

EXHIBIT "C"**Initial Restrictions and Rules**

The purpose of Design Guidelines and Restrictions and Rules is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities which fall outside of "the norm." In fact, it is expressly intended that the Reviewer under Article IV, and the Board, as appropriate, have discretion to approve or disapprove items, or to enforce or not enforce technical violations of the Governing Documents, based upon aesthetic or other considerations consistent with the established guidelines. As such, while something may be approved or permitted for one Unit under one set of circumstances, the same thing may be disapproved for another Unit under a different set of circumstances. The exercise of discretion in approving or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it estop the Board from taking enforcement action in any appropriate circumstances.

Declarant may subject the nonresidential property owners within the Village Center to this Declaration via Supplemental Declaration. If such action is taken by Declarant, such nonresidential property owners shall be subject to the covenants of the Supplemental Declaration and not the Initial Rules and Restrictions set forth in Exhibit "C." Subject to the above, the following restrictions shall apply to all of the Residential Properties until such time as they are amended, modified, repealed, or limited pursuant to Article III of the Declaration.

1. General. The Residential Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker which Declarant retains to assist in the sale of property within the Residential Properties, offices for any property manager which the Association retains, or business offices for Declarant or the Association) consistent with this Declaration.

2. Restricted Activities. The following activities are prohibited within the Residential Properties unless the Board expressly authorizes them, and, if authorized, shall be subject to such conditions as the Board may impose:

(a) parking any vehicles on public or private streets or thoroughfares, or parking commercial vehicles or equipment, mobile homes, recreational vehicles, boats and other watercraft, trailers, and stored or inoperable vehicles in places other than enclosed garages; provided, 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;

(b) raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be kept in a Unit. Dogs shall be kept on a leash or otherwise confined in a manner the Board requires whenever outside the dwelling. All pets shall be registered, licensed, and inoculated as required

by law. The keeping of pets within the Residential Properties is subject to applicable Beaufort County ordinances;

(c) activities which emit foul or obnoxious odors outside the Unit or create noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

(d) activities which violate local, state, or federal laws or regulations; provided, the Board shall be under no obligation to take enforcement action in the event of a violation;

(e) pursuit of hobbies or other activities which tend to cause an unclean, unhealthy, or untidy condition outside of enclosed structures on the Unit;

(f) noxious or offensive activities which in the Board's judgment tend to cause embarrassment, discomfort, annoyance, or nuisance to others;

(g) outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit;

(h) use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be an unreasonable annoyance to others, as determined in the Board's discretion, except alarm devices used exclusively for security purposes;

(i) use and discharge of firecrackers and other fireworks;

(j) 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 the Residential Properties, except that fertilizers may be applied to landscaping on Units, provided care is taken to minimize runoff, and Declarant and Builders may dump and bury rocks removed from a building site on such building site;

(k) accumulation and deposit of rubbish, trash, or garbage except in accordance with the waste management and recycling rules issued by the Board, and then only in approved containers; such containers shall be screened from view from outside the Unit, except during regular pick-up periods;

(l) 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;

(m) subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and recorded, except that Declarant shall be permitted to subdivide or replat Units it owns;

(n) discharge of firearms; provided, the Board shall be under no obligation to take action to prevent or stop such discharge;

(o) 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 IV;

(p) any business, trade, 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 the Residential Properties; (iii) the business activity does not involve door-to-door solicitation of residents of the Residential Properties; (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 in the Residential Properties 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 Residential Properties and does not constitute a nuisance, a hazardous or offensive use, or a threat to the security or safety of others, as the Board determines in its sole discretion.

The foregoing limitations shall not preclude occasional garage sales, moving sales, rummage sales, or similar activities, provided that such activities may not be held on any one Unit more than once in any three-month period and, when held, may not exceed three consecutive days in duration.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, 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. This provision shall not apply to restrict Declarant's activities, nor shall it restrict the activities of Persons Declarant approves with respect to the development and sale of property within the Residential Properties. In addition, this provision shall not apply to Association or Community Council activities related to the provision of services or to operating and maintaining the Community, including the Community's recreational and other amenities, if any. Further, this provision shall not apply to property owners within the Village Center, if Declarant subjects such property owners to this Declaration.

Leasing a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity that Declarant or a Builder approved by Declarant conducts with respect to the development and sale of the Residential Properties or its use of any Units they own within the Residential Properties;

(q) capturing, trapping, or killing wildlife within the Residential Properties, except in circumstances posing an imminent threat (i) to the safety of persons, or (ii) of damage to personal property within the Residential Properties;

(r) activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Residential Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(s) conversion of any carport or garage to finished space for use as an apartment, an integral part of the Unit's living area, or for purposes other than parking vehicles and ancillary storage, without prior approval pursuant to Article IV. Garage doors shall be kept closed at all times except when entering, exiting, or otherwise actively using the garage;

(t) operation of motorized vehicles on pathways or trails the Association maintains;
and

(u) 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 Design Guidelines and with approval pursuant to Article IV of the Declaration. This shall include, without limitation, signs, basketball hoops, swing sets, and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools; and hedges, walls, animal pens, or fences of any kind.

3. Prohibited Conditions and Activities. The following shall be prohibited within the Residential Properties:

(a) 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 materially diminish or destroy other's enjoyment of the Residential Properties;

(b) structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair;

(c) sprinkler or irrigation systems or wells of any type which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Residential Properties, except that Declarant and the Association shall have the right to draw water from such sources;

(d) use of any Unit for operation of a timesharing, fraction-sharing, or similar program 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 years.

4. Swimming Pool. A swimming pool may be constructed for the use and enjoyment of all Owners and residents of the Residential Properties. Use of the community

swimming pool by the general public is prohibited, except that anyone that either owns a business or works in the Residential Properties may use the community swimming pool, subject to the Board's authorization and the payment of a user fee. In its sole discretion, the Board may issue and amend rules regarding use, safety, operating hours, and pool attire, and these rules shall apply to all users of the swimming pool facility. Pool users shall obey pool attendants at all times. Pool attendants have the authority to enforce the pool rules and supervise the general conduct of pool users. Pool attendants may require persons who violate the pool rules or engage in inappropriate conduct in the pool area to leave the premises immediately.

5. Antennas and Satellite Dishes. No antenna, satellite dish, or other device for the transmission or reception of television or radio (including amateur or ham radios) signals is permitted outside the dwelling on a Unit, except those devices whose installation and use is protected under federal law or regulations (generally, certain antennae or satellite dishes under one meter in diameter). Notwithstanding such protection, an application for such an antenna or other device must be submitted to the Reviewer for approval and approval will be granted only if:

(a) First, the antenna or other device is designed for minimal visual intrusion (*i.e.*, is located in a manner that minimizes visibility from the street or an adjacent Unit and is consistent with the Community-Wide Standard); and

(b) Second, the antenna or other device complies to the maximum extent feasible with the Design Guidelines within the confines of applicable federal regulations (*i.e.*, without precluding reception of a quality signal or unreasonably increasing the cost of the antenna or device).

The Reviewer shall consider any such application on an expedited basis.

Notwithstanding the above, Declarant, the Community Council, and/or the Association may erect an antenna, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of the Residential Properties, should any master system or systems be used by the Association and require such exterior apparatus.

6. Leasing of Units. For purposes of this Paragraph, "leasing" is defined as regular, exclusive occupancy of a Unit 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. The Owner shall give the Board notice of any lease, together with such additional information as may the Board may require, within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Governing Documents.