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STATE OF SOUTH CAROLINA)	FIRST AMENDMENT TO DECLARATION
)	OF RESTRICTIONS, AFFIRMATIVE
COUNTY OF BEAUFORT)	OBLIGATIONS, CONDITIONS, ETC.

This document is dated November 21, 1991.

973 WHEREAS, on or about June 13, 1973, HUGH D. ULMER, HUGH M. ULMER, ALAN A. ULMER, JR. and C.A. ULMER executed as "Declarant" their Declaration of Rights, Restrictions, Affirmative Obligations, Conditions, Etc. as recorded in the R.M.C. Office for Beaufort County in Deed Book 210 at Page 1182; and,

WHEREAS, on or about September 30, 1991 the aforesaid Declaration of Rights was assigned to O. Dale Malphrus by an Assignment recorded in the R.M.C. Office for Beaufort County in Deed Book 590 at Page 1489; and

WHEREAS, O. Dale Malphrus now desires to add additional Covenants pursuant to Paragraph 12 of the Declaration of Rights, Restrictions, Affirmative Obligations, Conditions, Etc. as follows:

ARTICLE I

NAME

The Property hereinabove and hereinafter described, and any additions thereto under the terms and provisions of this Declaration shall hereafter be known as "Fernlakes."

ARTICLE II

PROPERTY DESCRIPTION

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these Restrictive Covenants is located in Beaufort County, South Carolina, and is more

particularly described on Exhibit "A" attached hereto and made a part hereof by reference.

Declarant intends to develop the Property in accordance with the plat thereof recorded in Plat Book 42 at Page 159 in the Office of the Clerk of Court for Beaufort County, South Carolina, as subsequently modified from time to time, as a residential community. Declarant reserves the right to review and modify the said Plat at its sole option, from time to time, based upon its continuing research and design program. This Plat shall not bind Declarant or its successors or assigns to adhere to it in the development of the land shown thereon. Properties conveyed to Fernlakes Homeowners Association as hereinafter defined, ("Association"), shall become Common Properties, as the case may be, in accordance with their designation in the deed of conveyance from Declarant. Declarant shall not be required to follow any predetermined sequence or order of improvements and development; and it may bring within the plan of these Restrictive Covenants additional lands, and develop the same before completing the development of the Property. Other than as stated in this Section, Declarant shall have full power to add to, subtract from, or make changes in the recorded Plat, including the addition of other nearby lands owned by Declarant, such actions potentially altering the membership of the Association.

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

a. Declarant, their heirs, successors and assigns, shall have the right, without the consent of the Association, to bring within the plan and operation of this Declaration, additional properties in future stages of the development. The additions authorized under this and the succeeding subsections shall be made by either deeding such additional property subject to this Declaration by specific reference in individual deeds or by filing a Supplementary Declaration of Restrictive Covenants (hereinafter referred to as the "Supplementary Declaration") with respect to the additional property which shall extend the operation and effect of these Restrictive Covenants to such additional property. Or,

b. Upon approval in writing of the Association pursuant to three-fourths (3/4) of the vote of those present at a duly called meeting, the owner of any property who desires to add it to the plan of these Restrictive Covenants and to subject it to the jurisdiction of the Association, may file or record a Supplementary Declaration with respect to the additional property which shall extend the operation and effect of these Restrictive Covenants to such additional property. And,

c. The Supplementary Declaration may contain such complementary additions and/or modification of these Restrictive Covenants as may be necessary or convenient, in the sole judgment of Declarant, if accomplished pursuant to subparagraph (a) above, or the Association, if pursuant to subparagraph (b) above, so reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modification shall have no effect on the Restrictive Covenants as they apply to the Property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Declarant and every person or entity who is a record owner of a fee simple or undivided fee simple interest in any lot which is subject by these Restrictive Covenants to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such

title or interest merely as a security for the performance of an obligation shall not be a member of the Association.

Section 2. Name. The Association shall be known as the Fernlakes Homeowners' Association.

Section 3. Board of Directors. The Association shall be governed by a Board of Directors consisting of three (3), five (5), seven (7), or nine (9) members who shall be elected by a majority vote of the members of the Association at a duly called meeting for that purpose. Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board of Directors.

Section 4. Purpose.

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

b. Ownership of Common Properties. The Association shall be authorized to own, lease or rent Common Properties and improvements necessary or desirable to carry out its functions pursuant to these Restrictive Covenants.

c. Acceptance of Properties Donated by Declarant. The Association shall be obligated to accept and assume responsibility for maintaining those lands and facilities described in Article V if and when those properties are conveyed by Declarant to the Association or when the Association purchases said properties.

d. Power to Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge designated percentages of the revenues of the Association as security for loans made to the Association in performing its authorized functions.

e. Property Maintenance. The Association shall provide for the care, operation, management, maintenance, repair and replacement of all Common Properties.

f. Security. The Association may provide security and fire protection within the Property and provide and maintain a fire and watch system which may include periodic fire prevention inspections and equipment certifications, cable, microwave, telephone or radio based fire monitoring and television security electronics which do not unreasonably offend the privacy of the

Property Owners, Declarant or their residents, guests, employees or invitees.

g. Enforcement of Restrictive Covenants. The Association shall have authority to proceed at law or in equity to compel a compliance with or to prevent the violation or breach of any of the Restrictive Covenants herein. It shall also have authority, whenever there shall have been built on any lot any structure which is in violation of these Restrictive Covenants, to enter upon the Property where such violation exists and summarily abate or remove the same at the expense of the owner thereof, and any such entry and abatement or removal shall not be deemed a trespass.

h. Insurance. In order to protect the financial integrity of the Association so that it may carry out its purposes, the Association shall in its name keep in full force and effect at all times at least the following insurance coverage: i) casualty insurance with respect to all Common Properties including all improvements thereon, insuring such facilities for the full replacement value thereof, including coverage for fire and extended coverage, vandalism, malicious mischief and acts of God; and ii) broad form comprehensive liability insurance coverage, covering both public liability and automobile (if needed), with limits which the Board, in its sole discretion, may provide. All insurance may contain such deductible provisions as good business practice may dictate. The proceeds of all casualty insurance shall be applied to the repair or replacement of the damaged or destroyed land,

improvements or vegetation. The proceeds of all liability insurance shall be applied to satisfy the liability. All insurance shall name Declarant as an additional insured and shall, to the extent reasonably possible, cover each Property Owner with respect to Common Properties without each Property Owner being specifically named.

i. Reconstruction. In the event that any structures maintained on Common Properties are damaged or destroyed by fire, act of God or other casualty other than war, the Association shall have the affirmative duty to repair or rebuild such structure or improvement or to clear such structure from the land and to landscape the property so as to render it attractive.

j. Insect, Reptile and Woods Fire Control. To implement effective insect, reptile and woods fire control, the Association or its agents have the right to enter upon any unimproved lot for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other growth, removing trash or dispensing pesticides.

k. Assessments. The Association shall be authorized to collect assessments and fees as prescribed in Article VI of these Restrictive Covenants.

l. Taxes. The Association shall pay all ad valorem real estate taxes, special improvement and other assessments, ad valorem personal property taxes and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed,

assessed or levied upon, or arise in connection with, any Common Properties owned by the Association.

m. Transfer of Common Properties. Subject to all other terms and provisions contained in these Restrictive Covenants with respect to Common Properties held by the Association, the Association shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any Common Properties and personalty owned by the Association.

n. Charges for Use of Facilities. The Association may establish charges for use of Common Properties to assist the Association in offsetting the costs and expenses of the Association attributable to the Common Property. All charges established shall be reasonable and shall be uniformly applied, except such charges may differentiate among Owners, Lessees or Guests. Each Owner, Lessee and Guest shall be obligated to and shall pay any such reasonable charges for their use of Common Properties.

o. Architectural Review. The Association shall be authorized to establish and operate architectural review as hereinafter provided and subject to the authority of the Declarant.

p. Obligation of Association. The Association shall not be obligated to carry out or offer any of the functions and services specified or implied in this Declaration. The functions and services specified or implied to be carried out by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members.

Special Assessments shall be submitted for Referendum as herein provided. The functions and services which the Association is authorized to provide may be added or reduced at any time upon the affirmative vote of fifty-one (51%) percent or more of those voting in a Referendum conducted by the Board of Directors under the same procedure as for a special assessment.

Section 5. Voting Rights. A Member shall be entitled to one (1) vote for each lot in which he holds the interest required for membership by Section 1. When more than one person holds such interest or interests in any lot all such persons shall be members, and the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such lot. When one or more co-owners sign a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in a writing delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, the vote shall be split equally among the co-owners.

Section 6. By-Laws. The Board of Directors shall adopt such reasonable by-laws for the conduct of the business of the Association as shall be approved at the initial organizational meeting of the Association by three-fourths (3/4) majority of the membership voting at such meeting.

Section 7. Incorporation. The Association by majority vote of its membership can at any time elect to incorporate itself under the Corporation Laws of the State of South Carolina.

ARTICLE IV

RESTRICTIVE COVENANTS

Section 1. Residential Use. No lot shall be used for any other purpose than as a single family residence. Only one residence may be placed upon any single lot in the subdivision. No trade or business of any kind or character, nor the practice of any profession, nor any building or structure designed or intended for any purpose connected with any trade, business or profession which creates an unsightly condition, nuisance, smells, odors, noises, trash heaps, promotes immoral purposes, which causes traffic flow or which actually solicits business to the lot, nor any lot sign relating to the practice of business, trade or profession, shall be permitted upon any of the Property.

Section 2. The course of the waterway may be altered and the area may be excavated to create a lake or lagoon of pleasing proportions, however, no more than two (2) roads may cross the waterway and where each road crosses a waterway, there must be an opening of nine (9') feet in width to allow water to pass under. No dams or other obstructions shall be placed so as to interfere with water flow into or away from adjoining properties, and no waterway shall be less than fifty (50') feet in width except where the roads cross. In any event, all plans for the waterway must be approved by the Grantors, their heirs and assigns.

Section 3. No building or accessory building shall be placed on any lot so that any portion thereof shall be closer to any street, lot line, etc., than ten (10) feet from said street, lot line, etc., except that no building may be placed closer than fifty (50') feet from any marsh, swamp, running water or other waterfront area.

Section 4. Temporary Buildings. No structure of a temporary character, such as a basement, tent, shack, garage, barn, mobile home or trailer, tree house or other out buildings shall be placed on any lot at any time, either temporarily or permanently; provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of the main residence, it being clearly understood that these latter structures may not, at any time, be used as a residence or permitted to remain on the lot after completion of the construction.

Section 5. Subdivision of Lots. No lot shall be resubdivided into smaller lots. However, allowance is hereby made for such reduction in size of the lots as might occur by minor variation from street improvements and the final, or, on-the-spot surveys of said lots, and further provided that nothing herein contained shall preclude resubdivision of a lot which makes the adjacent, contiguous lots into larger lots.

Section 6. Animals. No domestic animals, livestock, live fowl, horses, goats or swine of any type shall be kept or housed on the Property except household pets, and no animals of any type shall be bred or raised for sale.

Section 7. Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or anything of any sort whose 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. Likewise, there shall not be maintained any bicycles or boats on any lot outside an enclosed structure. In any event, no boat or other vessel in excess of eighteen (18') feet overall shall be kept or stored on any residential lot and boats eighteen (18') feet or less shall be screened in such a way that they are not visible from the street or from any other residential lot. No recreational or other vehicles larger than a standard pickup truck or van will be allowed to park overnight on any residential lot. Further, such vehicles may only be brought on a residential lot for the purposes of unloading or loading and must be removed from the lot as soon as such task is completed. No trash, rubbish, debris, junk, stored materials, wrecked or inoperable automobiles or similar unsightly items shall be allowed to remain on any lot outside an enclosed structure. However, the foregoing shall not be construed to prohibit the temporary deposits of trash, rubbish and debris for pick-up by governmental or similar garbage and trash removal service units. In the event that the owner of any lot fails or refuses to keep such property free from any weeds,

underbrush or other unsightly growth and items listed above, then the Association or Declarant may enter upon such lot five (5) days after posting a notice thereon, requesting the owner of such lot to observe this paragraph and upon such entry may remove all unsightly items or growth at the owner's expense. No such entry shall be deemed a trespass. Such a notice shall be sufficient if it states in substance: "Please remove this unsightly item or growth (with a description given) within five (5) days or the Association (or Declarant as the case may be) or any agent of either shall do so at your expense. You are violating the Restrictive Covenants applicable to this lot."

Section 8. Storage Receptacals. No fuel tanks or similar storage receptacals may be exposed to view, and may be installed only within the main dwelling house, within an accessory building, within a screened area, or buried underground.

Section 9. Excavation. No lot owner shall excavate or extract earth for any business purpose. No elevation changes shall be permitted which materially affect the surface grade level of surrounding lots.

Section 10. Easements. A fifteen (15') foot-wide easement for the installment and maintenance of utilities and drainage is hereby reserved over and along the front and side lot lines and a fifteen (15') foot-wide easement for the installation and maintenance of utilities and drainage is hereby reserved over and along the rear lot lines, provided, however, nothing herein contained shall be construed to prevent the use as one building

site two or more adjoining and contiguous lots; and in the event two or more adjoining and contiguous lots are used as one building site, then the easements reserved herein shall be reserved over the side lot lines and the rear and front lot lines of the entire lot formed by the joining of such adjacent, contiguous lots in one ownership and use. Additionally, a thirty (30') foot-wide easement for maintenance, repairing, clearing, grading or filling of the lakes and the land within this said thirty (30') foot easement is reserved over and along all those lots adjoining the lakes. Said thirty (30') foot easement will be measured from the waterline of the lakes.

Section 11. Right of Entry. In order to implement effective insect, reptile and woods fire control, the Association or Declarant shall have the right to enter upon any residential lot of which a residence has not been constructed and upon which no landscaping has been implemented, such entry to be made with personnel with tractors or other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Association or Declarant detracts from the overall beauty, setting and safety of the subdivision. Such entrance shall not be deemed to be a trespass. The provisions of this paragraph shall not be construed as an obligation on the part of the Association or Declarant to do any of the acts set forth herein. Costs to be borne by lot owner.

Section 12. Hunting and Fishing. No hunting of any kind will be permitted on the Property. Fishing will be allowed in accordance with rules to be established by the Association.

Section 13. Use of Common Properties Limited. Motorized vehicles, motorized boats and boats required to be launched off of a trailer are not permitted for use upon Common Properties. Only small paddle boats, small sailboats, electric-powered boats and canoes and the like may be used upon the lake. The Association shall establish such other reasonable rules as may be necessary or desirable to regulate the permissible uses of the Common Properties for the enjoyment and safety of the Owners.

Section 14. Docks. No owner shall be allowed to construct a dock, pier or similar structure from any point on his lot to or over any part of the lake without prior approval from Association or Declarant.

Section 15. Architectural Standards and Plans Approval.

a. No building, fence, wall or other structure shall be erected, placed or altered on any lot until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking area) and construction schedule shall have been approved in writing by the Declarant or its assigns. Refusal of approval of plans, locations or specifications may be based upon any reasonable ground which is consistent with the objectives of these Restrictive Covenants, including, but not limited to: aesthetic considerations; the harmony and scale, bulk, coverage,

function and density of use of exposed structure; the effect of the structure or plans on neighboring properties; the view of the structure or property from public or private roads; the placement of buffer zones, fences, shrubbery, trees, vegetation, berms and parking spaces; and the desirability of preserving significant trees or other unique vegetation. The architectural review process shall not be conducted in an arbitrary and capricious fashion by, for example, applying substantially different standards than those typically applied to submissions during the same period of time; nonetheless, any approval of a plan which, when built, is not considered desirable for future construction, shall not be considered as a precedent requiring approval of similar plans on subsequent submissions. No alterations to the exterior appearance of any building or structure shall be made without like approval. One (1) copy of all plans and related data shall be furnished Declarant or its assigns for its records.

b. No plans shall be approved unless the proposed residence shall have a minimum square footage of 1,250 square feet enclosed dwelling area, exclusive of open porches and garages, boat sheds, terraces, decks, but including screen porches if the roof of such porch forms an integral part of the roof line of the main dwelling or if on the ground floor of a two-story structure. If a two-story structure, the ground floor shall contain a minimum of 1,000 square feet of enclosed dwelling space.

c. No plans shall be approved which does not provide for off the street parking space for two (2) automobiles.

d. All fencing erected on lots in front of buildings or exposed to view shall be of quality commercial grade, not to exceed four (4') feet in height, and be approved by Declarant or its assigns.

e. If Declarant or its assigns shall fail to approve or disapprove the plans and specifications within thirty (30) days after receipt of a written request therefor, then such approval shall not be required; provided, however, that no building, fence or other structure shall be erected which violates any of the covenants herein contained.

f. The exterior of all homes and other structures must be completed within nine (9) months after the date of the construction of the same shall have commenced, except where such construction completion is impossible or would result in hardship to the owner or builder due to strikes, fires, national emergency or natural calamity, the time may be extended by Declarant or its assigns.

Section 16. Transfer of Architectural Review and Plans Approval. Upon the sale of greater than fifty (50%) percent of the lots, Declarant may, by filing a supplementary declaration of Restrictive Covenants with the Clerk of Court for Beaufort County, South Carolina, transfer the above-described architectural review and plans approval authority to a permanent Review Board which, subject to the covenants and conditions stated with the aforesaid supplementary declaration, shall be under the control of the Association.

ARTICLE VTHE COMMON PROPERTIES

Section 1. The Common Properties. The Common Properties shall mean and refer to those areas of land with any improvements thereon which are deeded or leased to the Association and designated in said deed as "Common Properties." Common Properties also include other properties, though not designated as such, which are acquired by the Association pursuant to its authority under these Restrictive Covenants. Common Properties include personalty as well as realty. All Common Properties are to be devoted to and intended for the common use and enjoyment of the Property Owners, their tenants, guests and invitees, at uniform fees, charges and assessments established herein as may be modified from time to time by the Association. The designation and dedication of land or improvements as Common Properties shall not mean or imply that the public at large or Property Owners, their tenants, guests and invitees acquire an easement of use or enjoyment herein except at such fees, and under such rules and regulations for operation as may be established from time to time by the Association.

Section 2. Members Easements of Enjoyment. Subject to the provisions of these Restrictive Covenants and a the rules and regulations of the Association, every Member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every lot.

Section 3. Extent of Members Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- a. The right of Declarant and of the Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties;
- b. The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure;
- c. The right of the Association to suspend the enjoyment of rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment;
- d. The right of the Association to charge reasonable admission and other fees for the use of the Common Properties and/or facilities therein;
- e. The right of Declarant to dedicate or transfer to any public or private utility, utility easements on any part of the Common Properties;
- f. The right of the Association to give or sell all or any part of the Common Properties including leasehold

interest to any public agency, authority, or utility or private concern for such purposes and subject to such conditions as may be agreed upon by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such dedications, transfer and determination as to purposes and conditions shall be authorized by the vote of three-fourths (3/4) of the vote at a duly called meeting and unless written notice of the proposed agreement and action thereunder is sent to every Member at least thirty (30) days in advance of any action taken. A true copy of such resolution together with a certificate of the result of the vote taken thereon shall be made and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties, prior to the recording thereof. Such certificate shall be conclusive evidence of authorization by the membership.

g. The right and easements of enjoyment in the Common Properties shall be limited to the Members and their spouses and children permanently residing with the Members.

Section 4. Title to Common Properties. Declarant may retain title to the Common Properties until such time as it has completed improvements thereon and until such time as, in its opinion, the Association is able to maintain the same, but notwithstanding any provisions herein to the contrary, Declarant hereby covenants for itself, its successors and assigns, that it

shall convey the Common Properties to the Association within one hundred and eighty (180) days of the time ninety-one (91) sales are completed. Said Common Properties shall be conveyed subject to all restrictive covenants of record and to any mortgage given by Declarant for the construction of improvements thereon, provided, however, Declarant shall be obligated for repayment of the debt secured by such mortgage.

ARTICLE VI

ASSESSMENTS AND LIEN

Section 1. Creation of Lien and Personal Obligations of Assessments. Each owner of any lot, whether or not it shall be so expressed in any such deed or other conveyance, agrees to all terms and provisions of this Declaration and to pay the Association: (1) Annual assessments or charges; and, (2) Special Assessments or charges for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided.

The annual and special assessments together with such interest thereon and costs of collection therefor as hereinafter provided shall be a charge and continuing lien on the real property and improvements thereon against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the personal obligation of the person who was the owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a lot, all of such co-

owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the improvement, maintenance and operation of the Common Properties, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

The special assessments shall be used for the purposes set forth in Section 4 of this Article.

Section 3. Basis and Maximum of Annual Assessments. Until the year beginning January 1, _____, the annual assessments shall not be more than twenty-five and No/100 (\$25.00) dollars per year per lot unless a higher annual assessment is approved by three-fourths (3/4) of the vote at the annual meeting. From after January 1, _____, the annual assessment may be increased each year by five (5%) percent of the maximum authorized assessment for the preceding year unless three-fourths (3/4) of the vote at the annual meeting votes against said increase or votes to increase said annual assessment by a greater amount to decrease the annual assessment.

The Board of Directors of the Association may, after considering current maintenance costs and future needs of the Association, fix the annual assessment for any year at a lesser amount, but such action shall not constitute a waiver by the

Association of its right to revert to the full assessment for the remaining year or years of the then current period fixed as provided in the preceding paragraph.

Section 4. Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto or addition to the Common Properties, provided that any such assessment shall have the assent of three-fourths (3/4) of the vote at a duly called meeting, written notice of which shall be sent to all Members at least thirty (30) days in advance and set forth the purpose of the meeting.

Section 5. Change in Basis and Maximum of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate.

Section 6. Quorum for any Action Authorized. The presence at the meeting of Members or of proxies entitled to cast sixty (60%) percent of the total vote of the membership shall constitute a quorum. If the required quorum is not forthcoming at

a meeting, another meeting may be called, subject to the notice requirement set forth in Section 4.

Section 7. Date of Commencement of Annual Assessment.

The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement. The first annual assessments shall be made for the balance of the calendar year and shall become due and payable on the day fixed for commencement. The assessments for any year, after the first year, shall become due and payable the first day of January of the said year.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall keep a roster of the properties and assessments in the offices of the Association and shall be open to inspection by any owner.

Written notice of any assessment shall thereupon be sent to every Owner subject thereto.

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

Section 9. Effect of Non-Payment. If the assessments are not paid on the date when due (being the dates specified in Section 7 hereof), then such assessment shall become delinquent and shall, together with such interest thereon at the rate of the lesser of fourteen (14%) percent per annum or the highest rate not prohibited by law from the date due and the costs of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements thereof against which each such assessment is made in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Owner at the time of the assessment to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass as a personal obligation to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property and proceed to sell it at foreclosure sale as is provided under the laws of the State of South Carolina for foreclosure of mortgages, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and, in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorneys' fee to be fixed by the Court together with the costs of the action.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessment provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments accruing after conveyance by a mortgagee/owner to a subsequent purchaser.

Section 11. Exempt Property. The following property, individuals, partnership or corporations subject to this Declaration, shall be exempt from the assessments, charges and liens created herein:

- a. The grantee of property over which said grantee holds a utility easement;
- b. All properties to the extent of any easement therein other than an easement which does not adversely affect the owner's use of the property;
- c. All Common Properties;
- d. All properties exempted from taxation by the laws of the State of South Carolina, upon the terms and to the extent of such legal exemptions;
- e. Lots owned by Declarant except those lots which have been sold under title retention contract in which the purchaser agrees to pay the assessments, charges and liens;

ARTICLE VIIENFORCEMENT

Section 1. Remedies. In addition to any other remedy for breach of a restrictive covenant provided hereinabove by any person claiming by, through, or under Declarant, Declarant, the Association and/or any lot owner, or any of them jointly, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent the violation or breach of any of them. In addition to the foregoing rights, the Association, or Declarant, shall have the right, whenever there shall have been built on any lot any structure which is in violation of these restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the owner, and any such entry and abatement or removal shall not be deemed to trespass. The failure promptly to enforce any of the restrictive covenants shall not bar their enforcement.

Section 2. Costs and Expenses of Enforcement. Should an owner fail, neglect or refuse to satisfy and discharge any obligation arising under these Restrictive Covenants, and in the event that it becomes necessary for the Association, or Declarant, to take legal action for the enforcement of such obligations, the Association, or Declarant, as the case may be, shall be entitled to receive from the owner all costs and expenses of enforcement thereof, including a reasonable attorneys' fee, and such costs and expenses shall be charged and continuing lien against the real property charged with the breach or violation, which said lien may

be foreclosed in the manner contemplated by Section 9 of Article VI hereinabove.

Section 3. No Obligation. Nothing contained herein shall be deemed or interpreted to require the Association or Declarant to take action to enforce these Restrictive Covenants.

ARTICLE VIII

DURATION OF AMENDMENT

Section 1. Duration. These Restrictive Covenants are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of twenty-five (25) years from the date these Restrictive Covenants are recorded, after which time these Restrictive Covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the owners of a three-fourths (3/4) majority of the lots has been recorded, agreeing to change the said Restrictive Covenants in whole or in part.

Section 2. Modification. Upon prior reasonable notice to all lot owners, these Restrictive Covenants may be amended, in whole or in part, at any time prior to termination of the initial period, or any extension thereof, by an instrument signed by the owners of a three-fourths (3/4) majority of the lots, duly recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, setting forth the agreed charges.

ARTICLE IXINTERPRETATION AND CONSTRUCTION

Section 1. Severability. Should any covenant or restriction herein contained, or any part, article, section, paragraph, subparagraph, sentence, clause, phrase or term in this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of the highest court or other tribunal of jurisdiction which considers such matter, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable.

Section 2. Interpretation. In all cases, the provisions of this Declaration shall be given that reasonable interpretation or reasonable construction which will best effect consummation of the general plan of land use restrictions and affirmative obligations of the Property and which will carry out the intent of Declarant as expressed in the recitals of these Restrictive Covenants. The provisions of these Restrictive Covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance which allows a less restricted use of the Property.

Section 3. Gender, Tense and Number. When necessary for proper construction, the masculine form of any word used in this Declaration shall include the feminine or neuter gender, and the singular, the plural and vice versa, and words used in the present tense shall include the future tense.

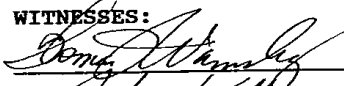
Section 4. No Waiver. Failure to enforce any provision of this Declaration shall not operate as a waiver of any such provision or of any other provisions of this Declaration.

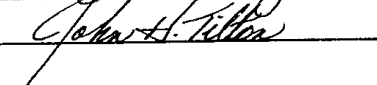
Section 5. Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

Section 6. No Implied Liabilities or Duties. Any rules or regulations established by the Association pursuant to these Restrictive Covenants shall not expressly or impliedly create any duty of care to any property owner.

IN WITNESS WHEREOF, Declarant has caused these presents to be executed the day and year first above written.

WITNESSES:







O. Dale Malphrus

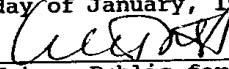
STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me the above witness who, on oath, says that (s)he saw the within named O. Dale Malphrus, sign, seal, and as his act and deed, deliver the within document, and that (s)he with the other witness witnessed the execution thereof.



Sworn to before me this 8
day of January, 1992.

 (SEAL)
Notary Public for South Carolina
My Commission Expires: 2/6/01

PROPERTY DESCRIPTION

ALL that certain piece, parcel or tract of land situate, lying and being in Bluffton Township, Beaufort County, South Carolina, containing 88.571 acres, more or less, as shown on a plat prepared by R.D. Troddon, Jr., R.L.S., #2712 dated April 25, 1980 and most recently revised March 21, 1984 and being bounded on the North by lands now or formerly owned by Rose Shivar and Julia Rhoads, on the South and East by lands now or formerly owned by A.A. Ulmer, Jr. and Hugh Ulmer, and on the West by portions of the Hubbard Brothers Subdivision and known as Bluffton Heights, Phase II. For a more detailed description to said property as to courses, distances, metes and bounds, reference may be had to said plat recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 32 at Page 75.

ALSO, all those certain pieces, parcels or lots of land, lying and being in Bluffton Township, Beaufort County, South Carolina and being known as Lot Six (6) and a portion of Lot Nine (9) of Block "A" of Hubbard Brothers Subdivision also known as Bluffton Heights, Phase II, all as shown on the above referenced plat of record.

ALSO, all that certain fifty (50) foot road right-of-way known as Merrill Drive and that certain fifty (50') foot road right-of-way known as DeBorde Lane also shown on the above referenced plat of record.

Wamsley Develop Inc

FILED AT	BEAUFORT COUNTY S.C.	RECORDED IN BOOK
10:49		590
O'CLOCK	JAN 10 1992	1493
A	<i>S/ Theresa A. Bond/les</i>	

TO CLERK OF THE COURT, BEAUFORT COUNTY, S.C.

EXHIBIT "A"