote and ensure a high level of design, quality, harmony and conformity throughout the Property consistent with these Protective Covenants. Until the Termination of Declarant's Architectural Control, referred to below, Declarant shall constitute the Committee, and may approve Plans and Submissions or take other actions on behalf of the Committee in Declarant's own name or in the name of the Committee. After the Termination of Declarant's Architectural Control, the Committee shall be composed of at least three (3) individuals appointed by the Board, each of whom shall be an Owner. The Committee shall act by simple majority vote. In the event of death, resignation or other removal of any Board appointed member of the Committee, the Board shall appoint a successor member. No member of the Committee shall be entitled to compensation for, or be liable for claims, causes of action or damages arising out of services performed pursuant to these Protective Covenants. Declarant shall cease to control and constitute the Committee on the earlier of: (a) the date on which Declarant records in the County land records a document declaring the termination of its control of the Committee, or (b) at such time as Declarant no longer owns a Lot within the Property (which may be referred to in this Declaration as "Termination of Declarant's Architectural Control").

B. Purpose of the Committee

The Committee is established to provide a system of review for the construction or modification of all Improvements within the Property. No Improvement shall be commenced, improved or

altered, nor shall any grading, excavation or change of exterior color or other work which in any way alters the exterior appearance of an Improvement be done without the prior written approval of the Committee.

C. Development Standards

The Committee is empowered to publish or modify from time to time, design and development standards for the Property, including, but not limited to, standards for the following ("Standards"): (i) architectural design of Improvements, including, but not limited to, design standards for any Home or other Improvement constructed upon a Lot; (ii) fences, walls and similar structures; (iii) exterior building materials and colors; (iv) exterior appurtenances relating to utility installation; (v) signs and graphics, mailboxes and exterior lighting; (vi) building setbacks, pools and pool decks, side yards and related height bulk and design criteria; (vii) pedestrian and bicycle ways, sidewalks and pathways; and (viii) all buildings, landscaping and Improvements on lands owned or controlled by the Association. After Termination of Declarant's Architectural Control, a copy of any Standards promulgated by the Committee shall be subject to approval by the Board. After the Board's approval, a copy of the Standards will be made available to all Members. The Committee may publish some Standards which are limited to certain portions of the Property as necessary or desirable to reflect the different character, if any, of the portion of the Property for which such Standards apply.

D. Requirement of Committee Approval

No Improvement of any kind shall be erected, placed or maintained, and no addition, alteration, modification or change to any Improvement shall be made without the prior written approval of the Committee. For purposes of this Declaration, Declarant Improvements means any Improvement erected, placed, or maintained with the approval of Declarant, including, without limitation, any building, wall, fence, swimming pool, or screened enclosure, constructed, installed or placed by or with the approval of Declarant, and additions, alterations, modifications or changes to any of the foregoing (collectively, "Declarant Improvements"). Notwithstanding anything to the contrary contained above, Declarant Improvements are not subject to the approval of the Committee (including Declarant Improvements, if any, planned or constructed after the Termination of Declarant's Architectural Control) and are deemed to conform to the plan of development for the Property.

E. Obtaining Committee Approval

In order to obtain the approval of the Committee, a complete set of plans and specifications ("Plans") for proposed Improvements shall be submitted to the Committee for its review. The Plans shall include, as appropriate, the proposed location, grade, elevations, shape, dimensions, exterior color plans, approximate costs, and nature, type and color of materials to be used. The Committee may also require the submission of additional information and materials as may be reasonably necessary for the Committee to evaluate the proposed Improvement or alteration ("Submissions"). The Committee shall have the right to refuse to approve any proposed Plans which, in its sole discretion, are not suitable or desirable. Any and all approvals or disapprovals of the Committee shall be in writing and shall be sent to each respective Owner submitting same. In the event the Committee fails to approve or to disapprove in writing any Plans and/or Submissions after: (i) submission to the Committee of the last item of the Plans and Submissions requested by the Committee, so that the Committee has a complete package of all Plans and Submissions requested by the Committee; and (ii) thirty (30) days have elapsed since submission and written request for approval or disapproval was delivered to the Committee by the Owner; then said Plans and Submissions shall be deemed to have been approved by the Committee provided, however, that no Improvement shall be erected or shall be allowed to remain which violates any conditions or restrictions contained in this Declaration, or which violates any applicable zoning or building ordinance or regulation. The approval by the Committee relates only to the aesthetics of the Improvements shown on the Plans and Submissions and not to their sufficiency or adequacy. Each Owner shall be responsible for obtaining all necessary technical data and to make application to and obtain the approval of the appropriate governmental agencies prior to commencement of any construction.

F. Scope of Review

The Committee shall review and approve or disapprove all Plans and Submissions solely on the basis of aesthetic standards as to the aesthetic quality of materials and workmanship to be used, suitability and harmony of location, structure and external design in relation to surrounding topography and structures and the overall benefit or detriment which would result to the immediate vicinity and to the Property as a whole and any other factors deemed relevant to the review by the Committee in its opinion, reasonably exercised. The Committee shall take into consideration the aesthetic aspects of the architectural design, placement of buildings, color schemes, exterior finishes and materials and similar features, and shall not be responsible for reviewing, nor shall its approval of any Plans be deemed approval of, any design or plan from the standpoint of structural safety or conformance with building or other codes.

G. Variance from Standards

The Committee may authorize, in a reasonable manner so as not to destroy the general scheme or plans of the development of the Property, variances from compliance with any Standards which it has promulgated pursuant to its authority when circumstances such as topography, natural obstructions, hardship, aesthetics or environmental considerations may require. If any such variances are granted, no violation of the restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose, except as to that particular property and particular provision hereof or Standards promulgated hereby which are covered by the variance. Such variance shall be evidenced in writing.

H. Enforcement

There is specifically reserved unto the Committee the right of entry and inspection upon any Lot or other portion of the Property for the purpose of determination by the Committee whether there exists any Improvement which violates the terms of any approval by the Committee or the terms of this Declaration. Except in emergencies, any exercise of the right of entry and inspection by the Committee hereunder should be made only upon reasonable notice given to the Owner of record at least twenty-four (24) hours in advance of such entry. The Committee is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any Improvement, or to remove any unapproved Improvements, the prevailing party in such litigation shall be entitled to recover all court costs, expenses and reasonable attorneys fees in connection therewith. The Association shall indemnify and hold harmless any member of the Committee from all costs, expenses and liabilities, including attorneys fees incurred by virtue of any member's service as a member of the Committee, provided such member acted in good faith and without malice.

I. Subcommittees and Delegation of Authority

The Committee may establish subcommittees for the purpose of acting on behalf of the Committee with respect to similar circumstances, situations, or types of Improvements, such as a swimming pool subcommittee or a subcommittee which would deal with modifications of existing Improvements or additional new Improvements ancillary to an existing Home, in contrast to the construction of initial Improvements upon a previously unimproved Lot. All rights and powers of the Committee may be delegated to such subcommittee with regard to the subject matter of the subcommittee. The rights and powers of the Committee may be assigned to a management company, an architect, design professional or other entity, or any portion of such rights and powers applicable to a particular subcommittee or area of similar circumstance.

ARTICLE XI USE RESTRICTIONS

For purposes of this Article XI, unless the context otherwise requires, Owner shall also include the family, invitees, guests, licensees, lessees and sublessees of any Owner, and any other permitted occupants of a Home. All the Property shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Declarant in Section BB of this Article XI.

A. Residential Use

The Homes shall be for single family use only. No commercial occupation or activity may be carried on in the Project without the consent of the Board except as such occupation or activity is permitted to be carried on by Declarant under these Protective Covenants. In addition, temporary guests are permitted so long as they do not create an unreasonable source of noise or annoyance to the other residents of the Property. No more than one Home may be built on one Lot.

B. Nuisances

No obnoxious or offensive activity shall be carried on about the Lots or in or about any improvements, Homes, or on any portion of the Project nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any Owner. No use or practice shall be allowed in or around the Homes which is a source of annoyance to Owners or occupants of Homes or which interferes with the peaceful possession or proper use of the Homes or the surrounding areas. No trade, business, profession or commercial activity, or any other non residential use shall be conducted on the Property or within any Lot or Home without the consent of the Board. The foregoing shall not prohibit an Owner from leasing his Home. No loud noises or noxious odors shall be permitted in any improvements, Homes or Lots. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment of large power tools, unlicensed off-road motor vehicles or any items which may unreasonably interfere with television or radio reception of any Owner shall be located, used or placed on any Lot, or exposed to the view of other Owners without the prior written approval of the Board and/or the Committee, if required.

C. Outside Storage of Personal Property

The personal property of any resident of the Property shall be kept inside the resident's Home or a fenced or a walled-in yard, except for patio furniture and accessories, and other personal property commonly kept outside, which must be kept in the rear of the Lot and must be neat appearing and in good conditions.

D. Parking and Vehicular Restrictions

Only automobiles, vans constructed as private passenger vehicles with permanent rear seats and side windows, and other vehicles manufactured and used as private passenger vehicles, may be parked within the Property overnight without the prior written consent of the Board, unless kept within an enclosed garage. In particular and without limitation, without the prior written consent of the Board, no vehicle containing commercial lettering, signs or equipment, and no truck, recreational vehicle, camper, trailer, boat, aircraft, motorcycle, or vehicle other than a private passenger vehicle as specified above, may be parked or stored outside of a Home overnight. No overnight parking is permitted on any streets, lawns, or areas other than driveways and garages, without the consent of the Board. Notwithstanding the foregoing, automobiles owned by governmental law enforcement agencies are expressly permitted. The foregoing restrictions shall not be deemed to prohibit the temporary parking of commercial vehicles while making delivery to or from, or while used in connection with providing services to, the Property. All vehicles parked within the Property must be in good condition and repair, and no vehicle which does not contain a current license plate or which cannot operate on its own power shall be parked within the Property outside of an enclosed garage for more than 24 hours, and no major repair of any vehicle shall be made on the Property. All-terrain vehicles, and the like are not permitted to be operated within the Property or parked overnight outside of an enclosed garage, except with the prior written consent of the Board which may be withdrawn at any time, and any motorcycle or other permitted motorized vehicle must be licensed for street use and equipped with appropriate noise muffling equipment so that the operation of same does not create an unreasonable annoyance to the residents of the Property.

E. No Improper Uses

No improper, offensive, hazardous or unlawful use shall be made of any Home nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Property. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction over the Property shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction over the Property, relating to any Home shall be corrected by, and at the sole expense of the Owner of the Home.

F. Trash and Other Materials

Each Owner shall regularly pick up all garbage, trash, refuse or rubbish on his Lot, and no Owner or resident shall place or dump any garbage, trash, refuse, rubbish or other materials on any other portions of the Property. Garbage, trash, refuse or rubbish that is required to be placed at the front of the Lot in order to be collected may be placed and kept at the front of the Lot after 5:00 p.m. on the day before the scheduled day of collection, and any trash facilities must be removed on the collection day. All garbage, trash, refuse or rubbish must be placed in appropriate trash facilities or bags. All containers, dumpsters or garbage facilities shall be stored inside a Home or fenced-in area and screened from view and kept in a clean and sanitary condition. No noxious or offensive odors shall be permitted.

G. Leases

No portion of a Home (other than an entire Home) may be rented. All leases must be in writing and shall provide that the Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of these Protective Covenants, the Articles, Bylaws, of applicable rules and regulations, or of any other agreement, document or instrument governing the Lots or Homes. A copy of the proposed lease must be delivered to the Association prior to occupancy by the tenant. No lease shall be for a period of less than six (6) months without the approval of the Board. The Owner of a leased Home shall be jointly and severally liable with his tenant to the Association to pay any claim for injury or damage to property caused by the negligence of the tenant. Every lease shall be subordinated to any lien filed by the Association whether before or after such lease was entered into.

H. Temporary Buildings, Etc.

No tents, trailers, shacks or other temporary buildings or structures shall be constructed or otherwise placed upon the Property except in connection with construction, development, leasing or sales activities permitted by the Committee. No temporary structure may be used as a Home.

I. Garages

No garage shall be permanently enclosed so as to make such garage unusable by an automobile, and no portion of a garage originally intended for the parking of an automobile shall be converted into a living space or storage space and no garage opening shall have a screen covering without the consent of the Committee. All garage doors shall remain closed when vehicles are not entering or leaving the garage.

J. Animals and Pets

Only common domesticated household pets may be kept on any Lot or in a Home, not to exceed a total of three (3) per Home without the prior consent of the Board but in no event for the purpose of breeding or for any commercial purposes whatsoever. No other animals, livestock, reptiles or poultry of any kind shall be kept, raised, bred or maintained on any portion of the Property. Permitted pets shall only be kept subject to and in accordance with such rules and regulations as shall be promulgated from time to time by the Board. Under no circumstances may a pit bull dog be permitted on the Property. Any pet must not be an unreasonable nuisance or annoyance to other residents on the Property. The Board may adopt rules and regulations concerning animals which are more restrictive than the provisions of these Protective Covenants including rules requiring that all animals be kept on a leash when on the Association Property or

outside a fenced yard and that animals be restricted to designated areas within the Association Property and that Owners are responsible for cleaning up any mess that a pet created within any Lot or the Association Property. The Board may require any pet to be immediately and permanently removed from the Property due to a violation of this Section.

Each Owner who determines to keep a pet thereby agrees to indemnify the Association and Declarant and hold them harmless against any loss or liability of any kind or character whatsoever arising from or growing out of his having any animal on the Property.

K. Additions and Alterations

No Home shall be enlarged by any addition thereto or to any part thereof, and no Owner shall make any improvement, addition, or alteration to the exterior of his Home, including, without limitation, the painting, staining, or varnishing of the exterior of the Home, without the prior written approval of the Committee, which approval may be withheld for purely aesthetic reasons.

L. Increase in Insurance Rates

No Owner may engage in any action which may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering or with respect to any portion of the Property not owned by such Owner.

M. Air Conditioning Units

Only central air conditioning units are permitted, and no window, wall, or portable air conditioning units are permitted. No air-conditioning or heating apparatus, unit or equipment shall be installed on the ground in front of, or attached to, any front wall of any Home on a Lot.

N. Clotheslines and outside Clothes Drying

No clotheslines or clothespoles shall be erected, and no outside clothes-drying is permitted, except where such activity is advised or mandated by governmental authorities for energy conservation purposes, in which event the Committee shall have the right to approve the portions of any Lot used for outdoor clothes-drying purposes and the types of devices to be employed in this regard, which approval must be in writing.

O. Outside Antennas and Satellite Dishes

No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar apparatus or equipment unless: (i) such apparatus is eighteen inches (18") or less in diameter, (ii) the apparatus is screened from public view and located behind the Home either in the rear yard or affixed to the rear roof, (iii) the apparatus is not visible while standing at any point along the Lot boundary line in front of the house that abuts or is adjacent to a street, right-of-way or sidewalk, and (iv) the Committee has approved the location of the apparatus and the type of screening.

P. Flagpoles

No Owner may erect or install a flagpole or decorative banner on any portion of a Lot, including freestanding detached flagpoles or banners, and those that are attached to a Home, without the prior written approval of the Committee.

Q. Garbage Containers, Oil and Gas Tanks, Air Conditioners

All garbage and refuse containers, air conditioning units, oil tanks, bottled gas tanks, and all permanently affixed swimming pool equipment and housing shall be underground or placed in walled-in or landscaped areas as approved by the Committee so that they shall be substantially concealed or hidden from any eye-level view from any street or adjacent property.

R. Signs

Except for signs placed or constructed by Declarant, no signs shall be placed upon any Lot, and no signs shall be placed in or upon any Home which are visible from the exterior of the Home, without the prior written consent of the Committee, with the exception of one (1) "for sale" or "open house" sign limited to six (6) square feet in size.

S. Window Treatments

Window treatments shall consist of drapery, blinds, decorative panels, or other tasteful window covering, and no newspaper, aluminum foil, sheets or other temporary window treatments are permitted, except for periods not exceeding one (1) week after an Owner or tenant first moves into a Home or when permanent window treatments are being cleaned or repaired.

T. Surface Water Management - Wetland Areas

No Owner or any other person shall do anything to adversely affect the surface water management and drainage of the Property, without the prior written approval of the Committee, the Parkers Island Association, and any controlling governmental authority, including, but not limited to, the excavation or filling in of any Lot, provided the foregoing shall not be deemed to prohibit or restrict the initial construction of Improvements upon the Property by Declarant in accordance with permits issued by controlling governmental authorities. In particular, no Owner other than Declarant shall install any landscaping or place any fill on the Owner's Lot which would adversely affect the drainage of any contiguous Home. No structures, trees or shrubs shall be placed on any drainage or utility easements, except by Declarant, without the prior written consent of the Committee.

No Owner shall remove native vegetation that become established within the Wetland Areas located on or adjacent to any portion of the Property. Removal includes dredging, the application of herbicide, and cutting. No Owner shall add or introduce additional vegetation or other forms of plantlife or landscaping within the Lakes or the Wetland Areas located on or adjacent to any portion of the Property. Owners should address any question regarding authorized activities within the Wetland Areas to the Committee, the Parkers Island Association (or other applicable entity, if any, established by the Parkers Island Documents) and to the applicable governmental authorities. No Owner may construct or maintain any building, residence, or structure, or undertake or perform any activity in the Wetland Areas, (including any wetland buffer areas adjacent to such as designated on any Plat) and any upland conservation areas described in the approved master wetlands mitigation plan and shown on a Plat without the prior approval of the Committee, the Parkers Island Association and the applicable governmental authorities.

Portions of the Property are in close proximity to OCRM Critical Lines. Each Owner is placed on notice that there shall be setbacks adjacent to all OCRM Critical Lines within which no permanent structures shall be constructed and a natural buffer shall be maintained, as established and imposed by the Town, OCRM, or the Committee. All Owners shall be responsible for determining the then existing setback requirements prior to planning any Improvements and seeking the approval of such Improvements by the Committee.

U. Swimming Pools

No swimming pools, spas, or the like, shall be installed without the consent of the Committee.

V. Fences and Walls

If any Owner desires to construct a fence on his Lot, the Owner shall submit a plot plan to the Committee showing the proposed location of the fence upon the Lot and the height and type of fence to be installed, which must be approved by the Committee. In any event, no fence may be constructed on the portion of any Lot between the front of the Lot and the front of the Home constructed upon the Lot, and any

fence constructed upon a Lot must be located in strict conformance with the plot plan approved by the Committee. All fences must be approved by the Committee.

W. Mailboxes

No mailboxes are permitted without the consent of the Committee, except for mailboxes which are identical to mailboxes originally provided for the Homes by Declarant.

X. Damage and Destruction

In the event any Improvement contiguous with a Home is damaged or destroyed by casualty or for any other reason, the Owner of the Home shall repair and restore the damaged Improvement as soon as is reasonably practical to the same condition that the Improvement was in prior to such damage or destruction, unless otherwise approved by the Committee.

Y. Subdivision and Partition

No Lot on the Property shall be subdivided without the Committee's prior written consent except by Declarant.

Z. Use of Lakes - Prohibited Activities/Improvements on Lots abutting the Lakes

The Lakes shall always be kept and maintained only as an area for water retention, drainage and water management purposes as part of the Parkers Island Storm Water Management System in compliance with applicable governmental and water management district requirements and the Owners are prohibited from using the Lakes for recreational purposes, including swimming, boating, fishing or any other similar activity. With respect to the Lakefront Lots, Owners are prohibited from using the Lakes for irrigation purposes. In addition, (a) no boat house, dock, building, landing, mooring pile, pier or ramps for boats or aircraft shall be erected on or adjoining any Lot; (b) no Lot shall be increased in size by filling in the water on which it abuts; (c) no boat canal or other waterways shall be dug or excavated into any Lot; and (d) no slope of waterfront abutting any Lot shall be altered in any manner whatsoever.

AA. Golf Course Lots

The Parkers Island Declaration imposes additional restrictions and requirements with respect to certain activities and Improvements upon any Golf Course Lot. All Owners of Golf Course Lots should refer to the Parkers Island Declaration for an accurate and specific description of the rights, restrictions and requirements which affect the Golf Course Lots.

BB. Certain Rights of Declarant

The provisions, restrictions, terms and conditions of this Article XI shall not apply to Declarant as an Owner.

ARTICLE XII

AMENDMENT AND MODIFICATION OF THESE PROTECTIVE COVENANTS

The process of amending or modifying these Protective Covenants shall be as follows:

A. Prior to Turnover Date

Until the Turnover Date and except as specifically provided otherwise in this Article XII, Declarant may amend this Declaration without the approval of any Member provided the amendment does not materially alter or change any Owner's right to the use and enjoyment of such Owner's Lot or of the Association Property as set forth in these Protective Covenants, and the amendment does not adversely affect the title to any Lot. During any such period prior to the Turnover Date, these Protective Covenants may not

be amended without the written joinder of Declarant. Any other amendments of these Protective Covenants prior to the Turnover Date, shall require the vote or written consent of sixty-seven percent (67%) of the votes held by each class of Members of the Association as such classes are set forth in the Association Documents; provided, however, that the percentage of the votes attributable to each class of Members of the Association necessary to amend a specific provision of these Protective Covenants shall not be less than the prescribed percentage (if any) of affirmative votes required for action to be taken under that provision.

B. After the Turnover Date

After the Turnover Date, and except for the annexation of additional property which shall be accomplished pursuant to the provisions of Section C of Article II, these Protective Covenants may be amended by: (i) the consent of the Owners owning sixty-seven percent (67%) of all Lots; together with (ii) the approval or ratification of a majority of the Board, provided however, that the percentage of the votes attributable to the Owners and necessary to amend a specific provision of these Protective Covenants shall not be less than the prescribed percentage (if any) of affirmative votes required for action to be taken under that provision. The aforementioned consent of the Owners owning sixty-seven percent (67%) (or such higher percentage, if applicable) of the Lots may be evidenced by a writing signed by the required number of Owners or by the affirmative vote of the required number of Owners at any regular or special meeting of the Association called and held in accordance with the Bylaws evidenced by a certificate of the Secretary or an Assistant Secretary of the Association.

C. Scrivener's Errors

Amendments for correction of scrivener's errors or other nonmaterial changes may be made by Declarant alone until the Turnover Date and by the Board thereafter and without the need of consent of the Owners.

D. Amendments affecting Declarant's Rights

Notwithstanding anything to the contrary herein contained, no amendment to these Protective Covenants shall be effective which shall impair or prejudice the rights or priorities of Declarant, the Association or of any Institutional Mortgagee under the Association Documents without the specific written approval of such Declarant, the Association and/or Institutional Mortgagee affected thereby. Furthermore, notwithstanding anything to the contrary herein contained, no amendment to these Protective Covenants shall be effective which would prejudice the rights of a then Owner or his family members, guests, invitees and lessees to utilize or enjoy the benefits of the then existing Association Property unless the Owner or Owners so affected consent to such amendment in writing or unless such amendment is adopted in accordance with the procedures required for adoption of an amendment to these Protective Covenants after the Turnover Date. Additionally, notwithstanding anything to the contrary contained herein, no amendment to these Protective Covenants shall be effective which shall eliminate or modify the provisions of Section G of Article XIII and any such amendment shall be deemed to impair and prejudice the rights of Declarant hereunder.

E. FHA/VA/HUD Approval Prior to Turnover Date

Notwithstanding anything contained herein to the contrary, as long as the "Class B" membership exists, if the Property is subject to the requirements of the VA, the FHA, the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency which insures, guaranties, or purchases mortgages, amendment of these Protective Covenants requires the prior approval of HUD and/or VA, as applicable.

F. Certification and Recording of Amendments

A true copy of any amendment to these Protective Covenants shall be sent certified mail by the Association to Declarant and to all Institutional Mortgagees holding a mortgage on any portion of the Property requesting notice. The amendment shall become effective upon the recording of a Certificate of Amendment to these Protective Covenants setting forth the amendment or modification amongst the Public Records of the County.

G. Amendments to Satisfy Lending Requirements

BK Z349PG197

Notwithstanding anything contained herein to the contrary, Declarant may, without the consent of any Owners, file any amendments which may be required by an Institutional Mortgagee for the purpose of satisfying its planned unit development criteria or such other criteria as may be established by such mortgagee's secondary mortgage market purchasers, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; provided, however, any such Declarant's filed amendments must be in accordance with any applicable rules, regulations and other requirements promulgated by HUD.

ARTICLE XIII
GENERAL PROVISIONS

A. Conflict with Other Association Documents

In the event of any conflict between the provisions hereof and the provisions of the Articles and/or Bylaws and/or rules and regulations promulgated by the Association, the provisions of these Protective Covenants shall control.

B. Notices

Any notice or other communication required or permitted to be given or delivered hereunder shall be deemed properly given and delivered upon the mailing thereof by United States mail, postage prepaid, to: (i) any Owner, at the address of the person whose name appears as the Owner on the records of the Association at the time of such mailing and, in the absence of any specific address, at the address of the Home owned by such Owner; and (ii) the Association, certified mail, return receipt requested, at 2430 Mall Drive, Suite 450, North Charleston, South Carolina 29406, or such other address as the Association shall hereinafter notify Declarant and the Owners of in writing; and (iii) Declarant, certified mail, return receipt requested, at 2430 Mall Drive, Suite 450, North Charleston, South Carolina 29406, or such other address or addresses as Declarant shall hereafter notify the Association of in writing, any such notice to the Association of a change in Declarant's address being deemed notice to the Owners. Upon request of an Owner, the Association shall furnish to such Owner the then current address for Declarant as reflected by the Association records.

C. Enforcement

Each Lot and all Lot Owners shall be governed by and shall comply with the Association Documents. The covenants and restrictions herein contained may be enforced by Declarant, the Association, the Committee, the Parkers Island Association (where specified), the Master Association (where specified), any Lot Owner, and any Institutional Mortgagee holding a mortgage on any portion of the Property in any judicial proceeding seeking any remedy recognizable at law or in equity, including damages, injunction or any other form of relief against any person, firm or entity violating or attempting to violate any covenant, restriction or provision hereunder. The Association and the Parkers Island Association shall have the right to enter any premises in the Project to remove and abate any violation. The failure by any party to enforce any such covenant, restriction or provision herein contained shall in no event be deemed a waiver of such covenant, restriction or provision or of the right of such party to thereafter enforce such covenant, restriction or provision. The prevailing party in any such litigation shall be entitled to all costs thereof including, but not limited to, Legal Fees. The failure of the Board to object to Lot Owners' or other parties' failure to comply with covenants or restrictions contained herein or in any other of the Association Documents now or hereafter promulgated shall in no event be deemed to be a waiver by the Board or of any other party having an interest therein of its rights to object to same and to seek compliance therewith in accordance with the provisions of the Association Documents.

D. Captions, Headings and Titles

Article and Section captions, headings and titles inserted throughout these Protective Covenants intended as a matter of convenience only and in no way shall such captions, headings or titles define, limit or in any way affect the subject matter or any of the terms and provisions thereunder or the terms and provisions of these Protective Covenants.

E. Context

Whenever the context so requires or admits, any pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter form thereof, and the singular form of any nouns and pronouns herein may be deemed to mean the corresponding plural form thereof and vice versa.

F. Severability

In the event any of the provisions of these Protective Covenants shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect, and any provisions of these Protective Covenants deemed invalid by a court of competent jurisdiction by virtue of the term or scope thereof shall be deemed limited to the maximum term and scope permitted by law. In the event that any court should hereafter determine that any provision of these Protective Covenants is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and in the event the determination of the duration of such time period requires measuring lives, such measuring life shall be that of the incorporator of the Association.

G. Certain Rights of Declarant

Notwithstanding anything to the contrary herein contained, no Improvements constructed or installed by Declarant shall be subject to the approval of the Association or the Committee, and during the period of Declarant's ownership, Declarant's Improvements shall not be subject to the provisions and requirements of these Protective Covenants. Notwithstanding the other provisions of these Protective Covenants, Declarant reserves and Declarant and its nominees shall have the right to enter into and transact on the Property any business necessary to consummate the sale, lease or encumbrance of Homes or real property including, but not limited to, the right to maintain models and a sales and/or leasing office, place signs, employ sales and leasing personnel, use the Association Property and show Homes, and Declarant reserves and shall have the right to make repairs to the Association Property and to carry on construction activity for the benefit of the Property. Declarant and its nominees may exercise the foregoing rights without notifying the Association. Any such models, sales and/or leasing office, signs and any other items pertaining to such sales or leasing efforts shall not be considered a part of the Association Property and shall remain the property of Declarant. This Section G may not be suspended, superseded or modified in any manner by any amendment to these Protective Covenants unless such amendment is consented to in writing by Declarant. This right of use and transaction of business as set forth herein and the other rights reserved by Declarant in the Association Documents may be assigned in writing by Declarant in whole or in part. For the purposes of this Section G of Article XIII, the term "Declarant" shall include any "Lender" which has loaned money to Declarant to acquire or construct improvements upon the Property or its successors and assigns if such Lender, its successors or assigns, acquires title to any portion of the Property as a result of the foreclosure of any mortgage encumbering any portion of the Property securing any such loan to Declarant or acquires title thereto by deed in lieu of foreclosure. The rights and privileges of Declarant as set forth in this Section G, which are in addition to, and are no way a limit on, any other rights or privileges of Declarant under any of the Association Documents, shall terminate upon Declarant no longer owning any portion of the Property (and having any equitable or legal interest therein) or upon such earlier date as Declarant shall notify the Association in writing of Declarant's voluntary election to relinquish the aforesaid rights and privileges.

H. Disputes as to Use

In the event there is any dispute as to whether the use of the Property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in these Protective Covenants, such dispute shall be referred to the Board, and a determination rendered by the Board with respect to such dispute shall be final and binding on all parties concerned therewith. Notwithstanding anything to the contrary herein contained, any use by Declarant of the Property or any parts thereof in accordance with Section G of this Article XIII shall be deemed a use which complies with these Protective Covenants and shall not be subject to a contrary determination by the Board.

I. Delegation

The Association, pursuant to a resolution duly adopted by the Board, shall have the continuing authority to delegate all or any portion of its responsibilities for maintenance, operation and administration, as provided herein, to any managing agency or entity selected by the Board from time to time and whether or not related to Declarant.

J. Term

These Protective Covenants and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens and liens contained herein shall run with and bind the Property and inure to the benefit of Declarant, the Association, Owners, and their respective legal representatives, heirs, successors and assigns for a term of fifty (50) years from the date of recording these Protective Covenants amongst the Public Records of the County, after which time these Protective Covenants shall be automatically renewed and extended for successive periods of ten (10) years each unless at least one (1) year prior to the termination of such fifty (50) year term or any such ten (10) year extension there is recorded amongst the Public Records of the County an instrument agreeing to terminate these Protective Covenants signed by Owners owning two-thirds (2/3) of the Lots and Institutional Mortgagees holding first mortgages encumbering two-thirds (2/3) of all Lots encumbered by first mortgages held by Institutional Mortgagees, upon which event these Protective Covenants shall be terminated upon the expiration of the fifty (50) year term or the ten (10) year extension during which such instrument was recorded.

K. Rights of Mortgagees

1. Right to Notice

The Association shall make available for inspection upon request, during normal business hours or under reasonable circumstances, the Association Documents and the books, records and financial statements of the Association to Owners and the holders, insurers or guarantors of any first mortgages encumbering any portion of the Property. In addition, evidence of insurance shall be issued to each Owner and mortgagee holding a mortgage encumbering a Home upon written request to the Association.

2. Rights of Listed Mortgagee

Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor (such holder, insurer or guarantor is herein referred to as a "Listed Mortgagee") of a mortgage encumbering a Lot and the legal description of such Lot the Association shall provide such Listed Mortgagee with timely written notice of the following:

(a) Any condemnation, loss or casualty loss which affects any material portion of the Association Property;

(b) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(c) Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Lot; and

(d) Any failure by an Owner owning a Lot encumbered by a mortgage held, insured or guaranteed by such Listed Mortgagee to perform his obligations under the Association Documents, including, but not limited to, any delinquency in the payment of Assessments, or any other charge owed to the Association by said Owner where such failure or delinquency has continued for a period of sixty (60) days.

3. Right of Listed Mortgagee to Receive Financial Statement

Any Listed Mortgagee shall, upon written request made to the Association, be entitled to financial statements for the Association for the prior fiscal year free of charge and the same shall be furnished within a reasonable time following such request.

L. Approval of Association Lawsuits by Owners

Notwithstanding anything contained herein to the contrary, the Association shall be required to obtain the approval of three-fourths (3/4) of all Members (at a duly called meeting of the Members at which a quorum is present) prior to the payment of legal or other fees to persons or entities engaged by the Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

- (a) the collection of Assessments;
- (b) the collection of other charges which Owners are obligated to pay pursuant to the Association Documents;
- (c) the enforcement of the use and occupancy restrictions contained in the Association Documents;
- (d) in an emergency where waiting to obtain the approval of the Owners creates a substantial risk of irreparable injury to the Association Property or to Owner(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the Members); or
- (e) filing a compulsory counterclaim.

M. Compliance with Provisions

Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot except as elsewhere herein provided does and shall be conclusively deemed to have consented to and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in such property.

N. Compliance With Regulations of Public Bodies

The Association shall perform such acts and do such things as shall be lawfully required in the Association Property by any public body having jurisdiction over the same in order to comply with sanitary requirements, fire hazard requirements, zoning requirements, setback requirements, drainage requirements and other similar requirements designed to protect the public. The cost of the foregoing shall be an Operating Expense.

O. Lawful Use of Land

The Association covenants and agrees that it will conform to and observe all ordinances, rules, laws and regulations of the Town, the County, the State of South Carolina and the United States of America, and all public authorities and boards of officers relating to the Association Property and Improvements upon the same, or use thereof, and will not during such time permit the same to be used for any illegal or immoral purpose, business or occupation.

P. Subordination

The Association agrees that its interest in these Protective Covenants shall be subordinated to the lien and encumbrance of any existing mortgages and additional or subsequent mortgages obtained by Declarant for the purpose of financing the construction of Improvements to take place in whole or in part upon the Project and any replacement mortgages. While the provisions of this Paragraph are self-operative, the Association nevertheless agrees to execute such instruments as may be necessary to evidence the subordination of its interest to such mortgages.

Q. Incorporation of Association Documents

Any and all deeds conveying a Lot or any other portion of the Property shall be conclusively presumed to have incorporated therein all of the terms and conditions of the applicable Association Documents including, but not limited to, these Protective Covenants, whether or not the incorporation of the terms and conditions of the Association Documents is specifically set forth by reference in such deed. Acceptance by the grantee of such a deed shall be deemed to be acceptance by such grantee of all of the terms and conditions of the Association Documents.

R. Golf Course Facilities - Disclaimer of Liability.

Each Owner, by acceptance of its deed for a Lot, acknowledges that its Lot may be adjacent to or in close proximity to the Golf Course Facilities. Each Owner, by acceptance of its deed for a Lot, further acknowledges that the proximity of such Lot to such Golf Course Facilities creates a possibility that golf balls, golfers, or other persons using the Golf Course Facilities, will enter upon a Lot. Each Owner covenants and agrees for itself, its successors and assigns, permittees, lessees, invitees and licensees, to irrevocably waive for itself, its successors and assigns, permittees, invitees and licensees, any and all rights, claims, liabilities, losses, costs and causes of action of every kind and nature whatsoever arising in whole or in part from the existence, design, operation and use of the Golf Course Facilities. Each Owner further agrees to release Declarant, the Association, the Parkers Island Association, the Club Owner and the owner, operator and management of the Golf Course Facilities (if other than Club Owner), and their successors, assigns, affiliates, subsidiaries, officers, directors, partners and attorneys from any and all rights, claims, liabilities, losses, costs and causes of action of every kind and nature whatsoever arising in whole or in part from the existence, design, maintenance, operation and use of the Golf Course Facilities. These covenants and waivers shall run with each Lot, shall be for the benefit of the Declarant, the Association, the Parkers Island Association, the Club Owner and the owner, operator and management of the Golf Course Facilities (if other than Club Owner), and shall be binding upon all successive owners and lessees of the Lot or any part thereof. This covenant and agreement shall extend solely to the persons listed and shall not extend to any other persons, including, but not limited to, golfers, and shall not extend to persons whose actions are undertaken with a wanton or reckless disregard for the probability of personal injury or property damage.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, these Protective Covenants has been signed by Declarant on the date set forth below.

DECLARANT:

CENTEX HOMES, a Nevada general partnership

Signed, sealed and delivered
in the presence of:

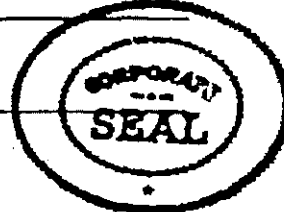

(Witnesses as to Declarant)

By: Centex Real Estate Corporation,
a Nevada Corporation
Its: Managing General Partner

By: 
Division President

Attest: 
Assistant Secretary

Date:  (SEAL)



STATE OF SOUTH CAROLINA ☐
COUNTY OF CHARLESTON ☐

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged before me by James E. Thrower and Graig A. Lovette the Div. President and Asst. Secretary respectively of Centex Real Estate Corporation, a Nevada corporation, the Managing General Partner of CENTEX HOMES, a Nevada general partnership, that by authority duly given and as the act of the partnership, the foregoing instrument was signed in its name by the Division Manager of Centex Real Estate Corporation, sealed with the corporate seal and attested by him as the Assistant Secretary of Centex Real Estate Corporation. _____ is personally known to me or has produced _____ as identification.

WITNESS my hand and official seal in the County and State last aforesaid this 20th of June, 2000


Notary Public

My Commission Expires: 4/13/2010
Typed, Printed or Stamped Name of Notary Public:

EXHIBIT A**Legal Description of Property**

LYING and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as a portion of "Phase 1B" on that certain plat entitled "Conditional Subdivision Plat of Phase 1B & 2, RiverTowne Country Club, Town of Mt. Pleasant, Charleston County, South Carolina " prepared on September 1, 1999 by Thomas & Hutton Engineering Co., being 8 sheets and recorded on October 20, 1999, in Plat Book ED, Pages 536 through 543 (Book H-336, Pages 754 through 761) in the RMC Office for Charleston County, said plat being incorporated herein by reference, which includes Lots 131-134, inclusive, Lots 149-153, inclusive, and Lots 154(B)-175, inclusive, all in Phase 1B, RiverTowne Country Club, as shown on the aforementioned recorded plat, to which plat reference is hereby made for a more particular description of same.

EXCLUDED THEREFROM are (i) all portions of "Phase 2" including (but not limited to) Lots 1-130, inclusive, and (ii) all of Lots 135-148 in "Phase 1B", inclusive, and Lot 154 "A" in Phase 1B (located immediately west of Lot 153, consisting of 15,114 square feet), all as are shown on the above referenced subdivision plat.

EXHIBIT "B" - LEGAL DESCRIPTION OF THE ADDITIONAL PROPERTY

Centex Tract
Tracts AD, AE, A, D, E, G, K, L, N, P, R, S, V

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract AD, containing 1.49 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Pages 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract AE, containing 10.14 acres, more or less, on a Plat entitled CONDITIONAL SUBDIVISION PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA, prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract A, containing 52.42 acres, more or less, on a Plat entitled "CONDITIONAL SUBDIVISION PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract D, containing 0.47 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract E, containing 6.72 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract G, containing 10.00 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract K, containing 22.79 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract L, containing 3.02 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract N, containing 0.06 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract P, containing 1.44 acres, more or less, on a Plat entitled "CONDITIONAL SUBDIVISION PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract R, containing 4.03 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract S, containing 67.43 acres, more or less, on a Plat entitled "CONDITIONAL PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliotte Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

-AND-

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as Tract V, containing 1.10 acres, more or less, on a Plat entitled "CONDITIONAL SUBDIVISION PLAT OF PARKERS ISLAND, TOWN OF MT. PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA", prepared by Thomas & Hutton Engineering Co., dated October 1, 1999, and recorded October 20, 1999, bearing the seal and certification of F. Elliott Quinn, III, South Carolina Registered Land Surveyor No. 10292 in Plat Book ED, Page 519 - 535 in the RMC Office for Charleston County, said plat being incorporated herein by reference.

**SAVE AND EXCEPT THE PORTION OF THE ABOVE DESCRIBED LAND
CONSISTING OF:**

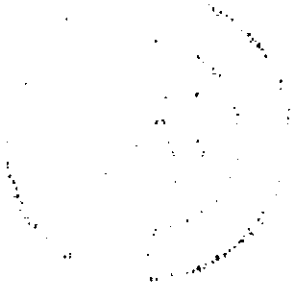
ALL OF THE REAL PROPERTY INITIALLY MADE SUBJECT TO THIS
DECLARATION AND DESCRIBED ON EXHIBIT "A" ATTACHED HERETO.

O. Brooks Styles

BK Z349PG208

58.a

[Handwritten signature]



FILED

Z349-156

2000 JUN 23 PM 3:24

CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC