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Amended and Restated Declaration of Covenants, Easements, Conditions and Restrictions for Coosaw Point

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THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, EASEMENTS, CONDITIONS, AND RESTRICTIONS FOR COOSAW POINT is executed on this 21st day of November, 2005, by Coosaw Point, LLC, a South Carolina limited liability company ("Declarant").

W I T N E S S E T H:

WHEREAS, Declarant is the developer of a subdivision in Beaufort County, South Carolina known as Coosaw Point (the "Community"); and

WHEREAS, Declarant subjected the property in the Community to that certain Declaration of Covenants, Easements, Conditions, and Restrictions for Coosaw Point (the "Covenants" or the "Declaration") which is recorded in Deed Book 1378 at Page 1474 in the RMC Office for Beaufort County, South Carolina; and

WHEREAS, Paragraph 17.1 of the Covenants provides that during the Declarant Control Period, Declarant may unilaterally amend the Covenants for any purpose Declarant deems to be in the best interests of the Community; and

WHEREAS, as of this date the Community is in the Declarant Control Period; and

WHEREAS, it is the Declarant's desire to amend and restate the Covenants as set forth herein, having deemed such amendment and restatement to be in the best interests of the Community.

NOW THEREFORE, the Covenants are hereby amended and restated as follows:

ARTICLE I: Creation of the Community

1.1. Purpose and Intent. Declarant, as the owner of the real property more particularly described on Exhibit "A" attached hereto (or, to the extent it is not the owner, then with said owners' consent), intends by Recording this Declaration to create a general plan of development for the residential community on Lady's Island in Beaufort County, South Carolina, known as Coosaw Point. This Declaration provides a flexible and reasonable procedure for the future expansion of Coosaw Point to include additional real property as Declarant deems appropriate and provides for the overall development, administration, maintenance, and preservation of the real property now and hereafter comprising Coosaw Point. An integral part of the development plan is the creation of Coosaw Point Property Owners Association, Inc. (the "Association"), an association comprised of all owners of real property in Coosaw Point, to own, operate, or maintain common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents.

1.2. Binding Effect. The property described in Exhibit "A," and any additional property which is made a part of Coosaw Point in the future by Recording one or more Supplemental Declarations, shall be owned, conveyed, and used subject to all of the provisions of this Declaration, which shall run with the title to such

property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of Coosaw Point, their heirs, successors, successors-in-title, and assigns. This Declaration, as it may be amended and supplemented from time to time, shall remain in effect and shall be enforceable by Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, for a term of 20 years from the date this Declaration is recorded. After such time, this Declaration shall not be terminated, but shall be automatically renewed for successive periods of 10 years each, unless an instrument approved by a two-thirds (2/3) Vote of the Association has been Recorded within the year preceding the end of the original term or any extension, agreeing to terminate this Declaration, in which case it shall terminate as of the date specified in such instrument. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder thereof.

1.3. Governing Documents. The Governing Documents create a general plan of development for Coosaw Point. Additional restrictions or provisions which are more restrictive than the provisions of this Declaration may be imposed by Declarant on any portion of Coosaw Point, in which case, the more restrictive provisions will be controlling. However, no Person shall record any additional covenants, easements, conditions, or restrictions affecting any portion of Coosaw Point without Declarant's written consent during the Declarant Control Period. Thereafter, same shall require approval by a two-thirds (2/3) Vote of the Association. Any instrument recorded without the required consent shall be void and of no force and effect. All provisions of the Governing Documents shall apply to all Owners and to all occupants of their Units, as well as their respective tenants, guests, and invitees. Any lease of a Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of the Governing Documents.

ARTICLE II: Concepts and Definitions.

The terms used in the Governing Documents generally shall be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

2.1. "Architectural Guidelines". The architectural, design, and construction guidelines and review procedures adopted pursuant to Article V, as they may be amended or supplemented from time to time.

2.2. "Area of Common Responsibility". The Common Area, together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, or other applicable agreement or covenants.

2.3. "Articles of Incorporation" or "Articles". The Articles of Incorporation for Coosaw Point Property Owners Association, Inc., a South Carolina nonprofit corporation.

2.4. "Association". Coosaw Point Property Owners Association, Inc., a South Carolina nonprofit corporation, its successors or assigns.

2.5. "Base Assessment". Assessments levied on all Units subject to assessment under Article IX to fund Common Expenses, as determined in accordance with Section 9.1.

2.6. "Board of Directors" or "Board". The body responsible for administering the Association, selected as provided in the By-Laws and serving the same role as the board of directors under South Carolina corporate law.

2.7. "By-Laws". The By-Laws of Coosaw Point Property Owners Association, Inc., attached for informational purposes as Exhibit "D," as the same may be amended or supplemented from time to time.

2.8. "Common Area" or "Common Property". All real and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the Owners' common use, benefit or enjoyment, and which has been designated by Declarant as a common area by (a) recording either a plat or a Supplemental Declaration specifically designating such area as a common area; or (b) specifically designating such area as a Common Area in a deed from Declarant to the Association.

2.9. "Common Expenses". The actual and estimated expenses the Association incurs, or expects to incur for all Owners' and/or the Community's general benefit, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred during the Declarant Control Period for land acquisition or other original construction costs, unless approved by a Majority Vote of the Class "A" and Class "B" Members of the Association.

2.10. "Community-Wide Standard". The standard of conduct, construction, maintenance, or other activity, or the minimum standards, established pursuant to these Covenants, the Architectural Guidelines, Rules and Regulations, and Board or membership resolutions. Declarant shall establish initially such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Coosaw Point change.

2.11. "Coosaw Point" or "Community". The real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article X.

2.12. "Declarant". Coosaw Point, LLC, a South Carolina limited liability company, or any successor or assign who takes title to any portion of the property described in Exhibits "A" or "B" for the purpose of development or sale, and who is

designated as Declarant in a Recorded instrument executed by the immediately preceding Declarant.

2.13. "Declarant Control Period". The period of time during which Declarant is entitled to appoint a majority of the members of the Board as provided in the By-Laws. The Declarant shall have the right to appoint and remove the members of the Board, in accordance with the provisions of this Declaration and the Bylaws, until the first to occur of the following:

a. when all of the land described in Exhibits "A" and "B" has been annexed into the Community pursuant to Article X hereof, and 90% of the Units permitted for development within the property described on Exhibits "A" and "B", have been conveyed to persons other than a successor Declarant, and a certificate of occupancy issued thereon;

b. 15 years after this Declaration is recorded; or

c. upon Declarant's surrender in writing of the authority to appoint and remove directors and officers of the Association.

Notwithstanding its right to appoint and remove directors of the Association. Declarant reserves the right to approve or disapprove specified actions of the Association as provided in Section 3.18 of the By-Laws or as otherwise provided herein.

2.14. "Declaration". This Declaration of Covenants, Easements, Conditions, and Restrictions for Coosaw Point, as it may be amended or supplemented from time to time.

2.15. "Governing Documents". A collective term referring to this Declaration, any applicable Supplemental Declaration, the By-Laws, the Articles, the Architectural Guidelines, and the Rules and Regulations, as each may be amended or supplemented from time to time.

2.16. "Master Plan". The land use plan for the development of Coosaw Point approved by the Beaufort County (SC) Development Review Team, as it may be amended or supplemented from time to time, which includes all of the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B", and/or any general land use maps, advertising brochures, designs and drawings, prepared by landscape architects, planners, designers, engineers, graphic illustrators and artists and similar professionals displaying possible future uses of Coosaw Point, prepared as an aid for orderly development of Coosaw Point or as part of its communications with the public and property purchasers, or as part of its research programs undertaken by Declarant for future development of Coosaw Point. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the omission of property described in Exhibit "B" from the Master Plan bar its later submission to this Declaration as provided in Article X. THIS

DECLARATION DOES NOT DESIGNATE ANY PORTION OF THE PROPERTY FOR ANY PARTICULAR USE, ANY SUCH DESIGNATION TO BE MADE BY SEPARATE SUBSEQUENT SUPPLEMENTAL DECLARATION OR BY RECORDED PLAT WITH SUCH DESIGNATION CLEARLY AND UNEQUIVOCALLY SHOWN THEREON. THE COMPANY SHALL NOT BE BOUND BY ANY DEVELOPMENT PLAN, USE OR RESTRICTION OF USE SHOWN ON ANY MASTER PLAN, AND MAY, AT ANY TIME, CHANGE OR REVISE SAID MASTER PLAN. USES OF PROPERTY SHOWN ON THE MASTER PLAN ARE PRELIMINARY AND ARE SUBJECT TO CHANGE IN THE SOLE DISCRETION OF THE DECLARANT OR, AFTER THE EXPIRATION OF DECLARANT'S RIGHT TO ANNEX ADDITIONAL PROPERTY INTO COOSAW POINT, BY THE ASSOCIATION. DECLARANT SHALL NOT BE OBLIGATED TO PROVIDE ANY AMENITY OR COMMON AREA UNLESS AND UNTIL SUCH AMENITY OR COMMON AREA IS SPECIFICALLY DESIGNATED AS A COMMON AREA OR AMENITY ON A RECORDED PLAT OR SPECIFICALLY SPECIFIED AS A COMMON AREA OR AMENITY IN A RECORDED AMENDMENT TO THIS DECLARATION, AND, IF SO DESIGNATED, THE CONTINUED USE OF SUCH AREA AS AN AMENITY OR COMMON AREA SHALL BE SUBJECT TO THE TERMS HEREOF.

2.17. "Member". A Person subject to membership in the Association pursuant to Section 7.3.

2.18. "Mortgage". A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. "Mortgagee" shall refer to a beneficiary or holder of a Mortgage, "First Mortgage" shall be a Recorded mortgage having first priority over all other Mortgages encumbering a Unit, and "First Mortgagee" shall refer to a beneficiary or holder of a First Mortgage.

2.19. "Owner". One or more Persons who hold the Record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) shall be considered the Owner during the continuation of such contract. When the context so requires, the term "Owner" shall include the Class "A" Members of the Association.

2.20. "Person". An individual, corporation, partnership, limited liability company, limited liability partnership, limited partnership, trustee, or any other legal entity.

2.21. "Private Amenity". Certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within Coosaw Point, which are privately owned and operated by Persons other than the Association for recreational and related purposes, on a club membership basis or otherwise. The Community may or may not have private amenities, at the discretion of Declarant, or, after the expiration of the Declarant Control Period, at the discretion of Association.

2.22. "Record," "Recording," or "Recorded". The appropriate recordation or filing of any document in the office of the Beaufort County (SC) Register of Deeds, or such other place which is designated as the official location for recording deeds and similar documents affecting title to real estate. The date of Recording shall refer to that time at which a document, map, or plat is Recorded.

2.23. "Rules and Regulations". The initial rules and regulations set forth in Exhibit "C," as they may be supplemented, modified, and repealed pursuant to Article IV.

2.24. "Special Assessment". Assessments levied in accordance with Section 9.3.

2.25. "Specific Assessment". Assessments levied in accordance with Section 9.4.

2.26. "Supplemental Declaration". A Recorded instrument which subjects additional property to this Declaration pursuant to Article X, designates Neighborhoods pursuant to Article XI, or imposes additional restrictions and obligations on the land described in such instrument, or designates common areas of the Community. This term shall also include a deed which subjects additional property to this Declaration

2.27. "Unit". A portion of Coosaw Point, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as an attached or detached single-family residence. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. In the case of a building within a condominium or other structure containing multiple dwellings for individual sale, each such dwelling shall be deemed to be a separate Unit. In the case of a parcel of land upon which improvements are under construction, the parcel shall be deemed to contain the number of Units designated for residential use for such parcel on the Master Plan or the site plan approved by Declarant, whichever is more recent.

2.28. "Vote of the Members" or "Vote of the Association". Unless the context otherwise requires; means approved or ratified by the Members entitled to vote on the issue through either:

a. the affirmative vote of a majority of the votes of the members represented and voting at a duly held meeting at which a quorum is present, or the affirmative vote of the greater proportion, including the votes of any required proportion of the members of any class as this Declaration or the Bylaws may provide for specified types of Member action; or

b. a written ballot or written consent in conformity with the Alternative Voting Method defined herein.

In the event that this Declaration or the Bylaws require action or approval by a specified percentage Vote of the Association, i.e. "by a two-thirds (2/3) Vote of the Members", then such action or approval shall be deemed

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to have been given upon the affirmative vote of the specified percentage of those Members attending the duly called meeting and entitled to vote on the question, or upon the approval by such percentage of Members voting through the Alternative Voting Procedure, as applicable.

2.29. "Alternative Voting Procedure".

a. Any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. Written notice describing the matter to be voted upon, a ballot and other material necessary to insure voting control and Member privacy shall be sent by mail to all Members eligible to vote not less than twenty (20) days, nor more that forty (40) days before the date established by the Board for counting votes. Notice shall be deemed complete and delivered when deposited in the United States Mail, first class mail, with appropriate and necessary postage affixed, addressed to the Member at his or her address as it appears on the records of the Association.

b. A written ballot shall:

i. set forth each proposed action; and

ii. provide an opportunity to vote for or against each proposed action.

c. Approval by written ballot pursuant to this section is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

d. All solicitations for votes by written ballot shall:

i. indicate the number of responses needed to meet the quorum requirements;

ii. state the percentage of approvals necessary to approve each matter other than election of directors; and

iii. specify the time by which a ballot must be received by the Association in order to be counted.

e. A written ballot may not be revoked after it is submitted.

f. Members shall cast their vote subject to their voting rights as defined in Section 2.1 of the Bylaws. They shall record their vote by marking and returning the ballot as instructed thereon. Specific voting instructions and

materials shall insure that only ballots from eligible voters are counted, and that the privacy of individual Members is maintained,

g. Ballots marked and returned in accordance with instructions shall be counted, and totals certified, either:

i. by a volunteer group of Members not currently serving on the Board of Directors and selected by the Nominating Committee; or

ii. by a professional firm employed for that purpose.

h. Upon request by Declarant, Declarant shall be entitled to be present at the counting of any vote, and to inspect any ballots so counted.

i. Voting results shall be given to the Board which will announce the results to the Membership.

ARTICLE III: Use, Occupancy and Transfer

3.1. General. Various restrictions on the use, occupancy, and transfer of Units are set forth in this Article. Each Owner, by acceptance of a deed or other instrument granting an interest in any Unit, acknowledges and understands that the use of such Unit is subject to Rules and Regulations and restrictions on occupancy and transfer, as they may be expanded, modified, or otherwise amended in accordance with the procedures set forth in Article XVII.

3.2. Restrictions on Use. Coosaw Point shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center, models, or sales office for any real estate broker designated by Declarant or builders approved by Declarant to assist in the sale or re-sale of real property, offices for any property manager retained by the Association, or business offices for Declarant, approved builders, or the Association), consistent with the Governing Documents; provided, however, that a parcel of land containing approximately 15 acres, which is a part of the tract described on Exhibit "B", and which is located on Sam's Point Road may be used for commercial purposes at the option of Declarant (this provision shall not be construed to restrict the use of any of the property described in Exhibit "B" in any way unless and until such property is annexed pursuant to Article X hereof). Notwithstanding the above, home business use ancillary to the primary residential use of a Unit is permitted subject to the Rules and Regulations and, further, as provided in Section 11.2 of this Declaration, Declarant and all Persons authorized by Declarant may construct, relocate, maintain, and carry on upon any Unit Declarant owns or upon portions of the Common Area, such facilities and activities as may be reasonably required, convenient, or incidental to the construction, marketing, sale or re-sale of Units and any other real property in Beaufort County, South Carolina, in Declarant's sole opinion.

3.3. Restrictions on Ownership and Occupancy. All occupants of a single Unit shall be members of a single housekeeping unit; provided, however, that an Owner may lease out a separate, detached guest house or garage apartment so long as all the occupants of the guest house or garage apartment are members of a single housekeeping unit. The number of occupants in each Unit shall be limited to a reasonable number based on the Unit's facilities and size and its fair use of the Common Area, as determined by the Board.

3.4. Restrictions on Transfer; Changes in Ownership of Units. Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including assessment obligations, until the Board receives such notice, notwithstanding the transfer of title.

3.5. Guardhouse. The Declarant (or the Association, with the Declarant's consent during the Declarant Control Period), shall have the right, but not the duty, to construct and maintain a guardhouse to limit access to the Community to authorized persons, including, but not limited to, Owners, their families and visitors. Reasonable rules and regulations may be adopted for car stickers or similar devices identifying Owners and their families, for notification of the guardhouse by Owners of persons or service personnel expected to visit the Community, and for other matters necessary or desirable in order to facilitate the proper operation of any such guardhouse.

3.6. Other Use Restrictions. Other use restrictions are contained in the Rules and Regulations of the Community, attached hereto as Exhibit "C" and incorporated herein by reference.

ARTICLE IV: Conduct

4.1. Framework for Regulation. The Governing Documents establish, as part of the general plan of development for Coosaw Point, a framework of affirmative and negative covenants, easements, and restrictions governing Coosaw Point, within which the Board and the Members shall have the ability to respond to problems and changes in circumstances, conditions, needs, trends, and technology which inevitably will affect Coosaw Point, its Owners, and residents. In addition to the other covenants and restrictions set forth herein or in the other Governing Documents, all Owners of property within Coosaw Point covenant and agree to follow and comply with all of the Rules and Regulations of Coosaw Point, as they may be amended from time to time, which Rules and Regulations are attached hereto as Exhibit "C" and incorporated herein by reference. Said Rules and Regulations shall be deemed to constitute covenants and restrictions of Coosaw Point. This Article also establishes procedures for modifying and expanding the initial Rules and Regulations set forth in Exhibit "C".

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4.2. Regulation Making Authority.

a. Board Authority. Subject to the terms of this Article and the Board's duty to exercise business judgment on behalf of the Association and its Members, the Board may adopt, repeal, and modify the Rules and Regulations governing matters of conduct, aesthetics, use of property and the activities of Members, residents, and guests within Coosaw Point. The Board shall send notice by mail to all Members concerning any such proposed action at least five business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

b. Members' Authority. Alternatively, Members, by a majority Vote of the Association, at an Association meeting duly called for such purpose, may vote to adopt regulations which modify, cancel, limit, create exceptions to, or expand the Rules and Regulations then in effect. Such action shall require Declarant's approval so long as Declarant has the right unilaterally to annex property to the Community.

c. Notice; Opportunity To Disapprove. Notice of any Board resolution or Member action adopting, repealing, or modifying regulations shall be sent to all Members at least 30 days prior to the effective date. Subject to Declarant's disapproval rights under Section 3.18 of the By-Laws, the resolution or Member action shall become effective on the date specified in the notice unless (i) Members petition for a special meeting, in accordance with the By-Laws, to reconsider such resolution, and (ii) the resolution is disapproved at the meeting by Members representing more than 50% of the total votes in the Association.

d. Conflicts. Nothing in this Article shall authorize the Board or the Members to modify, repeal, or expand the Architectural Guidelines or other provisions of this Declaration during the Declarant Control Period. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control.

e. Common Area Administrative Rules. The procedures required under this Section 4.2 shall not apply to the enactment and enforcement of Board resolutions or administrative rules and regulations governing use of the Common Area unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative rules and regulations shall include, but not be limited to, hours of operation of a recreational facility, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times. The Board shall exercise business judgment and act in accordance with the business judgment rule, as described in Section 3.24 of the By-Laws, in the enactment, amendment, and enforcement of such administrative rules and regulations.

f. Limitations. Except as may be contained in this Declaration either initially or by amendment or in the initial Rules and Regulations set forth in Exhibit "C," all Rules and Regulations shall comply with the following provisions:

i. Similar Treatment. Similarly situated Owners shall be treated similarly.

ii. Signs and Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling. No rules shall regulate the content of political signs; however, rules may regulate the time, place, and manner of posting such signs (including design criteria) and limit to a reasonable number the number of signs that may be posted. Other signs may be posted in accordance with applicable Board rules and to the extent not inconsistent with the terms of this Declaration, provided that such Owners shall be responsible for removing such signs in a timely manner and shall be subject to enforcement actions for failing to do so. No commercial signs, including "for rent" or "for sale" and other similar signs, shall be erected or maintained on or in said Property by anyone other than Declarant, including, but not limited to, any Owner, realtor, contractor or subcontractor, except with the written permission of the Architectural Review Board, or except as may be required by legal proceedings. If such permission is granted, the Architectural Review Board reserves the right to restrict size, color and content of such signs.

iii. Household Composition. No rule established pursuant to this Article shall interfere with the Owners' freedom to determine the composition of their households, except that the rules may proscribe timesharing arrangements. Section 3.3 shall govern restrictions on occupancy.

iv. Activities Within Dwellings. No rule established pursuant to this Article shall interfere with the activities carried on within the confines of dwellings, except that the Association may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of others, that generate excessive noise, parking congestion or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

v. Alienation. No rule promulgated pursuant to this Section shall prohibit leasing or transfer of any Unit, or require consent of the

Association or Board for leasing or transfer of any Unit; however, the Association or the Board may require a minimum lease term of up to 12 months. The Association may require that Owners use lease forms approved by the Association, but shall not impose any fee on the lease of any Unit greater than an amount reasonably based on the costs to the Association of administering that lease.

vi. Reasonable Rights To Develop. No rule or action by the Association shall unreasonably impede Declarant's right to develop the Community in accordance with the rights reserved to Declarant in this Declaration.

The limitations in subsections i. through iv. of this subsection 4.2(f) shall limit only regulation making authority exercised under Section 4.2; they shall not apply to amendments to this Declaration adopted in accordance with Article XVII.

4.3. Owners' Acknowledgment and Notice to Purchasers. All Owners and prospective purchasers are given notice that use of their Units and the Common Area is limited by the Rules and Regulations, as they may be amended, expanded, and otherwise modified hereunder. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision, that the Rules and Regulations may change from time to time, and that the current Rules and Regulations may not be set forth in a Recorded instrument. All purchasers of Units are on notice that the Association may have adopted changes to the Rules and Regulations. The Association shall provide a copy of the current Rules and Regulations to any Owner, prospective Owner, or Mortgagee upon request and payment of the reasonable cost of such copy.

ARTICLE V: Architecture and Landscaping

5.1. General.

a. In order to preserve the natural beauty of Coosaw Point and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property:

i. No building, fence, wall, sign, swimming pool, mail box, tennis court, roof, exterior, or other structure or improvement shall be erected, placed, added to, or altered on any Unit;

ii. No staking, clearing, excavation, grading, or other site work shall be performed on any Unit; and

iii. No trees having a diameter of over four (4") inches (measured 48" above the ground) shall be removed or significantly pruned

(collectively, the "Activities") unless and until the proposed building plans, specifications (including height, color and composition of roof, siding, or other exterior materials and finish), plot plan (showing the proposed location of such building or structure, drives and parking areas), landscape plan, other applicable plans and construction schedule shall have been submitted and approved in writing by the Architectural Review Board as hereinafter provided.

b. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint, or redecorate the interior of his or her Unit without approval. However, modifications to the interior of a Unit visible from outside the structure shall be subject to approval.

c. Any improvements constructed on a Unit hall be designed by and built in accordance with the plans and specifications of a licensed architect, and must be approved by Declarant or its designee in its sole discretion; provided, that the Architectural Review Board may waive the requirement of having an architect in its discretion. It is expressly understood that Declarant shall also have the right to require that the Owner plant, at the Owner's cost, specimen trees on the Unit in places adjacent to the right-of-way.

d. This Article shall not apply to Declarant's activities, nor to the Association's activities after the Declarant Control Period.

e. In reviewing and acting upon any request for approval, Declarant or its designee shall act solely in Declarant's interest and shall owe no duty to any other Person.

5.2. Architectural Review Board. The Declarant shall establish an Architectural Review Board (such board hereinafter referred to as the "Architectural Review Board" or "ARB") which shall consist of three (3) members. The three (3) members shall be appointed by the Declarant during the Declarant Control Period, unless such right of appointment is earlier terminated in a written instrument executed and Recorded by Declarant. The regular term of office for each member shall be one (1) year. Any member appointed by the Declarant may be removed with or without cause by the Declarant at any time by written notice to such appointee. A successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member(s). Control of the Architectural Review Board shall be transferred to the Association at the end of the Declarant Control Period, at which time Declarant shall execute and record an instrument evidencing such transfer. When control of the Architectural Review Board functions is transferred to the Association, members of the Architectural Review Board shall be elected by the Board of Directors of the Association and any member so elected may resign or be removed by the Board in the same manner as

provided in the By-Laws of the Association for the resignation and removal of officers of the Board.

a. Officers. The Architectural Review Board shall select its own Chairman and he, or in his absence, the Vice-Chairman, shall be the presiding officer of its meetings. All meetings shall be held upon call of the Chairman; all meetings shall be held at the offices of the Association in Beaufort County, South Carolina or at such other places in Beaufort County as may be designated by the Chairman. Two (2) members shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members of the Architectural Review Board present at the meeting at which there is a quorum shall constitute the action of the Architectural Review Board on any matter before it. The Architectural Review Board shall operate in accordance with its own rules of procedure and guidelines which shall be filed with the Association and maintained in the records of the Association.

b. Professional Consultants. The Architectural Review Board is hereby authorized to retain the services of one or more consulting architects, landscape architects, urban designers, and/or attorneys, and other professional consultants as it determines necessary to advise and assist the Architectural Review Board in performing the design review functions herein prescribed.

c. Submission, Approval and Refusal of Architecture, Siting, Landscaping and Other Building Plans. Two (2) copies of all plans and related data shall be furnished to the Architectural Review Board. One (1) copy shall be retained in the records of the Architectural Review Board. The other copy shall be returned to the Property Owner marked "approved" or "disapproved." The Architectural Review Board may establish a fee from time to time sufficient to cover the expense of reviewing plans and related data at the time they are submitted for review and to compensate any consulting architects, landscape architects, urban designers or attorneys retained in accordance the provisions of this Article. Approvals shall be dated and shall not be effective for construction commenced more than twelve (12) months after such approval unless a different expiration time is specifically stated in the approval. Disapproved plans and related data shall be accompanied by a reasonable statement of items found unacceptable. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the Architectural Review Board of all of the required documents with written request for approval, such approval shall be deemed granted. Refusal of approval of plans, location or specification may be based by the Architectural Review Board upon any ground which is consistent with the objectives of this Declaration, including purely aesthetic considerations, so long as such ground is not arbitrary and capricious.

5.3. Guidelines and Procedures.

a. Declarant may prepare Architectural Guidelines applicable to Units which may contain general provisions applicable to all Units as well as specific provisions which vary among the Units according to location, use, or other factors. The Architectural Guidelines may contain, without limitation, square footage requirements, lot setbacks, height restrictions, construction material restrictions and requirements, landscaping requirements or other requirements and/or restrictions on construction, modification or maintenance of improvements in the Community. The Architectural Guidelines are intended to provide guidance to Owners regarding matters of particular concern to the Architectural Review Board in considering applications hereunder. The Architectural Guidelines are not the exclusive basis for the Architectural Review Board's decisions, and compliance with the Architectural Guidelines does not guarantee approval of any application.

b. Declarant shall have sole and full authority to amend the Architectural Guidelines during the Declarant Control Period, notwithstanding a delegation of reviewing authority, unless Declarant also delegates the power to amend. Upon termination or delegation of Declarant's right to amend, the Architectural Review Board shall have the authority to amend the Architectural Guidelines with the Board's consent. Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

c. The Association shall maintain a copy of the Architectural Guidelines, as they may exist from time to time, and shall make them available to Members or Owners for inspection and copying upon reasonable notice during the Association's business hours. In Declarant's discretion, such Architectural Guidelines may be Recorded, in which event the Recorded version, as it may be amended, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

d. The Architectural Review Board may by resolution exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

5.4. No Waiver of Future Approvals. Each Owner acknowledges that the Persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the

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Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Architectural Review Board may refuse to approve similar proposals in the future. Approval of applications or plans, or in connection with any other matter requiring approval, shall not constitute a binding precedent in any other matter or waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.5. Variances. The Architectural Review Board may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with the rules and regulations (only the Board may grant a variance from compliance with the rules and regulations). No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Architectural Review Board from denying a variance in other circumstances. For purposes hereof, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

5.6. Limitation of Liability. The standards and procedures this Article establishes are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Community; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be based on aesthetic considerations only. The Architectural Review Board shall not bear any responsibility for ensuring (a) the structural integrity or soundness of approved construction or modifications, (b) compliance with building codes and other governmental requirements, (c) that Units are of comparable quality, value, size, or of similar design, aesthetically pleasing, or otherwise acceptable to neighboring property owners, (d) that views from any other Units or the Area of Common Responsibility are protected, or (e) that no defects exist in approved construction. Declarant, the Association, the Board, any committee, or any member thereof shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the actions, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents; or any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Unit. In all matters, the Association shall defend and indemnify the Board, the Architectural Review Board, and any members thereof as provided in Section 8.7.

5.7. Certificate of Compliance. Any Owner may request that the Architectural Review Board issue a certificate of architectural compliance certifying that such Owner's Unit has no known violations of this Article or the Architectural Guidelines. The Association shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificate. Issuance of such a certificate shall estop the

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Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

5.8. View Impairment. Neither Declarant nor the Association guarantee or represent that any view over and across any portion of the Community or any adjacent property will be preserved without impairment. Any additions or changes, whether occurring in the course of developing or maintaining the Community, may diminish or obstruct any view from Units, and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

5.9. Builder Program. The Declarant has established a Builder Program for Coosaw Point. The Declarant shall have the authority to set forth rules, regulations and requirements for the Builder Program. Before any contractor or builder may perform or engage in any construction activity on a Unit, such contractor or builder shall: (i) be required to submit a builder application to the Declarant; (ii) be approved by the Declarant to participate in the Builder Program; and (iii) agree to comply with all terms and conditions of the Governing Documents and the rules, regulations and requirements of the Builder Program. Under the terms of the Builder Program, all builders must pay to Declarant or its designee a fee equal to three percent (3%) to five percent (5%) of the final contract price for construction of a home. Approval of a contractor or builder shall not be construed as an endorsement of the contractor or builder by the Declarant, nor shall the Declarant be liable for any loss, damage or injury to any person arising out of an Owner's election to use such contractor or builder.

ARTICLE VI: Maintenance and Repair

6.1. Maintenance of Units. Each Owner shall maintain his or her Unit and all landscaping, irrigation systems, and other improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants, unless the Association (or another association, such as a condominium association in the event the Unit is in a condominium regime) assumes and carries out such maintenance responsibility pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit. Except as provided in a Supplemental Declaration, each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or public right-of-way lying between the Unit boundary and any wall, fence, or curb located on the Common Area or right-of-way within 10 feet of the Unit boundary; however, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article V.

6.2. Responsibility for Repair and Replacement. Unless the Governing Documents or other instruments creating and assigning maintenance responsibility specifically provide otherwise, responsibility for maintenance shall include responsibility for repair and replacement as necessary to maintain the property to a level consistent with the Community-Wide Standard.

a. By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible. If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner pursuant to Section 9.3.

b. Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct such structures in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article V. Alternatively, the Owner shall clear the damaged portions of the Unit and maintain the Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds. Such repair, re-construction or removal shall be completed within six (6) months from the date of such damage or destruction.

ARTICLE VII: The Association and Its Members

7.1. Function of Association. The Association is the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility. The Association also is the primary entity responsible for enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and South Carolina law.

7.2. Board of Directors. The Board shall govern the Association as more particularly described in the By-Laws. Except as to matters specifically requiring Members' approval as set forth in the Governing Documents, the Board may exercise all rights and powers granted to the Association without membership approval.

7.3. Membership.

a. Qualification. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 7.3(b) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners under this Declaration and the other Governing Documents. The membership rights of an Owner which is not an individual may be exercised by any officer, director, partner, member, manager of a limited liability company, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

b. Voting. The Association shall have two (2) types of regular voting memberships:

i. TYPE "A". Type "A" Members (also known as Class "A" Members) shall be all those Owners of Units other than the Declarant. A Type "A" Member shall be entitled to one (1) vote for each Unit which he owns; provided, that in the event that more than one lot has been consolidated into one building site, such lots, in the aggregate, shall be considered one Unit for voting purposes, and shall entitle the owner thereof to only one vote, for so long as such additional lot is a part of such consolidated building site.

ii. TYPE "B". Type "B" Members (also known as Class "B" Members) shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Unit owned by the Declarant, plus one (1) additional vote: **EXCEPT AS SPECIFICALLY PROVIDED IN ARTICLE III OF THE BYLAWS OF THE ASSOCIATION, DURING THE DECLARANT CONTROL PERIOD, ALL VOTES BY TYPE "A" MEMBERS SHALL BE ADVISORY ONLY, AND SUCH ADVISORY VOTES SHALL NOT BE COUNTED IN DETERMINING ANY VOTE OF THE MEMBERS, CONSENT BY THE MEMBERS OR OTHER ACTION OR DETERMINATION BY THE MEMBERS. DURING SUCH DECLARANT CONROL PERIOD, ONLY VOTES BY TYPE "B" MEMBERS SHALL BE COUNTED IN DETERMINING ANY VOTE OF THE MEMBERS, CONSENT BY THE MEMBERS OR OTHER ACTION OR DETERMINATION BY THE MEMBERS. UPON THE EXPIRATION OF THE DECLARANT CONTROL PERIOD, BOTH TYPE "A" AND TYPE "B" MEMBERS SHALL BE ENTITLED TO HAVE THEIR VOTES COUNTED IN DETERMINING ANY VOTE OF THE MEMBERS, CONSENT BY THE MEMBERS OR OTHER ACTION OR DETERMINATION BY THE MEMBERS.**

c. Exempt Property. At no time shall any Type "A" membership vote be exercised for any property which is exempt from assessment under Section 9.9.

d. Co-Owners. In any situation where a Member is entitled to exercise the vote for his or her Unit, and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

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e. Transfer of Membership. Membership in the Association is appurtenant to Unit ownership and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon a transfer of title to such Unit, and then only to the transferee. Any prohibited transfer of an Association membership shall be void and of no force or effect. Any transfer of title or interest to a Unit shall operate automatically to transfer the appurtenant membership rights in the Association to the new Owner. Prior to any transfer of title to such a Unit, the transferring Owner shall give seven days' prior written notice to the Board of such transfer, which shall include the name and address of the acquiring Owner and the date of transfer.

f. Consent to Membership. By purchasing a lot or Unit in Coosaw Point, each Owner irrevocably consents to being a Member of the Association, and covenants to comply with all of the duties and responsibilities of membership, as provided for in this Declaration and in the Bylaws.

ARTICLE VIII: Association Powers and Responsibilities

8.1. Acceptance and Control of Association Property.

a. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to the provisions of Sections 16.3.

b. Declarant and its designees may convey to the Association personal property and fee title, leasehold, or other property interests in any real property, improved or unimproved, in any of the property described in Exhibits "A" or "B". The Association shall accept and maintain such property at its expense for the Members' benefit, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association. Upon Declarant's written request, the Association shall reconvey to Declarant any unimproved portions of the Community or Common Property originally conveyed by Declarant to the Association, to the extent conveyed by Declarant in error or needed by Declarant to make adjustments in property lines.

c. The Association shall be responsible for management, operation, and control of the Area of Common Responsibility, subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Association, and also subject to any restrictions or requirements of any governmental entity or applicable law. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate.

d. Notwithstanding any other provision hereof or the provision of any plat or other document relating to the Community, the Association shall the right to designate the use of any Common Area in the Community, and to

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change the use of any such Common Area. For instance, and without limitation, the Association shall have the authority to change the use of a Common Area designated as "Open Space" or "Community Park" on a Recorded subdivision plat to another use, if the Association should determine that such change of use would be of benefit to the Community as a whole. All uses of Common Areas designated on any subdivision plat are preliminary and subject to change by the Association.

8.2. Maintenance of Area of Common Responsibility.

a. The Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which shall include, but need not be limited to:

i. all portions of, and structures situated on, the Common Area, including, but not limited to, the private streets and gates serving Coosaw Point, and street lights. The streets of the Community shall be maintained (unless same have been publicly dedicated by Declarant or the Association) whether or not owned by the Association in fee simple, so long as the Association and the Owners have a non-exclusive easement to use said streets;

ii. landscaping within public rights-of-way within or abutting Coosaw Point;

iii. such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or any contract, covenant, or agreement for maintenance thereof entered into by, or for the benefit of, the Association;

iv. all lakes, ponds, streams, or wetlands located within Coosaw Point which serve as part of the stormwater drainage system, and improvements and equipment installed therein or used in connection therewith;

v. any part of the irrigation system for Coosaw Point, if any, installed by Declarant and located within Coosaw Point and all improvements and equipment used in connection therewith, including irrigation ditches, head gates, and siphons; provided, however, that each Unit Owner shall maintain any irrigation system which functions primarily to irrigate such Unit, whether or not originally constructed by Declarant; and

vi. any property and facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from Declarant to

the Association and to remain a part of the Area of Common Responsibility and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

b. The Association may maintain other property which it does not own, including, without limitation, publicly-owned property and easements held by it, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

c. Neither Declarant nor the Association guarantees that drainage will flow off the Area of Common Responsibility on the intended drainage course. Neither Declarant nor the Association shall bear any responsibility for ensuring that drainage follows intended drainage patterns off of the Area of Common Responsibility.

d. The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own, except to the extent that it has been negligent in the performance of its maintenance responsibilities.

e. The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the Board's sole discretion, to perform required maintenance or repairs, unless the discontinuance of such repairs and/or maintenance is (a) approved by a 67% Vote of the Members, and, (b) during the Declarant Control Period, such discontinuance is approved by Declarant.

f. Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with Declarant's prior written approval during the Declarant Control Period.

g. The costs associated with maintenance, repair, and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other Recorded covenants, or agreements with the owner(s) thereof.

8.3. Insurance.

a. Required Coverages. The Association shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

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i. blanket property insurance for all insurable improvements on the Common Area and within the Area of Common Responsibility to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. All property insurance policies the Association obtains shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes. The Association shall have full power to receive and to deal with such proceeds. The insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried, except as otherwise provided in this Section;

ii. commercial general liability insurance on the Area of Common Responsibility. Coverage shall include, without limitation, liability for personal injuries and activities in connection with the ownership, operation, maintenance, and other use of the Area of Common Responsibility. The Board shall use its business judgment in deciding upon per occurrence limits for such coverage, and shall consider any applicable secondary mortgage guidelines relating to such coverage. The liability insurance shall name, as separately protected insureds, Declarant, any property manager, the Association, the Board, the Architectural Review Board, and their respective representatives, members, officers, agents, and employees with respect to any liability arising out of the maintenance or use of the Area of Common Responsibility;

iii. workers' compensation insurance and employers' liability insurance, if and to the extent required by law;

iv. directors' and officers' liability coverage, including coverage for sexual harassment, sex discrimination and similar coverages if available;

v. commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-quarter of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

vi. such additional insurance as the Board, in its business judgment, determines advisable.

Premiums for all insurance shall be Common Expenses, unless the Board reasonably determines that other treatment of the premiums is more appropriate. The Association shall include such premiums

in the assessments it levies. The Board shall review the limits of all Association insurance policies at least once a year and shall adjust the policy limits as the Board deems necessary or appropriate.

b. Policy Requirements. The Board shall arrange for a periodic review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with replacement costs in the Beaufort County area. All Association policies shall provide for a certificate of insurance to be furnished to the Association. The policies may contain a reasonable deductible. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment pursuant to Section 9.3. All insurance coverage obtained by the Board shall, to the extent reasonably practicable:

i. be written with a company authorized to do business in South Carolina which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

ii. be written in the name of the Association, individually, and, to the extent applicable, as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association;

iii. not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

iv. contain an inflation guard endorsement;

v. include an agreed amount endorsement, if the policy contains a co-insurance clause;

vi. provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's membership in the Association or interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than the right to use same to the extent permitted hereby);

vii. include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer conditioning recovery on account of an act or omission of any one or more Owners, or on

account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

viii. include an endorsement precluding the insurer from denying a claim by an Owner or conditioning recovery under the policy based upon or due to the negligent acts or omissions of the Association or any other Owner.

c. Other Coverage. In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners (as a class) as additional insureds for claims arising in connection with the ownership, existence, use, or management of the Common Area and provide:

i. a waiver of subrogation as to any claims against the Association's board of directors, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

ii. a waiver of the insurer's rights to repair and reconstruct instead of paying cash; and

iii. an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

8.4. Repair and Reconstruction of Association Property. The Association shall have the authority and the duty to repair or reconstruct Common Area or other property which the Association is obligated to insure ("Insured Property") that is damaged or destroyed unless such repair or reconstruction would be illegal under any state or local ordinance governing health or safety, or Members representing 67% of the total vote of the Association vote not to repair or reconstruct.

a. Except as otherwise provided in this Section the Board shall diligently pursue to completion the repair or reconstruction of that part of the Insured Property damaged or destroyed. The Association may take all necessary or appropriate action to effect such repair or reconstruction. Such repair or reconstruction shall be generally in accordance with the original plans and specifications unless other plans are approved by a majority Vote of the Association and the Architectural Review Board pursuant to Article V.

b. The proceeds of any insurance collected shall be available to the Association for the purpose of repair or reconstruction of Insured Property. If the proceeds of insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, then the Board, pursuant to Section 9.3, may levy in advance a Special Assessment to provide funds to pay such estimated or actual costs of repair or reconstruction. Such assessment shall be allocated and collected as provided in Article IX.

c. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or reconstruction. The insurance proceeds held by the Association and the amounts received from the assessments provided for in Article IX constitute a fund for the payment for costs of repair or reconstruction after casualty. If a balance exists after payment of all costs of such repair or reconstruction, such balance shall be deposited into the Association's general funds.

d. If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the Association shall clear the affected property of all debris and ruins and thereafter shall maintain such improvements in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The cost of removal and landscaping shall be paid for with insurance proceeds. The Association shall retain the remaining proceeds in its general or other funds or shall allocate or distribute such funds as the Board determines appropriate, provided any such distribution of insurance proceeds shall be proportionate to the Members' interests.

8.5. Compliance and Enforcement. Every Owner and occupant of a Unit shall comply with the Governing Documents.

a. The Board may impose sanctions for violating the Governing Documents after notice and an opportunity for a hearing in accordance with the procedures set forth in Section 3.23 of the By-Laws. Such sanctions may include, without limitation:

i. imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest, or invitee of an Owner violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; however, if the violator does not pay the fine within the time period the Board sets, the Owner shall pay the fine upon notice from the Board);

ii. suspending an Owner's right to vote;

iii. suspending any services the Association provides to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association;

iv. suspending an Owner's right to use the recreational amenities provided by the Association;

v. exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

vi. requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit that violates Article V and to restore the Unit to its previous condition and, upon the Owner's failure to do so, the Board or its designee shall have the right to enter the property, remove the violation, restore the property to substantially the same condition as previously existed, and levy a Specific Assessment against the Owner's Unit in accordance with Section 9.4 for the cost of same, including a reasonable administrative fee. Any such action shall not be deemed a trespass;

vii. without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article V and the Architectural Guidelines, or any other provision of this Declaration or the other Governing Documents, from continuing or performing any further activities in the Community; and

viii. levying a Specific Assessment against an Owner in the manner provided in Section 9.4 to collect any costs the Association incurs in curing any violation, plus a reasonable administrative fee, or to collect any fine that remains unpaid for a period of 10 days or more.

b. In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of complying with the procedures set forth in Section 3.23 of the By-Laws:

i. exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); and bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both; and

ii. requiring any Owner to reimburse the Association for any costs incurred by the Association in enforcing this Declaration or the other Governing Documents, or in responding to any litigation or claim instituted by such Owner, including any attorneys fees, expenses of litigation or costs incurred by the Declarant or the Association for such enforcement, and/or levying a Special Assessment against such Owner for same.

c. In no event shall Declarant be subject to any fine or other sanction under this Section.

d. In addition to any other enforcement rights, if an Owner fails to perform his or her maintenance responsibility properly, the Association may

Record a notice of violation or perform such maintenance responsibilities and assess all costs the Association incurs against the Unit and the Owner as a Specific Assessment pursuant to Section 9.3. Except in an emergency situation, the Association shall provide the Owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

e. All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

f. The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

i. the Association's position is not strong enough to justify taking any or further action;

ii. the covenant, restriction, or rule being enforced is inconsistent with applicable law;

iii. although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

iv. that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the Association's right to enforce such provision at a later time or under other circumstances, or preclude the Association from enforcing any other covenant, restriction, or rule.

g. The Association, by contract or other agreement, may enforce applicable county ordinances and Beaufort County may enforce its ordinances within the Community.

8.6. Implied Rights; Board Authority.

a. The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege.

b. The Board may institute, defend, settle, or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or its Members.

c. In exercising the Association's rights and powers, making decisions on the Association's behalf, and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in Section 3.24 of the By-Laws.

8.7. Indemnification of Officers, Directors, and Others.

a. Subject to South Carolina law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such person shall have no right of indemnity for liability caused by his or her individual willful misfeasance, malfeasance, misconduct, or bad faith.

b. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members). The Association shall indemnify and forever hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

c. Decisions whether to institute litigation are no different from other decisions directors make. There is no independent legal obligation to bring a civil action against another party. In deciding whether to bring a civil action against another party, a director is protected by the business judgment rule as explained in Section 3.24 of the By-Laws.

8.8. Security.

a. The Association may, but shall not be obligated to, maintain certain activities, structures, or devices within Coosaw Point designed to make it safer, including a guardhouse. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security within Coosaw Point, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Neither Declarant nor the Association shall have any duty to provide security, and neither makes any representation that any security measures will be provided or enforced. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to Coosaw Point (e.g., a gated entry, guardhouse, etc.) will carry out any security function, or that any such mechanism or system cannot or will not be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended.

b. Declarant reserves the right to install a separate security gate or similar device between the lots located generally in the northeast portion of the Community (Parcel "A", containing 7.29 acres, as described in Exhibit "B" and those parcels lying east of Parcel "A") from the remainder of the Community, and to limit access to such northeast portion of the Community to Owners of lots within that section of the Community, and their families and invitees, at Declarant's option.

c. Each Owner acknowledges, understands, and covenants to inform its tenants and all occupants of its Unit that the Association, its Board and committees, and Declarant are not insurers of safety within Coosaw Point and that each Person using Coosaw Point assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

8.9. Provision of Services. The Association may provide, or provide for, services and facilities for the Members, their guests, lessees, and invitees, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use and consumption fees for such services and facilities. By way of example, some services and facilities which might be offered include garbage removal, landscape maintenance, snow removal, pest control service, cable television service, security, caretaker services, transportation, fire protection, utilities, including access to fiber optics networks, community boat docks, and similar services and facilities. Nothing herein shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, the Board, in its discretion, shall be permitted to modify or cancel existing services provided unless otherwise required by the Governing Documents. No Owner shall be exempt from the obligation to pay for such

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services, if provided to all Owners as a Common Expense, based upon non-use or any other reason.

8.10. Relations with Other Properties. The Association may enter into contractual agreements or covenants to share costs with any neighboring property to address issues of an area-wide concern. Examples of issues which may be addressed include road and right-of-way maintenance, drainage issues, open space, and to contribute funds for, among other things, shared or mutually beneficial property or services or a higher level of Common Area maintenance.

ARTICLE IX: Association Finances

9.1. Budgeting and Allocating Common Expenses.

a. Until the Association first levies assessments, Declarant shall be responsible for all Common Expenses; provided, that in no event shall Declarant be responsible for the payment of Common Expenses for more than one (1) year after the first lot in the Community is conveyed to a third party purchaser. Thereafter, assessments for Common Expenses shall be levied at least annually in accordance with this Article.

b. At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year. The budget shall include any contributions to be made to a reserve fund for repair and replacement of capital assets, based on a separate reserve budget which takes into account the number and nature of replaceable assets, the expected life of each asset, and each asset's expected repair or replacement cost. The budget shall reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in Section 9.4.

c. The Association is hereby authorized to levy Base Assessments equally against all Units subject to assessment under Section 9.4 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

d. Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by paying any deficit between the Common Expenses and Association funds collected pursuant to the current year's budget, or any portion of any such deficit (in addition to any amounts paid by Declarant under Section 9.6), which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such deficit payment shall be disclosed as a

line item in the income portion of the budget. Payment of such deficit, or portion thereof, in any year shall not obligate Declarant to continue payment of such deficit in future years, unless otherwise provided in a written agreement between the Association and Declarant.

e. The Board shall send a summary of the final budget, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner within 30 days of adoption of the proposed budget and at least 30 days prior to the effective date of such budget. The notice shall set a date for a meeting of the Members to consider the budget, which shall be not less than 14 nor more than 30 days after mailing of the summary. The budget automatically shall become effective unless disapproved by a 75% Vote of the Members.

f. If Members disapprove any proposed budget or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

g. The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.

9.2. Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership. Except as otherwise specifically provided in this Declaration, any such Special Assessment shall require approval by a majority Vote of the Members, as well as the consent of Declarant during the Declarant Control Period. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

9.3. Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

a. to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which the Association may offer (which might include the items identified in Section 8.9). The Association may levy Specific Assessments for special services in advance of the provision of the requested service; and

b. to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in

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accordance with the By-Laws, before levying any Specific Assessment under this subsection (b).

9.4. Authority To Assess Owners; Time of Payment.

a. Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the month following the sale of a Unit to a Person other than Declarant; provided, however, in the event a Unit is conveyed by the Declarant to a builder approved by the Declarant solely for the purpose of constructing a residence thereon and sale thereof, such assessments shall commence as to such Unit one (1) year after the conveyance of such Unit to such builder. The first annual Base Assessment levied on each Unit, shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

b. Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board provides otherwise, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

9.5. Personal Obligation for Assessments.

a. Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Community, covenants and agrees to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of South Carolina law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be each Owner's personal obligation and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

b. The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which

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time the Association may retroactively assess any shortfalls in collections.

c. No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

9.6. Budget Deficits During Declarant Control. During the Declarant Control Period, Declarant may (but shall not be required to):

a. Advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association and the sum of the Base, Special, and Specific Assessments collected by the Association in any fiscal year. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the Association in favor of Declarant. The failure of Declarant to obtain a promissory note shall not invalidate the debt; or

b. Cause the Association to borrow any amount from a third party at the then prevailing rates for such a loan in the local area of the Community. Declarant, in its sole discretion, may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Area or any of the improvements maintained by the Association shall be given in connection with such loan, unless approved by a 67% Vote of the Class "A" Members (for the purposes of this subparagraph only, the votes of such Class "A" Members shall not be advisory, but shall be fully effective whether or not the Declarant Control Period has expired or been terminated); or

c. Acquire property for, or provide services to, the Association or the Common Area. Declarant shall designate the value of the property or the services provided and such amounts, at the request of the Declarant, shall be evidenced by a promissory note. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Section.

9.7. Statement of Account. Upon written request of any Member, Mortgagee, prospective Mortgagee, or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit, the amount of the current periodic assessment and the date on which such assessment becomes or became due, and any credit for advanced payments or prepaid items. Such statement shall be delivered to the requesting Person personally or by certified mail, first-class postage prepaid, return receipt requested. The Association may require the payment of a

reasonable processing fee for issuance of such statement. Such statement shall be issued within 10 days after written request for same has been delivered to the Association. Such statement shall bind the Association in favor of Persons who rely upon it in good faith.

9.8. Lien for Assessments.

a. Subject to the limitations of any other applicable provisions of South Carolina law, the Association shall have a statutory lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges and costs of collection (including attorneys' fees). Such lien shall be perfected upon the Recordation of this Declaration.

b. Such lien, when delinquent, may be enforced in the same manner as provided for the foreclosure of Mortgages under South Carolina law. All such costs and expenses of any such foreclosure, including but not limited to attorneys fees, shall be secured by the lien being foreclosed.

c. The Association may bid for the Unit, as applicable, at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: i. no right to vote shall be exercised on its behalf; ii. no assessment shall be levied on it; and iii. each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had the Association not acquired it. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same, and the respective owners of Units shall be personally liable for same.

d. Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments

e. The lien of the assessments provided for herein shall be subordinate to the lien of any recorded first mortgage held by an Institutional Lender on a Unit, or any other mortgage approved in writing by the Association ("Approved Mortgage"). Sale or transfer of any Unit shall not affect the assessment lien. No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof. Notwithstanding any provisions herein, no Unit shall be exempt from said assessments, charges, or liens except as provided hereinafter in Section 9.9. Notwithstanding all of the provisions of this Section 9.8, where an Institutional Lender or other holder of an Approved Mortgage obtains title to a Unit as a result of foreclosure of a first mortgage, or as a result of a deed given in lieu of foreclosure, such acquirer of title, its successors and assigns, shall not be liable for the assessments levied by the Association pertaining to such Unit or chargeable to the former Owner of such Unit which became due prior to the acquisition of title as a result of the foreclosure or deed in lieu of foreclosure, unless such assessment accrued

prior to the recording of such Mortgage. Such unpaid share of the assessments shall be deemed to be collectible prorata from all of the Members, including such acquirer, its successors and assigns. An Institutional Lender, or other holder of an Approved Mortgage, acquiring title to a Unit as a result of foreclosure or a deed in lieu of foreclosure, may not, during the period of its ownership of such Unit, whether or not such Unit is unoccupied, be excused from the payment of the assessments coming due during the period of such ownership.

9.9. Exempt Property. The following property shall be exempt from payment of Base Assessments, Specific Assessments, and Special Assessments:

a. all Common Area and such portions of the property owned by Declarant as are included in the Area of Common Responsibility;

b. any Units or other property owned by Declarant; and

c. any property dedicated to and accepted by any governmental authority or public utility.

9.10. Capitalization of Association.

a. Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant or a Declarant-approved builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to the annual Base Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws. Such contribution shall not be required upon the conveyance of a Unit by the Declarant to a builder approved by the Declarant solely for the purpose of constructing a residence thereon and sale thereof, and who meets the following requirements:

i. Construction of the residence on the lot must be begun within 90 days after the Builder takes title to the lot.

ii. The lot and residence must be conveyed by the Builder to a third party purchaser not related to the Builder by blood or marriage, and said third party purchaser must occupy the residence on said property as his or their principal residence, within two (2) years after the lot is conveyed by the Developer to the Builder.

iii. The unit must not be occupied as a residence while owned by such Builder;

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b. In the event such requirements as set forth above are not met, or in the event that at any time such requirements cease to be met, such initial contribution shall become immediately due and payable with respect the initial sale by the Developer to the Builder, and shall be secured by a lien on the subject lot(s) as herein provided.

c. For all purposes hereunder, a builder may be disapproved by the Declarant in its sole discretion if:

i. Declarant determines that the builder has failed to comply with the Governing Documents in the past, or similar governing documents in other developments in Beaufort County, or

ii. in the opinion of the Declarant the builder does not have substantial experience building high quality houses in Beaufort County; or

iii. if the Declarant believes that the builder has failed to maintain a good reputation for the quality of its work, or that the builder has failed to meet its obligations to its customers, including its warranty obligations; or

iv. if Declarant believes that the Builder does not have sufficient experience or financial net worth to provide reasonable assurance that it will meet its obligations to the Owner and/or to the Community.

9.11. Transfer Fee.

a. Authority. The Board shall have the authority to establish and collect a "Transfer Fee" (resale assessment) from the purchaser upon each transfer of title to a Unit in the Community, which fee shall be payable to the Association at the closing of the transfer and shall be secured by the Association's lien for assessments under Section 9.8. The transferring Owner and the prospective purchaser shall notify the Association's secretary of a pending title transfer at least seven days prior to the transfer. Such notice shall include the name of the buyer, the date of title transfer, and other information as may be required by the Board.

b. Fee Limit. The Board shall have the sole discretion to determine the amount and method of determining any such Transfer Fee. The Board is authorized, but is not required, to determine the resale assessment based upon a sliding scale which varies in accordance with the "gross selling price" of the property or any other factor the Board determines. However, in no event shall any such resale assessment exceed 0.25% of the gross selling price of the Unit. For the purpose of determining the amount of the resale assessment, the gross selling price shall be the total cost to the

purchaser of the Unit, excluding taxes and title fees as shown by the amount of tax imposed by Beaufort County, South Carolina. Such resale assessment shall be secured by lien on the subject Unit(s) in the same manner as the other assessments provided for herein.

c. Purpose. All Transfer Fees which the Association collects shall be deposited into the Association's general funds.

d. Exempt Transfers. Notwithstanding the above, no Transfer Fee shall be levied upon transfer of title to a Unit:

i. by Declarant;

ii. by another party to Declarant;

iii. by a builder which purchased its lot directly from Declarant, who held title solely for the purpose of development and resale, and where such Unit has never been occupied as a residence;

iv. by a co-owner to any Person who was a co-owner immediately prior to such transfer;

v. to the Owner's estate, spouse, surviving spouse, or child upon the death of the Owner;

vi. from an Owner to an entity in which the grantor has at least a 51% ownership interest; provided, upon any subsequent transfer of an ownership interest in such entity, the resale assessment shall become due;

vii. to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage;

viii. to a revocable trust created by the Owner of which the Owner and/or Owner's spouse is the principal beneficiary;

ix. any conveyance which is exempt from payment of a deed transfer tax to Beaufort County.

ARTICLE X: Expansion of Community

10.1. Expansion by Declarant.

a. Until all property described in Exhibit "B" has been subjected to this Declaration or twenty years after the Recording of this Declaration, whichever is earlier, Declarant reserves the right, but not the obligation, to subject unilaterally to the provisions of this Declaration all or any portion of the real property described in Exhibit "B". Declarant may transfer or

assign this right to subject property, provided that Declarant memorializes such transfer by executing a written, Recorded instrument.

b. Declarant shall subject property by Recording a Supplemental Declaration describing the property being subjected. Such Supplemental Declaration shall not require the Members' consent but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the Recording of such Supplemental Declaration unless otherwise provided therein.

c. In no event shall any of the property described in Exhibit "B" be deemed to be a part of Coosaw Point, nor shall any of said property be subject to this Declaration or restricted or burdened hereby, unless and until a Supplemental Declaration specifically annexing such property has been executed and Recorded.

10.2. Expansion by the Association.

a. After Declarant's right to unilaterally annex additional property into the Community expires as provided in Section 10.1, the Association may subject any real property to the provisions of this Declaration with the consent of the owner of such property, an affirmative 67% Vote of the Members, and the consent of Declarant during the Declarant Control Period. The Association shall subject such property by Recording a Supplemental Declaration describing the property being subjected.

b. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, by the owner of the subjected property, and by Declarant, if Declarant's consent is required. Any such subjection of property shall be effective upon Recording unless otherwise provided therein.

10.3. Withdrawal of Property. So long as Declarant owns property described in Exhibit "A" or "B," Declarant reserves the unilateral right to amend this Declaration to withdraw any portion of the Community from the coverage of this Declaration whether originally described in Exhibit "A" or added by Supplemental Declaration; however, the withdrawal of any property shall require the consent of the person(s) who hold title to the property to be so withdrawn, if other than Declarant. If the property is Common Area, the Association shall consent to such withdrawal upon the request of Declarant.

10.4. Additional Covenants and Easements. So long as Declarant owns any property described in Exhibit "A" or "B," Declarant unilaterally may subject any portion of the property submitted to this Declaration to additional covenants and easements. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrently with or after the subjection of the property and shall require the written consent of the owner(s) of such property, if other than Declarant. Any such Supplemental Declaration may

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supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

10.5. Effect of Filing Supplemental Declaration. A Supplemental Declaration shall be effective upon Recording unless such Supplemental Declaration specifies a later date. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

10.6. Amendment. This Article shall not be amended without Declarant's consent so long as it owns any of the property described in Exhibit "A" or "B".

ARTICLE XI: Development Rights and Protections and other Declarant Rights

11.1. Reasonable Rights To Develop.

a. Declarant and Declarant's builders may be undertaking the work of constructing improvements to and upon the Community, including Units. The completion of such construction and the sale of the Units is essential to the establishment and welfare of Coosaw Point as a residential community.

b. Therefore, so long as Declarant owns any property described in Exhibit "A" or "B," and notwithstanding any other provision hereof, nothing in this Declaration or the other Governing Documents shall:

i. prevent Declarant, its builders, or their contractors or subcontractors from doing in Coosaw Point or on any Unit, whatever is necessary or advisable in connection with the commencement or completion of the above-described work, or the development of the Community;

ii. prevent Declarant or its representatives from erecting, constructing, and maintaining on any part of Coosaw Point such structures as reasonably may be necessary for the conduct of its business of completing the work, establishing Coosaw Point as a residential community, and disposing of the Units by sale, lease, or otherwise;

iii. prevent Declarant from maintaining signs and conducting activities on any part of Coosaw Point owned by Declarant or the Association as Declarant may deem to be reasonably necessary for the sale, lease, or disposition of Units; or

iv. prevent Declarant from placing and utilizing on Units or other property which it owns mobile trailers or temporary structures as sales offices or for construction activities.

11.2. Marketing and Sales Activities. Declarant and all Persons authorized by Declarant may construct, relocate, and carry on upon any Unit Declarant owns or upon portions of the Common Area, such facilities and activities as may be required, convenient, or incidental to the construction, marketing, sale or re-sale of Units and any other real property in Beaufort County, South Carolina. Such facilities and activities may include, without limitation, business offices, signs, model units, and sales offices. There shall be no limit on the number or size of such facilities. Declarant and authorized Persons shall have easements for access to and use of such facilities.

11.3. Declarant's Right of First Refusal. Before an Owner may sell or transfer a Unit or other property within Coosaw Point to any third party, the Owner must, in addition to complying with Section 11.2 hereof, first offer the property to Declarant by giving written notice of (1) the name(s) of such prospective purchaser(s); and (2) the terms and conditions on which the Owner is willing to sell or transfer the property; and (3) that Owner offers to sell the Unit or other property to Declarant on the same terms and conditions. Declarant will have thirty (30) days after the date of receipt of such offer within which to notify the Owner that Declarant accepts the offer of the Owner on the same terms and conditions described in the notice to Declarant. If the Owner accepts the offer of the Owner, the closing of such sale or transfer to Declarant will take place in Beaufort, South Carolina, pursuant to the terms of such offer. If Declarant does not accept the offer in writing within thirty (30) days after the date of Declarant's receipt thereof, the Owner may sell or transfer the property to said third party at the price and on substantially the terms and conditions stated in the offer to Declarant within one hundred twenty (120) days after the date of the offer to Declarant. At the end of said one hundred twenty (120) days, the right of the Owner to sell or transfer the property free from the right of first refusal hereby granted will terminate, and such shall apply to any subsequent proposed sale or transfer of the property by the Owner. Nothing in this Section shall be construed to relieve any Owner from compliance with Section 11.2.

11.4. Construction of Improvements. So long as Declarant owns any of the property described in Exhibit "A" or "B," Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area, or any property adjacent to such Common Area, as it deems appropriate in its sole discretion. Every Person that acquires any interest in Coosaw Point acknowledges that Coosaw Point is a planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge, or otherwise object to changes in the Master Plan.

11.5. Right To Approve Additional Covenants. So long as the Declarant owns any of the property described in Exhibit "A" or "B," no Person shall Record any

declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of the Community without Declarant's review and written consent. Any instrument Recorded without such consent shall be void and of no force and effect unless Declarant subsequently consents in a Recorded instrument.

11.6. Right To Transfer or Assign Declarant Rights. Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; however, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless Declarant executes a written, Recorded instrument. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety. In such case it shall not be necessary to Record any written assignment unless necessary to evidence Declarant's consent to such exercise.

11.7. Exclusive Rights To Use Name of Development. No Person shall use the name "Coosaw Point" or any derivative of such name in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Coosaw Point" in printed or promotional matter where such term is used solely to specify that particular property is located within Coosaw Point, and the Association shall be entitled to use the words "Coosaw Point" in its name.

11.8. Right to Approve Changes in Community Standards. So long as Declarant owns property described in Exhibit "A" or "B," no amendment to or modification of any Rules and Regulations or Architectural Guidelines or the other Governing Documents shall be effective without Declarant's prior written approval.

11.9. Easement to Inspect and Right to Correct.

a. Easement. Declarant reserves for itself and such other Persons as it may designate perpetual non-exclusive easements throughout Coosaw Point to the extent reasonably necessary for the purposes of access, inspecting, testing, redesigning, or correcting any portion of Coosaw Point, including Units and the Area of Common Responsibility. Declarant shall have the right to redesign or correct any part of Coosaw Point, including Units and the Area of Common Responsibility.

b. Right of Entry. Entry into a structure on a Unit shall be only after Declarant notifies the Unit's Owner and agrees with the Owner regarding a reasonable time to enter the structures on such Unit to perform such activities, except in an emergency.

c. Damage. Declarant shall promptly repair any damage to a Unit or the Area of Common Responsibility resulting from the exercise of the easement or right of entry described in subsections (a) and (b) of this

Section at its own expense. The exercise of these easements shall not unreasonably interfere with the use of any Unit and entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.10. Neighborhoods.

a. Declarant, acting in its sole and absolute discretion, retains the right, but not the obligation, during the Declarant Control Period, to establish separately developed residential "Neighborhoods," recreational and amenity areas, or some, all, or none of these, within the Community, and to designate "Exclusive Common Area" for the exclusive use of one or more, but less than all Neighborhoods. Every Unit situated within a designated Neighborhood may be subjected to additional or amended covenants, conditions, restrictions, and additional assessments for services provided to Units within such designated Neighborhood.

b. Any Neighborhood may request that the Association provide a higher level of service than that which the Association generally provides to all Neighborhoods, or may request that the Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Units within the Neighborhood, the Association may, at its option, provide the requested services. The cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed against the Units within such Neighborhood as a Neighborhood assessment. Said Neighborhood Assessments shall be secured by a lien on the applicable Unit(s), which shall be enforceable in the same manner as the other assessments provided for in Article IX hereof.

11.11. Time to Begin Construction; Right of Repurchase. The Owner of any Unit must begin construction of a dwelling on their Unit within twenty-four (24) months from the date of their purchase from Declarant. Declarant shall retain the right to extend the time to begin construction. Should an Owner fail to begin construction within the required time period, then Declarant shall have the right to repurchase the Unit from the Owner on the same terms and conditions and at the same price paid in the original purchase from Declarant. This obligation shall run with the land and be binding upon subsequent purchasers of the Unit, with the time period being measured from the date of the original purchase from Declarant.

ARTICLE XII: Easements

12.1. Easements in Common Area. Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

a. The Governing Documents and any other applicable covenants, as the same may be amended pursuant to Article XVII hereof;

b. Any restrictions or limitations contained in any deed conveying an interest in such property to the Association;

c. The Association's right to:

i. adopt and enforce rules regulating use and enjoyment of the Common Area;

ii. dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;

iii. mortgage, pledge, or hypothecate any or all of its real or personal property, including the Common Area, as security for money borrowed or debts incurred, subject to the approval requirements set forth in this Declaration;

iv. lease any portion of the Common Area for a period of up to five (5) years, including the right to grant concession(s) at any swimming pool or other Common Area;

v. change the use of any Common Area, notwithstanding the designation of such use on any Recorded Plat, Master Plan, or other document. For instance, the Association shall have the right to change any area designated as "Open Space" on a Recorded Plat to another use, so long as such use is for the common use and/or benefit of the Community.

vi. amend this Declaration as provided herein.

d. Any Owner may extend the Owner's right of use to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

12.2. Easements of Encroachment. Declarant (or the Association, after the end of the Declarant Control Period) shall have the right, at its option, to grant reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to the unintentional placement or settling of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or

with the knowledge and consent of, the Person claiming the benefit of such easement.

12.3. Easements To Serve Additional Property.

a. Declarant hereby reserves, so long as Declarant owns any of the property described in Exhibit "A" or "B," for itself and its agents, successors, assigns, and mortgagees, an easement over the Common Area, including all private roads, for the purposes of enjoyment, use, access, and development of the property described in Exhibit "A" or "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities thereon.

b. Declarant hereby reserves, so long as Declarant owns any property described in Exhibit "A" or "B," for itself and its duly authorized agents, successors, assigns, and mortgagees and their agents, employees, designees, invitees, and guests, an easement over the Common Area for the purposes of enjoyment, use, access, and development of property located adjacent to Common Area and owned by Declarant, its successors, or assigns, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

12.4. Easements for Maintenance, Emergency, and Enforcement. Declarant grants to the Association easements over Coosaw Point as necessary to enable the Association to fulfill its maintenance responsibilities under Section 8.2. Specifically, the Association shall have a right of entry upon and easement of access through every Unit, but not through a structure, for the purpose of maintaining any property or improvement for which the Association has maintenance responsibility. The Association also shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance, and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

12.5. Easements for Wetland Maintenance and Flood Water.

a. Declarant reserves for itself, its successors, assigns, and designees, during the Declarant Control Period, and grants to the Association and its successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to (a) install, operate,

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maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. Declarant, the Association, and their successors, assigns, and designees shall have an access easement over and across any of Coosaw Point abutting or containing bodies of water or wetlands to the extent reasonably necessary to exercise their rights under this Section.

b. Declarant further reserves for itself, its successors, assigns, and designees, so long as Declarant owns any property described in Exhibits "A" or "B" and grants to the Association and its successors, assigns, and designees in perpetuity, a nonexclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within 30 feet of bodies of water and wetlands within Coosaw Point, in order to (i) temporarily flood and back water upon and maintain water over such portions of Coosaw Point; (ii) alter in any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and (iii) maintain and landscape the slopes and banks pertaining to such areas. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural occurrences.

c. No Person shall exercise an easement pursuant to this Section in violation of, or for any purpose which violates, local, state, or federal laws or regulations.

12.6. Easements for Irrigation System. Declarant reserves for itself, its successors, assigns, and designees, so long as Declarant owns any property described in Exhibit "A" or "B," and grants to the Association and its successors, assigns, and designees, in perpetuity, the nonexclusive right and easement, but not the obligation, to enter upon every Unit and the Common Area to install, operate, maintain, and replace irrigation systems or portions thereof, including irrigation ditches, head gates, and siphons. Declarant, the Association, and their successors, assigns, and designees shall have an access easement over and across any of Coosaw Point abutting or containing irrigation systems to the extent reasonably necessary to install and maintain such irrigation systems, and to exercise their rights under this Section. Notwithstanding the above, Unit Owners are responsible for maintaining irrigation systems primarily serving their Unit.

12.7. Reserved.

12.8. Easement for Use of Private Streets. Declarant hereby creates a perpetual, nonexclusive easement for access, ingress, and egress over the private streets within the Community for law enforcement, fire fighting, paramedic, rescue, and other emergency vehicles, equipment, and personnel; for school buses; for U.S.

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Postal Service delivery vehicles and personnel; and for vehicles, equipment, and personnel providing garbage collection service to the Community; however, such easement shall not authorize any such Persons to enter the Community except while acting in their official capacities. The existence of this easement shall not preclude the Declarant and/or the Association from maintaining gates or other devices or systems designed to limit general vehicular access to the Community, provided that the Association at all times maintains systems and/or procedures to permit the uncontested entry of Persons authorized to exercise the easements granted in this Section without unreasonable interference or delay. Notwithstanding the provisions of this Section, Declarant and/or the Association shall have the right to relocate any street in the Community, but such relocation shall not deprive the owner of any Unit of reasonable access to such unit from the streets of the subdivision.

12.9. Easement for Maintenance of Waterways. Declarant and the Association shall have an easement to maintain any pond, stream, canal, or other waterway within or adjacent to the Community, including the right to dredge or deepen same to keep the same navigable by boats entering from the Coosaw River.

12.10. Utility Easements.

a. The Declarant reserves unto itself and the Association, their successors and assigns, a perpetual, alienable easement and right on, over and under the ground of the Community to erect, repair, replace, maintain, and use electric, cable television, and telephone, wires, cables, conduits, drainage ways, sewers, wells, irrigation lines and systems, pumping stations, tanks, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, irrigation, cable television, drainage or other public conveniences or utilities on, in or over those portions of the Community as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of the Community as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these Covenants by the Company; or (b) such portion of a Unit as may be designated as the site for a building on a plot plan or for erection of a building which has been filed with the Architectural Review Board and which has been approved in writing by said Architectural Review Board.

b. Declarant further reserves unto itself and the Association, their successors, and assigns, a perpetual, alienable easement and right on, over, and under the ground to erect, maintain, repair, wires, cables, conduits, sewers, irrigation lines and systems, drainage line or ditches, water mains, and other suitable equipment for the conveyance and use of electricity, cable television, security cable equipment, telephone equipment, gas, sewer, water, irrigation, drainage way or other public convenience or utilities, as follows: within fifteen (15') feet of any street, within ten (10') feet of the rear lot line of any lot, and within seven and one-half (7.5') feet of any

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interior lot line of each lot, and such other areas as are shown on the applicable plats or noted in any Supplemental Declaration.

c. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety, and appearance.

d. The Declarant further reserves to itself, its successors and assigns, the right to locate pumping stations, siltation basins and tanks within any Common Area, on any other area owned by Declarant or the Association, or to locate same upon any property with the permission of the respective Owner.

12.11. Walking Trail/Sidewalk Easements. Declarant further reserves unto itself and the Association, their successors, and assigns, a perpetual, alienable easement and right to install walking paths or sidewalks through the Community as follows: within fifteen (15') feet of any street, within ten (10') feet of the rear lot line of any lot, within seven and one-half (7.5') feet of any interior lot line of each lot, within 30 feet of any lake or other waterway, and such other areas as are shown on the applicable plats or noted in any Supplemental Declaration; provided, that Declarant or the Association, as applicable, shall have the right, by written agreement with any Owner, to limit the location of any easement with respect to any Unit, or release same.

ARTICLE XIII: Reserved

ARTICLE XIV: Private Amenities

14.1. General. Neither membership in the Association nor ownership or occupancy of a Unit shall confer any ownership interest in or right to use any Private Amenity. Rights to use the Private Amenities will be granted only to such persons, and on such terms, as may be determined from time to time by the respective owners of the Private Amenities. The owners of the Private Amenities shall have the right in their sole discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities, including, without limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights, subject to the terms of any written agreements with their respective members.

14.2. Conveyance of Private Amenities. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Association, any builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of any Private Amenity. No purported representation or warranty in such regard, either written

or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity. The ownership or operation of the Private Amenity may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of any Private Amenity by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of the Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity; or (c) the conveyance of any Private Amenity to one or more of Declarant's affiliates, shareholders, employees, or independent contractors. Consent of the Association or any Owner shall **not** be required to effectuate any change in ownership or operation of any Private Amenity, for or without consideration and subject to or free of any mortgage, covenant, lien, or other encumbrance.

14.3. Shared Costs. In consideration of the fact that the Private Amenity will benefit from maintenance of the roads, rights-of-way, and Common Areas within Coosaw Point, the Association may enter into a contractual arrangement or covenant to share costs with any Private Amenity obligating the Private Amenity to contribute funds for, among other things, shared property or services and/or a higher level of Common Area maintenance.

ARTICLE XV: Reserved

ARTICLE XVI: Changes in Common Area

16.1. Condemnation. If any part of the Common Area shall be taken by any authority having the power of condemnation or eminent domain, or conveyed in lieu of and under threat of condemnation by the Association, such award or proceeds shall be payable to the Association to be disbursed or utilized as determined by the Board.

16.2. Transfer, Partition, or Encumbrance of Common Area.

a. Except as this Declaration otherwise specifically provides, the Common Area shall not be judicially partitioned or subdivided into Units, nor shall the ownership of the Common Area be otherwise divided or encumbered in any manner after conveyance to the Association, except upon approval by a 67% Vote of the Association, including a majority of the votes held by Members other than Declarant, and the consent of Declarant during the Declarant Control Period.

b. The Association shall have the authority (1) subject to approval by a majority Vote of the Members, and the consent of Declarant, during the Declarant Control Period, to transfer portions of the Common Area and improvements thereon to appropriate governmental entities or tax-exempt organizations for the maintenance, operation, and preservation thereof, or (2) with the approval by a 67% Vote of the Members, and the consent of

Declarant, while Declarant owns any of the property described on Exhibit "A" or Exhibit "B" hereof, to lease, sell or convey any portion of the Common Area and improvements thereon to any third party, in which case same shall cease to be used as Common Area of Coosaw Point Notwithstanding the foregoing, the Board shall have the right to enter into short-term leases and concessions having a duration of less than five (5) years with respect to the Common Area. For instance, the Board could grant a food concession at a Community swimming pool to a third party concessionaire, without the necessity of approval by the Members.

16.3. Actions Requiring Owner Approval. If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs insures or guarantees the Mortgage on any Unit, then, during the Declarant Control Period, the following actions shall require the prior approval of Members representing not less than 67% of the total votes in the Association and the consent of Declarant: merger, consolidation, or dissolution of the Association; annexation of additional property other than that described in Exhibit "A" and "B"; and dedication, conveyance, or mortgaging of Common Area. Notwithstanding anything to the contrary in Section 16.2 or this Section, the Association may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the membership's approval.

ARTICLE XVII: Miscellaneous

17.1. Amendment.

a. This Declaration may be amended upon an affirmative two-thirds (2/3) Vote of the Members; provided, that so long as Declarant owns any property in the Community, or has the right to annex additional property into Coosaw Point, Declarant's consent shall be required for any such amendment. All proposed amendments shall be submitted to the vote of the Members at a duly called meeting of the Association for which notice of the proposed amendment has been given to the Members in the official Notice for the meeting, subject to the quorum requirements set forth in the Bylaws. The notice of meeting shall specifically notify the Members that the proposed amendment shall be voted on at the meeting, and the nature of such amendment. The text of the proposed amendment shall be made available by the secretary of the Association to the Members, upon request of any Member, at least 24 hours prior to the meeting.

b. Provided that no such amendment shall render title to any Unit unmarketable, this Declaration may also be amended unilaterally at any time by Declarant:

i. if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or

regulation, or judicial determination which shall be in conflict therewith;

ii. if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration;

iii. if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association, the Department of Housing and Urban Development, the Veterans Administration, or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on Units subject to this Declaration;

iv. if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee Mortgage loans on the Units subject to this Declaration; or

v. in order to permit or facilitate condominium, townhouse, zero lot line or similar development within any parcel annexed into Coosaw Point.

c. Further, during the Declarant Control Period, Declarant may unilaterally amend this Declaration for any other purpose which is in the opinion of the Declarant in the best interest of the Community; however, any such amendment shall not adversely affect title to any Unit without the consent of the affected Owner(s).

d. In the event that this Declaration is amended, the text of such amendment, together with a certification of the Secretary of the Association attesting to the adoption of such amendment, and containing the consent of the Declarant, if necessary, shall be Recorded.

17.2. Validity and Effective Date of Amendment.

a. No amendment may remove, revoke, or modify any Declarant right or privilege without Declarant's written consent (or the assignee of such right or privilege). If an Owner consents to any amendment to this Declaration or the By-Laws, it shall be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party shall affect the validity of such amendment.

b. Any amendment shall become effective upon Recording, unless it specifies a later effective date. Any procedural challenge to an amendment must be made within one year of its Recordation or such amendment shall be presumed to have been validly adopted. In no event

shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

17.3. Enforcement and Severability.

a. In the event of a violation or breach of any of the affirmative obligations or restrictions contained in this Declaration by any Owner or member or agent of such Owner or Member, the Declarant or any other Owners or Members, or any of them jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

b. In addition to the foregoing and any other remedy set out in these Covenants, the Association shall have the right to proceed at law or in equity to compel compliance to the terms hereof or to prevent the violation or breach in any event.

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

d. The obligations and benefits prescribed by the Covenants shall run with the property and shall be enforceable against any Owner or other person whose activities bear a relation to the Community when the aforesaid parties engage in activities (including omissions and failures to act) which constitute violations or attempts to violate or circumvent the covenants and restrictions set forth in this Declaration.

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

f. In all cases, the provisions of this Declaration shall be given that interpretation of construction which will best result in the consummation of the general plan of development of the Property. The provisions of these Covenants shall be given full force and effect notwithstanding the

existence of any zoning or similar ordinance which allows a less restricted use of the Property.

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

h. Whenever the Association, and/or the Declarant are permitted by these Covenants to correct, repair, clean, preserve, clear out or do any action on any property or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

17.4. Attorney's Fees and Costs.

a. In the event that the Association becomes involved in litigation with any Owner or Member with respect to this Declaration, the other Governing Documents, or the Community, then if the Association is the prevailing party in such litigation, it shall be entitled to recover from the other parties to said litigation (other than Declarant) the attorneys fees, costs and expenses incurred by the Association in said litigation.

b. In the event that Declarant, or any officer or director of Declarant, becomes involved in litigation with any Owner, Member, or the Association with respect to this Declaration, the other Governing Documents, or the Community, then if Declarant or such officer or director is the prevailing party in such litigation, Declarant and/or such officer or director, as the case may be, shall be entitled to recover from the other parties to said litigation the attorneys fees, costs and expenses incurred by Declarant and/or such officer or director, as the case may be, in said litigation.

17.5. Exhibits. Exhibits "A" and "B" attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Article. Exhibit "C" is incorporated by this reference and may be amended in accordance with Articles IV or in accordance with this Article. Exhibit "D" is attached for informational purposes and may be amended as provided therein.

IN WITNESS WHEREOF, Declarant has affixed its Hand and Seal this 21st day of November, 2005.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

COOSAW POINT, LLC

Witness 1

By: Robert M Gallant III
Robert M. Gallant, III, Member

Witness 2

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGMENT
COUNTY OF BEAUFORT)

I, the undersigned notary, do hereby certify that Robert M. Gallant, III, Member of Coosaw Point, LLC, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal this 21st day of November, 2005.

Notary Public

(SEAL)

State of South Carolina
County of Beaufort
Commission Expires: 7-12-09

LIST OF EXHIBITS

Exhibit "A" - Land Initially Submitted

Exhibit "B" - Land Subject to Annexation

Exhibit "C" - Initial Rules and Regulations

Exhibit "D" - By-Laws of Coosaw Point Property Owners Association, Inc.

Exhibit "A" - Land Initially Submitted

PHASE 1A

All those lots, pieces, or parcels of land situate, situate, lying and being on Lady's Island in Beaufort County, South Carolina, and being shown as numbered Lots on a plat entitled "Subdivision Plat – Coosaw Point, Phase 1-A", prepared by David E. Gasque, RLS, Gasque & Associates, Inc., dated July 23, 1998, revised 12/1/00 (3 page plat), and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 77 at Page 86, revised 2/12/02, and recorded in Plat Book 85 at Page 173, revised 5/9/02, and recorded in Plat Book 87 at Page 38, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

ALSO: Those portions of subdivision streets shown on said plat and those certain parcels specifically designated as "Community Park" or "Open Space" on said plat.

LESS AND EXCEPT: Any areas designated as "Future Development" on said plat, none of which are included herein.

PHASE 1B

All those lots, pieces, or parcels of land situate, situate, lying and being on Lady's Island in Beaufort County, South Carolina, and being shown as numbered Lots on a plat entitled "Subdivision Plat – Coosaw Point, Phase 1B", prepared by David E. Gasque, RLS, Gasque & Associates, Inc., dated 1/4/02, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 84 at Page 86, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

ALSO: Those portions of subdivision streets shown on said plat and those certain parcels specifically designated as "Community Park" or "Open Space" on said plat.

LESS AND EXCEPT: Any areas designated as "Future Development" on said plat, none of which are included herein.

PHASE 1C

All those lots, pieces, or parcels of land situate, situate, lying and being on Lady's Island in Beaufort County, South Carolina, and being shown as numbered Lots on a plat entitled "Subdivision Plat – Coosaw Point, Phase 1C", prepared by David E. Gasque, RLS, Gasque & Associates, Inc., dated 5/22/02, revised 5/30/03, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 94 at Page 157, revised 10/13/03, and recorded in Plat Book 96 at Page 166 and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

ALSO: Those portions of subdivision streets shown on said plat and those certain parcels specifically designated as "Community Park" or "Open Space" on said plat.

LESS AND EXCEPT: Any areas designated as "Future Development" on said plat, none of which are included herein.

PHASE 3A

All those lots, pieces, or parcels of land situate, situate, lying and being on Lady's Island in Beaufort County, South Carolina, and being shown as numbered Lots on a plat entitled "Subdivision Survey – Lot 11, Phase IIIA, Coosaw Point Subdivision", prepared by David E. Gasque, RLS, Gasque & Associates, Inc., dated 12/3/01, revised 2/27/02, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 85 at Page 50, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

ALSO: Those portions of subdivision streets shown on said plat and those certain parcels specifically designated as "Open Space" on said plat.

LESS AND EXCEPT: Any areas designated as "Future Development" on said plat, none of which are included herein.

PHASE 4A

All those lots, pieces, or parcels of land situate, situate, lying and being on Lady's Island in Beaufort County, South Carolina, and being shown as numbered Lots on a plat entitled "Subdivision Plat – Park Square Area of Coosaw Point, Phase 4A", prepared by David E. Gasque, RLS, Gasque & Associates, Inc., dated 10/16/02, revised 11/12/02, revised 1/14/03, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 91 at Page 48, revised 10/16/03, and recorded in Plat Book 96 at Page 167 and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

ALSO: Those portions of subdivision streets shown on said plat and those certain parcels specifically designated as "Community Park" or "Open Space" on said plat.

LESS AND EXCEPT: Any areas designated as "Future Development" on said plat, none of which are included herein.

PHASE 5

All those lots, pieces, or parcels of land situate, situate, lying and being on Lady's Island in Beaufort County, South Carolina, and being shown as numbered Lots on a plat entitled "Coosaw Point Subdivision, Phase V", prepared by David E. Gasque, RLS, Gasque & Associates, Inc., dated 4/18/03, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 93 at Page 100, revised 2/10/04, and recorded in Plat Book 98 at Page 93 and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

ALSO: Those portions of subdivision streets shown on said plat and those certain parcels specifically designated as "Community Park", "Open Space" or "Amenities Area" on said plat.

LESS AND EXCEPT: Any areas designated as "Future Development" on said plat, none of which are included herein.

Exhibit "B" - Land Subject to Annexation

Any and all real property lying and being within one-half (1/2) mile from any boundary of the property described in Exhibit "A.", including, but not limited to, the following described real property:

All that tract, piece, or parcel of land, together with any improvements thereon, situated in the Sam's Point area of Lady's Island, Beaufort County, South Carolina, containing 348.21 acres, more or less, and being shown and described on a plat entitled "Boundary Survey – Coosaw Point subdivision" prepared for Robert Gallant by David E. Gasque, RLS, dated June 27, 2000, revised November 7, 2000, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 76 at Page 140, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference.

LESS AND EXCEPT: Parcel 2-A as shown on said plat, together with the right of ingress and egress to said cemetery site as recited in Deed Book 502 at Page 2114.

ALSO: All that tract, piece, or parcel of land, together with any improvements thereon, situated in the Sam's Point area of Lady's Island, Beaufort County, South Carolina, containing 7.43 acres, more or less, and being shown and described as property of Coosaw Development on a plat entitled "Boundary Survey – Coosaw Point subdivision" prepared for Robert Gallant by David E. Gasque, RLS, dated June 27, 2000, revised November 7, 2000, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 76 at Page 140, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference; said 7.43 acre parcel lying at the northeast corner of the parcels shown on said plat, and bounded on the north by the Coosaw River, on the south by lands n/f of DeLoach and Williams, and on the west by a 5.31 acre parcel n/f of Robert M. Gallant, III.

ALSO: All that tract, piece, or parcel of land, together with any improvements thereon, situated in the Sam's Point area of Lady's Island, Beaufort County, South Carolina, containing 7.29 acres, more or less, and being shown and described as Parcel "A" (property of Elizabeth Calhoun Gallant Fouri, William Andrew Gallant and Anna Loube Carter) on a plat entitled "Boundary Survey – Coosaw Point subdivision" prepared for Robert Gallant by David E. Gasque, RLS, dated June 27, 2000, revised November 7, 2000, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 76 at Page 140, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference; said 7.29 acre parcel lying near the northeast corner of the parcels shown on said plat, and bounded on the north by the Coosaw River, on the south by lands n/f of Williams, and on the west by a 348.64 acre tract n/f of Coosaw Point, LLC, and on the east by 5.31 acre parcel n/f of Robert M. Gallant, III.

ALSO: All that tract, piece, or parcel of land, together with any improvements thereon, situated in the Sam's Point area of Lady's Island, Beaufort County, South Carolina, containing 5.31 acres, more or less, and being shown and described as property of Robert

M. Gallant, III on a plat entitled "Boundary Survey – Coosaw Point Subdivision" prepared for Robert Gallant by David E. Gasque, RLS, dated June 27, 2000, revised November 7, 2000, and recorded in the ROD Office for Beaufort County, South Carolina, in Plat Book 76 at Page 140, and having such metes, bounds, courses and distances as are shown on said plat, which is incorporated herein by reference; said 5.31 acre parcel lying near the northeast corner of the parcels shown on said plat, and bounded on the north by the Coosaw River, on the south by lands n/f of Williams, and on the west by Parcel "A", containing 7.29 acres and n/f of Elizabeth Calhoun Gallant Fouri, William Andrew Gallant and Anna Loube Carter , and on the east by 7.43 acre tract n/f of Coosaw Point, LLC.

Exhibit "C" - Initial Rules and Regulations

The following covenants and restrictions shall apply to all of Coosaw Point until such time as they are amended, modified, repealed, or limited pursuant to Article IV or Article XVII of the Declaration:

1. General. Except as specifically otherwise provided herein, Coosaw Point shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for Declarant to assist in the sale of property situate in Beaufort County, South Carolina, offices for any property manager retained by the Association, and business offices for Declarant or the Association) consistent with this Declaration and any Supplemental Declaration; provided, however, that notwithstanding any other provision of these Rules and Regulations and Declaration, a parcel of land containing approximately 15 acres, which is a part of the tract described on Exhibit "B", and which is located on Sam's Point Road may be used for commercial purposes at the option of Declarant.

2. Restricted Activities. The following activities are prohibited within Coosaw Point unless expressly authorized in writing by the Board, and then subject to such conditions as the Board may impose:

   a. Vehicles, Boats, Etc. Parking any vehicles on streets or thoroughfares within the Community, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, campers, trucks, golf carts, boats and other watercraft, trailers, snowmobiles, stored vehicles, or inoperable vehicles in places other than enclosed garages; however, construction, service, and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area; provided, however, that nothing herein shall prevent Declarant from maintaining one or more mobile homes/trailers on any Unit or Common Area of the Community during development, for use as an office or otherwise The term "truck" as used herein is intended to refer to those vehicles of various sizes and designs for transporting goods, moving heavy articles or hauling quantities of cargo and which are normally used in a trade or business in which the truck is used because of its commercial capabilities and not merely as a means of transportation. This is not intended to include such dual-purpose vehicles as station wagons, jeeps, "scouts", "vans", "wagoneer", "Bronco", "Blazer" or land rover type vehicles and sports trucks, vans, pickup trucks, and attractive vehicles driven and maintained primarily as a means of transportation, and do not have exposed equipment, signage or supplies. No automobile or other vehicle shall be parked in any front yard or any other portion of a Unit, other than in its garage or in its driveway. Boats, watercraft and their trailers shall be stored out of the sight of neighbors and the community; they may be stored in a garage or in the community boat storage area.

   b. Vehicle Maintenance. No automotive, boat, or vehicle repair or maintenance (other than washing or waxing vehicles) may take place or be performed within any Unit, parking area, driveway, easement, Common Area, or street at any time.

No derelict automobiles, vehicles, boats, equipment, or machinery may be placed or kept on any Unit at any time.

c. Animals. Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats (the combined number of dogs and cats not to exceed three), or other common household pets may be permitted in a Unit; however, those pets which are permitted to roam free, or, in the Board's judgment, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units, shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law. No dangerous dog or other dangerous animal may be kept or maintained within the Community, including, but not limited to, Bouviers des Flanders, Rottweilers, and any and all "pit bulldog" breeds. In order to preserve the aesthetic qualities of the Community, to maintain sanitary conditions on the Community, to prevent the spread of worms and infectious diseases on the Community, to maintain a proper respect for other Owners and users of the Community, and to maximize the overall use and enjoyment of the Community, each person who keeps a pet within a Unit shall abide by rules and regulations established by the Declarant or the Association from time to time. The breach of any of these rules and regulations shall be a noxious and offensive activity constituting a nuisance.

d. Objectionable Activities. No noxious or offensive activity shall be carried on within the Community, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or device or thing of any sort, including excessively barking dogs, whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the other property in the neighborhood by the Owners thereof. Further, while it is understood that the owners will have garbage receptacles, such receptacles shall be for domestic garbage only and the Owner shall not be authorized to dispose of any hazardous waste materials on a Unit or within the Community. The term "hazardous waste materials" shall mean any substance, material, waste, gas or particular matter which is regulated by any local government authority, the State of South Carolina or the United States Government as a "hazardous waste", "hazardous material", "hazardous substance", or restricted "hazardous waste".

e. Violation of Laws. Any activity which violates local, state, or federal laws or regulations; provided, the Board shall have no obligation to take enforcement action in the event of a violation.

f. Outside Burning. Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit.

g. Excessive Noise. Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes. Owners shall use reasonable efforts to avoid false alarms with respect to their security systems, and shall also set alarms so that the external, audible noise made by said alarm shall terminate automatically after 15 minutes.

h. Fireworks. Use and discharge of firecrackers and other fireworks.

i. Dumping. Dumping grass clippings, leaves, or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within Coosaw Point, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff.

j. Service Yards. Each Dwelling Unit shall have a visually screened area to serve as a Service Yard and an area in which garbage receptacles, fuel tanks, or similar storage receptacles, electric and gas meters, air conditioning equipment, and other unsightly objects must be placed or stored in order to conceal them from the road, and other adjacent properties. Household fuel tanks must be permitted from the proper authorities and may be located outside of such screened areas only if located underground. Plans for such fence or screening delineating the size, design, color, texture, appearance and location must. be approved by the Architectural Review Board prior to construction.

k. Obstructing Drainage. Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent.

l. Waterways. Swimming, use of personal flotation devices, or other active use of lakes, ponds, streams, or other bodies of water within Coosaw Point, except that fishing or crabbing from the shore shall be permitted with appropriate licenses and Declarant and the Association, their, successors, and assigns, shall be permitted and shall have the exclusive right and easement to draw water from lakes, ponds, and streams within Coosaw Point for purposes of irrigation and such other purposes as Declarant shall deem desirable. Neither the Declarant nor the Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams, or other bodies of water within or adjacent to Coosaw Point. Boat docks shall be allowed on the Coosaw River, or within any canal or other waterway within Coosaw Point which is designated for the use of boats by either the Declarant and/or the Board, and normal uses may be made of such boat docks by the owners thereof. The Board may promulgate rules and regulations regarding the use of boat docks located on waterways within Coosaw Point. Nothing herein shall prevent boats from accessing those portions of waterways which are

accessible from the Coosaw River, subject to rules and regulations promulgated by the Association for the use of such waterways.

m. Timesharing. Use of any Unit for operation, of a timesharing, fraction-sharing, or similar program, whether formal or informal, whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of time, except that Declarant and its assigns may operate such a program; provided, however, that this provision shall not prevent up to three (3) families from sharing a vacation home in the Community.

n. Firearms. Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge.

o. Petroleum Products. On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Article V.

p. Commercial Activities. Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for Coosaw Point; (iii) the business activity does not involve door-to-door solicitation of residents of Coosaw Point; (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked within Coosaw Point which is noticeably greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents within Coosaw Point, as may be determined in the sole discretion of the Board. The terms "business" and "trade" shall be construed to have their generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

Leasing of an Owner's Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a Person authorized by Declarant with respect to its development, sale or re-sale of real property situate in Beaufort County, South Carolina, or Declarant's use of any Units which Declarant owns within Coosaw Point.

q. Hunting or Trapping. Capturing, trapping, or killing of wildlife within Coosaw Point, except in circumstances posing an imminent threat to the safety of persons using Coosaw Point, except that Declarant and/or the Association shall have the right to thin out the deer population or remove any animals within the neighborhood which have become, in the opinion of Declarant or the Association, undesirable or a nuisance.

r. Damage to Environment. Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within Coosaw Point;

s. Garage Conversion. Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article V.

t. Motorized Vehicles to be Used only on Roads. Operation of motorized vehicles on pathways or trails maintained by the Association, except that this provision shall not apply to properly authorized personnel of Declarant or the Association.

u. Architectural Review. Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article V of the Declaration. This shall include, without limitation, landscaped or grassed areas, signs, basketball hoops, swing sets, and similar sports and play equipment; clotheslines; garbage cans; woodpiles; in-ground swimming pools; docks, piers, and similar structures; and hedges, walls, dog runs, animal pens, or fences of any kind. Under no circumstances shall the Architectural Review Board approve the replacement of all or a majority of the grassed area of a Unit with mulch or stone.

v. Lighting. Use of exterior decorative lights with a light bulb color other than white will not be permitted, except for temporary holiday displays. Temporary holiday lighting and other decoration shall be in good taste and not overdone. Furthermore, if a holiday display creates a significantly increased traffic flow within the Community, the Unit's Owner or occupant responsible for such display shall remove it upon request of the Board. If the Owner or occupant does not remove such display within a reasonable time, the Board may remove the display.

w. Camping. No camping shall be permitted on any Unit.

x. Laundry. In order to preserve the aesthetic features of the architecture and landscaping, each Owner, his or her family, his or her guests, or his or her tenants, shall not hang laundry from any area within the public view.

y. Subdivision of Lots.

i. No lot shall be subdivided, or its boundary lines changed, except with the written consent of the Architectural Review Board. However, the

Declarant hereby expressly reserves to itself, its successors and assigns, the right to replat any lot and to take such other steps as are reasonably necessary to make such replatted lot suitable and fit as a building site including, but not limited to, the relocation of easements, walkways, rights-of-way, private roads, bridges, parks, recreational facilities, and other lots.

ii. The provisions of this Section shall not prohibit the combining of two (2) or more contiguous lots into one (1) larger lot or dividing a lot between adjacent property so long as the effect of subdividing does not create an additional lot for building purposes. Following the combining of two (2) or more lots into one (1) larger lot, or dividing adjacent lots, only the exterior boundary lines of the resulting larger lot shall be considered in the interpretation of these Covenants. Consolidation of lots, as described above, must be approved by the Architectural Review Board and shall be subject to one Association Membership.

z. Residence Height. No residential dwelling shall exceed two and one-half (2 ½) stories in height.

aa. Driveways. All driveways shall have a surface of concrete, asphalt, or brick, unless otherwise approved by the Architectural Review Board.

bb. Garage Doors. All garages must have garage doors which shall be kept closed except for entering and exiting.

cc. Limited Access to Lots. The Owner, in accepting title to property conveyed subject to the covenants and restrictions of this Declaration, waives all rights of uncontrolled and unlimited egress and ingress to such property (and waives such rights for any person claiming entry rights by virtue of any relationship or permission of such Owner and successors-in-title) and agrees that such ingress and egress to its property shall be limited to roads built by the Declarant. No Owner may use its Unit, or allow the use of its Unit, as an access to the streets of the Community from any adjoining property, except with the written consent of the Association and, during the Declarant Control Period, the consent of the Declarant.

dd. Roadway Regulation. In order to provide for safe and effective regulation of traffic, the Declarant reserves the right to file with the Clerk of Court the appropriate documents making the Uniform Act Regulating Traffic on Highways of South Carolina (Chapter V, Title 56 of the Code of Laws of South Carolina, 1976) applicable to all of the private streets and roadways within Coosaw Point. Moreover, the Declarant may promulgate from time to time additional parking and traffic regulations which shall supplement the above-mentioned State regulations as it relates to conduct on, over and about the private streets and roadways in Coosaw Point. Further, Declarant and/or the Association, shall have the right, but not the duty, to dedicate any street in the Community to public use, and/or to convey such street to any governmental entity.

ee. Vehicles to be Licensed. All motorized vehicles, except golf carts, must be licensed; and all motorized vehicles must be operated by a licensed operator.

ff. "No Parking" Zones. The Declarant, or the Association after title to the streets and roadways has passed to it from the Declarant, may post "no parking" signs along the streets and roadways within Coosaw Point where it, in its sole discretion, determines appropriate to do so. Violators of said "no parking" signs are subject to having their vehicles towed away and shall be required to pay the cost of such towing and storage before their vehicle may be recovered. The act of towing said vehicle shall not be deemed a trespass or a violation of the Owners' property rights, because the Owner shall be deemed to have consented to such action by accepting the right to use the roads and streets within Coosaw Point.

gg. Minimizing Construction Disturbances. During any construction on a Lot, the owner and the contractor shall maintain the construction site in a clean and uncluttered condition, and construction may not commence before 7:00 a.m. or be continued after 7:00 p.m. Monday through Saturday, and is not permitted on Sunday. Declarant may promulgate rules governing construction activities which may limit construction activities at certain times e.g. holidays, tournaments and promotional events.

hh. Temporary Structures, Outbuildings and Construction Site Cleanup. No structure of a temporary character shall be placed upon a Lot at any time; provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of any main building; it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or be permitted to remain on said Lot after completion of construction and must, during construction, be subject to continuous cleanup. After completion of construction, it shall be the sole responsibility of the Owner to insure that all temporary structures are removed immediately and that the site is cleaned up and placed in good order. The design size and color of structures temporarily placed an said Lot by a contractor or subcontractor shall be subject to the reasonable aesthetic approval of the Architectural Review Board.

ii. Flags. The flying of the American flag shall be permitted, so long as it is of a reasonable size. The flying of any other flags is subject to the approval of the Architectural Review Board.

jj. Landscaping Maintenance. No weeds, underbrush or other unsightly vegetation shall be permitted to grow or remain upon any Unit, and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon. All Units and any improvements placed thereon shall at all times be maintained in a neat and attractive condition. Landscaping shall be maintained in a neat, attractive and orderly manner, including maintenance of grass, plants, plant beds, trees, turf, proper irrigation and lake/conservancy/water/ marsh maintenance. In order to implement effective control, Declarant and/or Association, their agents and assigns, shall have the right to enter upon any Unit

for the purpose of mowing, pruning, removing, clearing or cutting underbrush, weeds or other unsightly growth and trash, which in the opinion of the Architectural Review Board detracts from the overall beauty and safety of the Community, in accordance with the provisions of these Covenants, and, further, to conduct such landscaping and landscaping maintenance activities as may be authorized as a common expense under these Covenants and the By-Laws. In the event that Declarant or the Association deems it necessary to enter upon any Unit to correct any unsightly, unkempt or unsafe condition, as set forth above, all expenses incurred in such corrective action shall be the responsibility of the Owner, and such expenses may be charged and collected in like manner against such Owner as an assessment obligation. Further Declarant may enter upon any unimproved Unit and mow it as needed. As an additional assessment, all Owner's of unimproved Units shall pay the sum of ONE HUNDRED FIFTY DOLLARS ($150.00) per year to the Association, said sum to be specifically used to have unimproved Units mowed, and said mowing assessment shall be secured by a lien on the affected Unit(s), and which shall be subject to collection, in the same manner as the other assessments provided for herein.. Said sum may be increased from time to time as the Board deems necessary.

kk. Use of Trademark. Each owner, by acceptance of a deed to any lands, tenements or hereditaments within the Property hereby acknowledges that "Coosaw Point", "Coosaw Point Property Owners Association" and designs are service marks and trademarks of the Declarant. Each Owner agrees to refrain from misappropriating or infringing these service marks or trademarks.

3. Prohibited Conditions. The following shall be prohibited within Coosaw Point:

a. Nuisances. Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of Coosaw Point;

b. Disrepair. Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair;

c. Wells. Installation of any sprinkler or irrigation systems or wells of any type, other than those initially installed by Declarant or a Declarant approved builder, which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within Coosaw Point, except that Declarant and the Association shall have the right to draw water from such sources. Owners shall have the right to install irrigations systems which do not draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within Coosaw Point;

d. Satellite Dishes; Antennas. Satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind, except that Declarant and the Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of Coosaw Point; and (i) satellite dishes designed to receive direct broadcast satellite

service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively, "Permitted Devices") shall be permitted; provided, however, any such Permitted Device must be placed in the least conspicuous location on the Unit (generally being the rear yard) at which an acceptable quality signal can be received and is not visible from the street, Common Area, or neighboring property or is screened from the view of adjacent Units in a manner consistent with the Community-Wide Standard and the Architectural Guidelines; and

e. Exterior Decorations. Installation of exterior decorative items, including but not limited to statuary or fountains and "yard art", unless specifically approved by the Architectural Review Board.

4. Leasing of Units. "Leasing," for purposes of this Paragraph, is defined as regular, exclusive occupancy of a Unit or a detached guest house or garage apartment by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term; however, in no case shall such term be shorter than six months. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Governing Document.

5. Construction Requirements.

a. All work on any structure in the subdivision must be performed by a building contractor properly licensed by the State of South Carolina and in good standing at the time of construction. All construction must meet all county and state building codes, and in no event shall a structure be placed within the subdivision which does not meet, as a minimum, the requirements as set forth by the Council of American Building Officials (CABO).

b. Easements for the installation and maintenance of utilities and drainage facilities will be reserved along all front, rear and side lot lines, except on lots designated for townhouse, zero lot line or similar development. The Supplemental Declaration filed to annex each phase into the Community shall designate such easements, or the same may be shown on the subdivision plat(s).

c. Each owner is responsible for requiring the general contractor or subcontractor working on his property to keep all material, paper and trash properly stored and is additionally responsible to keep any construction debris, including mud from construction vehicles, from fouling the public streets. Any such debris deposited on the streets will be removed by the owner at the owners expense within twenty-four (24) hours. Any damage caused by the Unit owners action or his contractor shall be replaced or repaired to the satisfaction of the Architectural Review Board, and in the event that the homeowners fails to do so within a reasonable

time, the Association may make such repairs or replacements and charge same to the homeowner. In that event, the payment for such repairs/replacement shall be secured by a lien on the homeowners' property in favor of the Association, which lien shall include reasonable attorneys fees for enforcing the provisions of this subparagraph.

d. All sewage disposal systems will be designed, located and constructed in accordance with the requirements, standards and recommendations of the Beaufort County Health Department and the State of South Carolina. The Owner will obtain all necessary approvals and permits prior to installing such septic tank. When public sewer becomes available to any Unit, such Unit shall, within one (1) year thereafter, connect to such public sewer. Each Owner shall be responsible for the sewer tap fee or other connection charge with respect to its connection to such public sewer.

e. No Unit or common area shall be used or maintained as a dumping ground for rubbish. Each owner is required to keep his property in a neat manner, free of trash, rubbish and debris. All waste shall be kept in containers and such containers shall be screened so as not to be visible from the streets or public areas.

Exhibit "D" - By-Laws of Coosaw Point Property Owners Association, Inc.

ARTICLE I: NAME, OFFICE AND DEFINITIONS

1.1. Name. Coosaw Point Property Owners Association, Inc. ("Association").

1.2. Principal Office. The Association's principal office shall be located in Beaufort County, South Carolina. The Association may have such other offices, either within or outside the state of South Carolina, as the Board of Directors may determine or as the Association's affairs require.

1.3. Definitions. The words used in these By-Laws shall be given their commonly understood definitions. Capitalized terms shall have the same meaning as in that Declaration of Covenants, Conditions, and Restrictions for Coosaw Point filed in the Office of the Clerk of the Circuit Court of Beaufort County, South Carolina, as it may be amended or supplemented from time to time ("Declaration"), unless the context indicates otherwise.

ARTICLE II: ASSOCIATION, MEMBERSHIP, MEETINGS, VOTING

2.1. Membership.

a. The Association shall have two (2) types of regular voting memberships:

i. TYPE "A" – Type "A" Members (also known as Class "A" Members) shall be all those Owners of Units other than the Declarant. A Type "A" Member shall be entitled to one (1) vote for each Unit which he owns; provided, that in the event that more than one lot has been consolidated into one building site, such lots, in the aggregate, shall be considered one Unit for voting purposes, and shall entitle the owner thereof to only one vote, for so long as such additional lot is a part of such consolidated building site.

ii. TYPE "B" - Type "B" Members (also known as Class "B" Members) shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Unit owned by the Declarant, plus one (1) additional vote:

b. **EXCEPT AS SPECIFICALLY PROVIDED IN ARTICLE III OF THE BYLAWS OF THE ASSOCIATION, DURING THE DECLARANT CONTROL PERIOD, ALL VOTES BY TYPE "A" MEMBERS SHALL BE ADVISORY ONLY, AND SUCH ADVISORY VOTES SHALL NOT BE COUNTED IN DETERMINING ANY VOTE OF THE MEMBERS, CONSENT BY THE MEMBERS OR OTHER ACTION OR DETERMINATION BY THE MEMBERS. DURING SUCH DECLARANT CONROL PERIOD, ONLY VOTES BY TYPE "B" MEMBERS SHALL BE COUNTED IN DETERMINING ANY VOTE OF THE MEMBERS, CONSENT BY THE MEMBERS OR OTHER ACTION OR DETERMINATION BY THE MEMBERS. UPON THE EXPIRATION OF**

THE DECLARANT CONTROL PERIOD, BOTH TYPE "A" AND TYPE "B" MEMBERS SHALL BE ENTITLED TO HAVE THEIR VOTES COUNTED IN DETERMINING ANY VOTE OF THE MEMBERS, CONSENT BY THE MEMBERS OR OTHER ACTION OR DETERMINATION BY THE MEMBERS.

c. At no time shall any Type "A" membership vote be exercised for any property which is exempt from assessment under Section 9.9.

d. In any situation where a Member is entitled to exercise the vote for his or her Unit, and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

e. Other provisions in the Declaration regarding the voting by Members are incorporated herein by reference.

2.2. Place of Meetings. Association meetings shall be held at the Association's principal office or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual Meetings. The first Association meeting, whether a regular or special meeting, shall be held not later than one year after the first sale of a Unit within the Community to an Owner other than a builder or developer purchasing primarily for development or resale in the ordinary course of such Person's business. Meetings shall be of the Members. Subsequent regular annual meetings shall be held each year at a time set by the Board.

2.4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed by at least 25% of the Members (the consent of the Declarant shall not be required). The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

2.5. Notice of Meetings.

a. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of each Unit (as shown in the records of the Association), as well as the Declarant, a notice of each annual or special meeting of the Association stating the time and place where it is to be held and in the notice of a special meeting, the purpose thereof. If an Owner wishes notice to be given at an address other than the Unit, the Owner shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices for annual

and special meetings shall be served at least 15 days but not more than 60 days in advance of the such meeting.

b. If mailed, the notice of a meeting shall be deemed to be delivered upon the earliest of: (a) the date received; (b) five (5) days after its deposit in the United States mail, as evidenced by its postmark, if mailed with first class postage affixed; (c) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, and signed by or on behalf of the addressee or (d) fifteen (15) days after its deposit in the United States mail, as evidenced by the postmark, if mailed with other than first class, registered, or certified postage affixed, (e) one (1) day after being accepted by an overnight delivery service such as Federal Express, properly addressed and with proper and complete arrangements made for overnight delivery of same, including arrangements acceptable to such overnight delivery service for payment.

c. A written notice or report delivered as part of a newsletter, magazine or other publication regularly sent to Members constitutes a written notice or report if addressed or delivered to the Member's address shown in the Association's current list of Members, or in the case of Members who are residents of the same household and who have the same address in the corporation's current list of Members, if addressed or delivered to one of such Members, at the address appearing on the current list of Members.

2.6. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

2.8. Voting. The Declaration shall set forth the Members' voting rights; such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of such member's Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of 11 months from the date of the proxy.

2.10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, Members, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum. The presence, in person or by proxy, of 20% of the total eligible Association vote shall constitute a quorum at all meetings of the Association. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. Any amendment to this Section shall comply with the provisions of Section 33-31-1023 of the South Carolina Nonprofit Corporation Code.

2.12. Conduct of Meetings. The President shall preside over all Association meetings, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting. Any action to be taken at a meeting of the Members, or which may be taken at a meeting of the Members, may be taken without a meeting if written consents setting forth the action so taken are signed by Members eligible to vote on the question holding at least 80% of the Association's voting power with respect to such question. Action taken without a meeting shall be effective on the date that the last consent is executed or, if required, the date Declarant consents to the action, unless a later effective date is specified therein. Each signed consent shall be delivered to the Association and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

2.14. Action by Ballot.

a. Any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. Written notice describing the matter to be voted upon, a ballot and other material necessary to insure voting control and Member privacy shall be sent by mail to all Members eligible to vote not less than twenty (20) days, nor more that forty (40) days before the date established by the Board for counting votes. Notice shall be deemed complete and delivered when deposited in the United States Mail, with appropriate and necessary postage affixed, addressed to the Member at his or her address as it appears on the records of the Association.

b. A written ballot shall:

i. set forth each proposed action; and

ii. provide an opportunity to vote for or against each proposed action.

c. Approval by written ballot pursuant to this section is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the

number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

d. All solicitations for votes by written ballot shall:

i. indicate the number of responses needed to meet the quorum requirements;

ii. state the percentage of approvals necessary to approve each matter other than election of directors; and

iii. specify the time by which a ballot must be received by the Association in order to be counted.

e. A written ballot may not be revoked after it is submitted.

f. Members shall cast their vote subject to their voting rights as defined in the Declaration and Section 2.1 of these Bylaws. They shall record their vote by marking and returning the ballot as instructed thereon. Specific voting instructions and materials shall insure that only ballots from eligible voters are counted, and that the privacy of individual Members is maintained.

g. Ballots marked and returned in accordance with instructions shall be counted, and totals certified, either:

i. by a volunteer group of Members not currently serving on the Board of Directors and selected by the Nominating Committee; or

ii. by a professional firm employed for that purpose.

h. Voting results shall be given to the Board which will announce the results to the Membership.

ARTICLE III: BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

3.1. Governing Body; Composition. A board of directors, each of whom shall have one equal vote, shall govern the Association's affairs. Except with respect to directors Declarant appoints during the Declarant Control Period, the directors shall be Members or residents; however, no two Owners or residents representing the same Unit may serve on the Board at the same time. A "resident" shall be any person 18 years of age or older whose principal residence is a Unit within the Community. In the case of a Member which is not an individual, any officer, director, partner, member or manager of a limited liability company, or trust officer of such Member shall be eligible to serve as a director unless a written notice to the Association signed by such Member specifies otherwise;

however, no Member may have more than one such representative on the Board at a time, except in the case of directors Declarant appoints.

3.2. Number of Directors. The Board shall consist of three to seven directors, as provided in Section 3.3 below. The initial Board shall consist of three (3) directors and shall be appointed by the Declarant.

3.3. Nomination and Election Procedures.

a. Notwithstanding any other provision hereof, during the Declarant Control Period, the following provisions shall apply to the election of directors of the Association:

i. Until the Declarant has sold 100 lots in the Community, Declarant shall have the right to appoint all three directors of the Association.

ii. Upon the sale of 100 lots in the Community, the Members (both Class "A" Members and Class "B" Members, in the aggregate) shall be entitled to vote to elect one (1) director, and the Declarant shall be entitled to appoint the remaining two (2) directors.

iii. Upon the sale of 200 lots in the Community, the number of directors shall be increased to five (5). The Members (both Class "A" Members and Class "B" Members, in the aggregate) shall be entitled to vote to elect two (2) directors, and the Declarant shall be entitled to appoint the remaining three (3) directors.

iv. At the end of the Declarant Control Period, the number of directors shall be increased to seven (7), all of whom shall be elected by the Members (both Class "A" and Class "B" Members, in the aggregate).

v. Declarant shall be entitled to remove any director appointed by it, and to appoint such director's replacement.

vi. Directors elected by the Members (Class "A" Members and Class "B" Members, in the aggregate) shall be known as "Member-Elected Directors".

b. Nomination of Directors. Except with respect to directors Declarant appoints during the Declarant Control Period, nominations for election to the Board shall be made by a "Nominating Committee." The Nominating Committee shall consist of a Chairman, who shall be a Board member, and three or more Members or representatives of Members. The Board shall appoint the Nominating Committee not less than 30 days prior to each election to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such election. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled as provided in Section

3.3(a) above. Nominations shall also be permitted from the floor. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

c. Election Procedures. Each Member may cast the entire vote assigned to his Unit for each position to be filled. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Nothing herein shall prohibit any director from being re-elected.

3.4. Election and Term of Office. Member-elected directors shall be elected and hold office as follows:

a. Member-elected directors shall be elected at the Association's annual meeting. All eligible members of the Association shall vote on all directors to be elected, and the candidate(s) receiving the most votes shall be elected.

b. The initial Member-elected director shall be elected for a two year term. At such time as the Members are permitted to elect a second director, that director shall be elected for either an initial one or a two year term. Whether such initial term shall be a one or a two year term shall be determined by the Board in a manner so as to stagger the terms of the first and second Member-elected directors. Similarly, when additional Member-elected directors are added as specified in Section 3.3(a) above, their initial terms shall be for either one or two years, as determined by the Board in order to provide for staggered terms. At the expiration of the initial term of office of each respective Member-elected director, a successor shall be elected for his seat, to serve for a term of two years. The directors shall hold office until their respective successors shall have been elected by the Association.

3.5. Removal of Directors and Vacancies.

a. At any regular or special meeting of the Association duly called, any one or more of the Member-elected directors may be removed, with or without cause, by a vote of a majority of the Members and a successor may then and there be elected to fill the vacancy thus created. A director whose removal has been proposed by the Members shall be given at least ten days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting.

b. In the event of the death, disability, or resignation of an Member-elected director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Members may elect a successor for the remainder of the term.

c. This Section shall not apply to directors appointed by Declarant. Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from

the death, disability, or resignation of a director it has appointed. Declarant shall also be entitled to remove any director appointed by Declarant and appoint a successor for the director so removed.

3.6. Organizational Meetings. The Board shall hold an organizational meeting within 10 days following each annual Association meeting at such time and place the Board shall fix.

3.7. Regular Meetings. The Board may hold regular meetings at such time and place a majority of the directors shall determine, but the Board shall hold at least four such meetings during each fiscal year with at least one per quarter. The Board shall give notice of the time and place of a regular meeting to each of the directors not less than six days prior to the meeting; provided, the Board need not give notice of a meeting to any director who has signed a waiver of notice or a written consent to holding the meeting.

3.8. Special Meetings. The Board may hold special meetings when called by written notice signed by the President, the Vice President, or any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; (d) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission, or (e) by recognized overnight delivery service, such as Federal Express. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least six business days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic communication shall be delivered or communicated at least 72 hours before the time set for the meeting. Notices given by overnight delivery service, shall be deposited with such delivery service at least 4 days prior to the date of the meeting, with arrangements made for overnight delivery of same.

3.9. Waiver of Notice. The transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Telephonic Participation in Meetings. Members of the Board or any committee the Board designates may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence at such meeting.

3.11. Quorum of Board of Directors. At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless the By-Laws or the Declaration specifically provide otherwise. A meeting at which a quorum is present initially may continue to transact business, notwithstanding the withdrawal of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present the Board may transact without further notice any business which it might have transacted at the original meeting. Any amendments to this Section shall comply with the provisions of Section 33-31-1024 of the South Carolina Nonprofit Corporation Code.

3.12. Compensation. Directors shall not receive any compensation from the Association for acting as such. The Association may reimburse any director for expenses incurred on the Association's behalf. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies he or she furnishes to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director makes his or her interest known to the Board prior to entering into such contract and a majority of the Board, excluding the interested director, approves such contract.

3.13. Conduct of Meetings. The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14. Open Meetings. Subject to the provisions of Section 3.15, all Board meetings shall be open to all Members, but attendees other than directors may not participate in any discussion or deliberation unless a director requests permission for that person to speak. In such case, the President may limit the time such person may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors. Only the following matters are open for discussion in executive session:

a. matters pertaining to Association employees or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;

b. consultation with legal counsel regarding disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;

c. investigative proceedings concerning possible or actual criminal conduct;

d. matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; and

e. any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

3.15. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

3.16. Powers. The Board shall have all of the powers and duties necessary for managing the Association's affairs and for performing all responsibilities and exercising all of the Association's rights as set forth in the Governing Documents as provided by law. The Board may do or cause to be done all acts and things as are not by the Governing Documents or South Carolina law directed to be done and exercised exclusively by the Members or the membership generally.

3.17. Duties. The Board's duties shall include, without limitation:

a. causing to be prepared and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;

b. levying and collecting assessments from the Owners;

c. providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility and entering into agreements with adjacent property owners to allocate maintenance responsibilities and costs of certain public rights-of-way and other property within or adjacent to the Community;

d. designating, hiring, and dismissing the personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

e. depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' business judgment, in depositories other than banks;

f. making and amending Rules and Regulations in accordance with the Declaration;

g. opening of bank accounts on behalf of the Association and designating the signatories required;

h. making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;

i. enforcing the Governing Documents and bringing or defending any proceedings which may be instituted on behalf of or against any Owner(s) concerning the Association or the Community; provided, the Association's obligation in this regard shall be conditioned in the manner provided in Section 8.5 of the Declaration;

j. obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

k. paying for services rendered to the Association;

l. keeping books with detailed accounts of the receipts and expenditures of the Association;

m. making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 6.4;

n. permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Community;

o. indemnifying an Association director, officer, or committee member, or former Association director, officer, or committee member to the extent such indemnity is required by South Carolina law, the Articles of Incorporation, or the Declaration.

3.18. Right of Declarant to Disapprove Actions. So long as Declarant has the right unilaterally to annex property under Section 10.1 of the Declaration, Declarant shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in Declarant's sole judgment, would tend to impair rights of Declarant or Builders under the Declaration or these By-Laws, interfere with the development or construction of any portion of the Community, or diminish the level of services the Association provides.

a. The Association shall give Declarant written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Sections 3.7, 3.8, 3.9, and 3.10 and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

b. The Association shall give Declarant the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any

prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

c. No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

d. Declarant, its representatives, or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. Declarant, acting through any officer, director, agent, or authorized representative, may exercise its right to disapprove at any time within 15 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 15 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of the Board, the Association, or any committee. Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.19. Management. The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority. Declarant or an affiliate of Declarant may be employed as managing agent or manager. The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

3.20. Accounts and Reports. The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

a. accrual accounting, as defined by generally accepted accounting principles, shall be employed;

b. accounting and controls should conform to generally accepted accounting principles;

c. the Association's cash accounts shall not be commingled with any other accounts;

d. the managing agent and employees of the Association shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

e. the managing agent shall disclose to the Board promptly any financial or other interest which the managing agent may have in any firm providing goods or services to the Association;

f. an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant. During the Declarant Control Period, the annual report shall include certified financial statements.

3.21. Borrowing. The Association shall have the power to borrow money for any legal purpose; however, the Board shall obtain Member approval in the same manner provided in Section 9.2 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the Association's budgeted gross expenses for that fiscal year. No Mortgage lien shall be placed on any portion of the Common Area without an affirmative 67% Vote of the Association.

3.22. Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with residential or nonresidential owners' associations within and outside the Community; however, any common management agreement shall require the Board's consent.

3.23. Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable monetary fines, which shall constitute a lien upon the Unit of the violator, and to suspend an Owner's right to vote for violation of any duty imposed under the Governing Documents. In addition, the Board may suspend any services the Association provides to an Owner or an Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, tenant, employee, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the Association shall first assess the fine against the occupant, tenant, employee, guest, or invitee; however, if the occupant does not pay the fine within the time period the Board sets, the Owner shall pay the fine upon notice from the Association. The Board's failure to enforce any provision of the Governing Documents shall not be deemed a waiver of the Board's right to do so thereafter.

a. Notice. Prior to imposition of certain sanctions requiring notice under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice

unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice may be imposed; however, the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

b. Hearing. If a hearing is requested within the allotted 10-day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

c. Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, towing vehicles that are in violation of parking rules) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed as trespass.

d. In no event shall the Declarant be subject to any fine or other action sanction under this Section.

3.24. Board Standards.

a. While conducting the Association's business affairs, the Board shall be protected by the business judgment rule. The business judgment rule protects a director from personal liability so long as the director: (a) serves in a manner the director believes to be in the best interests of the Association and the Members; or (b) serves in good faith.

b. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

c. The burden of proof in any challenge to an action or inaction by a director shall be on the party asserting liability.

d. The operational standards of the Board and any committee the Board appoints shall be the requirements set forth in the Governing Documents or the minimum

standards which Declarant, the Board, and the Architectural Review Board may establish.

3.25. Board Training Seminar. Each director is encouraged to complete a board training seminar within such director's first six months of directorship. Such seminar shall educate the directors about their responsibilities and duties. The seminar may be in live, video or audio tape, or other format.

ARTICLE IV: OFFICERS

4.1. Officers. The Association's officers shall be a President, Vice President, Secretary, and Treasurer, all of whom shall be appointed by the Board. The President and Secretary shall be elected from among the Board members; other officers may, but need not be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. The same person may hold any two or more offices, except the offices of President and Secretary. Moreover, the Secretary shall be responsible for preparing minutes of all directors' and Members' meetings and for authenticating records of the corporation.

4.2. Election and Term of Office. The Board shall elect the officers of the Association at the first Board meeting following each annual meeting of the Members, to serve until their successors are elected.

4.3. Removal and Vacancies. The Board may remove any officer whenever in its judgment the Association's best interests will be served, with or without cause, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties. The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Secretary shall prepare, execute, certify, and Record amendments to the Declaration as provided in Article XVII of the Declaration. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

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

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other Association instruments shall be executed by at least two officers or by such other person or persons as a Board resolution may designate.

4.7. Compensation. Officers' compensation shall be subject to the same limitations as directors' compensation under Section 3.12.

ARTICLE V: COMMITTEES

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

ARTICLE VI: MISCELLANEOUS

6.1. Fiscal Year. The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

6.2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (the then current edition) shall govern the conduct of Association proceedings when not in conflict with South Carolina law or the Governing Documents.

6.3. Conflicts. If there are conflicts between the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of South Carolina law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.4. Books and Records.

a. Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, By-Laws, and Articles of Incorporation, including any amendments, any Supplemental Declarations, the Rules and Regulations, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Community as the Board shall designate.

b. Rules for Inspection. The Board shall establish rules with respect to:

i. notice to be given to the custodian of the records;

ii. hours and days of the week when such an inspection may be made; and

iii. payment of the cost of reproducing copies of documents requested.

c. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties the Association owns or controls. The director's right of

inspection includes the right to make a copy of relevant documents at the Association's expense.

6.5. Notices.

a. Unless the Declaration or these By-Laws otherwise provide, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally, if sent by United States mail, first class postage prepaid, or if sent by recognized overnight delivery service, such as Federal Express:

i. if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member; or

ii. if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

b. If mailed, the notice o shall be deemed to be delivered upon the earliest of:

i. the date received;

ii. five (5) days after its deposit in the United States mail, as evidenced by its postmark, if mailed with first class postage affixed;

iii. the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, and signed by or on behalf of the addressee;

iv. fifteen (15) days after its deposit in the United States mail, as evidenced by the postmark, if mailed with other than first class, registered, or certified postage affixed; or

v. one (1) day after being accepted by an overnight delivery service such as Federal Express, properly addressed and with proper and complete arrangements made for overnight delivery of same, including arrangements acceptable to such overnight delivery service for payment.

c. A written notice or report delivered as part of a newsletter, magazine or other publication regularly sent to Members constitutes a written notice or report if addressed or delivered to the Member's address shown in the Association's current list of Members, or in the case of Members who are residents of the same household and who have the same address in the corporation's current list of Members, if addressed or delivered to one of such Members, at the address appearing on the current list of Members.

6.6. Amendment.

a. By Declarant. During the Declarant Control Period, Declarant unilaterally may amend these By-Laws for any purpose. Thereafter, Declarant or the Board (with Declarant's consent) unilaterally may amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; provided, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

b. By Members Generally. Except as provided above, these By-Laws may be amended upon approval by majority Vote of the Members, and, during the Declarant Control Period, the consent of Declarant. In addition, the approval requirements set forth in Article XVI of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

c. Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon Recordation, unless the amendment specifies a later effective date. Any procedural challenge to an amendment must be made within one year of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws. The Secretary shall prepare, execute, certify, and Record amendments to these By-Laws. No amendment may remove, revoke, or modify any of Declarant's rights or privileges without its written consent.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Coosaw Point Property Owners Association, Inc., a South Carolina corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the ____ day of _____, _____.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ___ day of _____, _____.

(seal)

Secretary