

The Enclave

Homes at Turtle Beach

DECLARATION OF COVENANTS
AND RESTRICTIONS

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

DECLARATION OF COVENANTS
AND RESTRICTIONS FOR
TURTLE BEACH HOMES

THIS Declaration made this 31st day of July, 1989, by KIAWAH BEACH LIMITED PARTNERSHIP, a South Carolina Limited Partnership (hereinafter "Developer").

W I T N E S S E T H :

WHEREAS, Developer is the owner of certain real property in the Town of Kiawah Island, Charleston County, South Carolina, which is more particularly described in Exhibit A attached hereto and made a part hereof by this reference; and

WHEREAS, Developer proposes to create on such property a subdivision known as Turtle Beach Homes (hereinafter "Subdivision") containing detached home site lots, together with Common Areas as more fully described herein; and

WHEREAS, the Developer wishes to accomplish the following objectives for its benefit and the benefit of Owners of property in the Subdivision by the imposition of the covenants and restrictions set forth herein:

(a) To maintain the value and the residential character and integrity of the Subdivision and to maintain the quality and value of any Common Areas portion of the Subdivision;

(b) To maintain, improve, and landscape the Common Areas and to landscape the lots within the Subdivision as hereinafter provided;

(c) To minimize or eliminate the possibility of any disruptions of the peace and tranquility of the residential environment of the Subdivision;

(d) To prevent the abuse or unwarranted alteration of the trees, vegetation, marshlands, lagoons, and natural character of the land within and adjacent to the Subdivision;

(e) To prevent any property owner or any other persons from building or carrying on any other activity in the Subdivision;

(f) To keep property values in the Subdivision high, stable and in a state of reasonable appreciation; and

WHEREAS, the Developer is desirous of maintaining design criteria, location, construction specifications, and other controls to assure the integrity of the Subdivision.

NOW THEREFORE, the Developer hereby declares that all of the Property described in Exhibit A shall be held, mortgaged, transferred, sold, conveyed, leased, occupied and used subordinate and subject to the following easements, restrictions, covenants, charges, liens and conditions which are hereby imposed for the purpose of protecting the value and desirability of these lands and which restrictions, easements, charges, liens, conditions, and covenants shall

touch and concern and run with the title to the real property subjected to this Declaration and which shall be binding on all parties having any right, title or interest in these described properties or any portion of them. This instrument also binds the respective heirs, devisees, fiduciary representatives, successors, successors in title and/or assigns, and shall inure to the benefit of anyone or any thing who/which purchases or takes any interest in real property within the lands subject to this Declaration.

Article I

DEFINITIONS

When used in this Declaration, unless the context shall prohibit or require otherwise, the following words shall have the following meanings, and all definitions shall be applicable to the singular or plural forms of any such term(s):

Section 1.1 "Assessment" shall mean and refer to an Owner's share of the Common Expenses or other charges from time to time assessed against an Owner by the Association in the manner herein provided.

Section 1.2 "Association" means Turtle Beach Homes Property Owners Association, Inc., (A South Carolina eleemosynary corporation), its successors and assigns.

Section 1.3 "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

Section 1.4 "ByLaws of the Association" or "ByLaws" shall mean and refer to those Bylaws of the Association which govern the administration and operation of the Association attached hereto as Exhibit B, and made a part hereof by this reference, as amended from time to time.

Section 1.5 "Common Areas" shall mean and refer to all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners or designated by the Developer as Common Area. Such areas are intended to be devoted to the common use and enjoyment of the members of the Association as herein defined, and are not dedicated for use by the general public and the general public shall thereby have no easement of use and enjoyment therein. Specifically included as part of the Common Areas are all maintenance areas, alleys, parking lots and parking areas, medians, green areas, buffers, walkways, sidewalks, jogging trails, bike paths, signage, lagoons, streams, ponds, docks, wetlands, marshes, easement areas designated as Common Areas, pedestrian beach access easements and other access easements across other real property, parks, and such other lands and/or improvements as, by subsequent amendment of or supplement to this Declaration, may be subjected to this Declaration and designated as Common Areas by the Developer. It is anticipated that the roads within the Subdivision shall be conveyed to Kiawah Island Community Association, Inc. or to such other association as Developer shall determine for ownership and maintenance, but Developer shall determine for ownership and maintenance, but Developer, in Developer's sole discretion,

shall have the right and option of conveying or causing to be conveyed and/or designating said roads as Common Areas for maintenance by the Association, in which event the Association agrees to accept ownership and maintenance of said roads and rights-of-way. In the event Developer conveys, or causes to be conveyed, the roads within the Subdivision to an association other than the Kiawah Island Community Association, Inc, or the Turtle Beach Homes Property Owners Association, Inc., the Turtle Beach Homes Property Owners Association, Inc., shall be obligated to pay its prorata share of the maintenance expenses of such roads to such other association charged with such maintenance.

Section 1.6 "Common Expenses" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of financial, equipment, or material reserves, consistent with the provisions and intent of this Declaration.

Section 1.7 "Declaration" shall mean this Declaration, together with all supplements and amendments to this Declaration as filed in the Office of Charleston County, Register of Mesne Conveyance.

Section 1.8 "Developer" shall mean Kiawah Beach Limited Partnership, a South Carolina Limited Partnership, its successors and assigns. The Developer shall have the right to assign any and all rights which it may possess, as Developer, to Kiawah Resort Associates, or any person or entity provided, however, that the instrument or assignment shall expressly so provide.

Section 1.9 "Foreclosure" shall mean and refer to, without limitation, the judicial foreclosure of a Mortgage or the conveyance of secured property by a deed in lieu of judicial foreclosure.

Section 1.10 "Institutional Mortgage" shall mean a Mortgage held by a bank, trust company, insurance company or other recognized lending institution, or by an institutional or governmental purchaser of mortgage loans in the secondary market, such as, but not limited to, Federal National Mortgage Association or Federal Home Loan Mortgage Corporations.

Section 1.11 "Living Space" shall mean and refer to enclosed and covered areas within a dwelling on a Lot, exclusive of garages, rooms over garages, unenclosed porches, porte-cocheres, garages, carports, breezeways, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics and basements.

Section 1.12 "Lot" shall mean and refer to any plot of land shown upon any recorded Subdivision Plat of the Property, together with the improvements thereon, with the exception of the Common Area.

Section 1.13 "Mortgage" with an initial capital letter shall mean and refer to a mortgage, security deed, deed of trust, installment land sales contract and security agreement or other similar security instrument granting, creating or conveying a lien upon, a security interest in, or a security encumbered title to a Lot or Common Area.

Section 1.14 "Mortgagee" with an initial capital letter, shall mean and refer to the holder of a Mortgage.

Section 1.15 "Occupant" shall mean and refer to any person, including, without limitation, any Owner or any guest, invitee, licensee, lessee, tenant, transient paying guest, or family member of an Owner lawfully occupying or otherwise using a Lot within the Subdivision.

Section 1.16 "Owner" with an initial capital letter, shall mean and refer to one or more persons or entities, including Developer, who or which own(s) fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure. Said term "Owner" shall also refer to the heirs, successors and assigns, of any Owner.

Section 1.17 "Person" shall mean and refer to a natural person, corporation, partnership, association, proprietorship, trust, or any other legal entity or any combination thereof.

Section 1.18 "Property" shall mean and refer to all property which is subject to this Declaration.

Section 1.19 "Subdivision" with an initial capital letter, shall mean and refer to those tracts or parcels of land described in Exhibit A, together with all improvements presently thereon and subsequently constructed thereon.

Section 1.20 "Subdivision Plat" shall mean and refer to those certain plats described in Exhibit A attached hereto together with any future revisions thereof and recorded from time to time in the RMC office for Charleston County.

Article II

PROPERTY

Section 2.1 Property. The Property which is and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants, is located in the Town of Kiawah Island, Charleston County, South Carolina, and is more fully particularly described in Exhibit A attached hereto and by reference incorporated herein.

Section 2.2 Merger or Consolidation. Upon a merger or consolidation of the Association with another association as provided for in the ByLaws of the Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, in the alternative, the properties, rights and obligations of

another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated corporation association may administer the Covenants and Restrictions established by this Declaration within the Properties as herein provided.

Article III

THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 3.1 The Association. The Developer has established, or will establish, the Association for the purpose of exercising powers of owning, maintaining and administering the Common Areas and common facilities and providing common services, administering and enforcing covenants, conditions and restrictions contained herein, and levying, collecting and disbursing assessments and charges herein created. All Common Areas shall be conveyed by the Developer to the Association and owned by said Association as provided herein. Further, the Developer reserves the right to accept any or all of its rights and obligations set forth herein. The Association shall be authorized but not required to provide the following services:

- (a) Clean-up, maintenance, landscaping of all open spaces, lagoons, marshlands, wetlands, and/or open spaces within the Subdivision, or in a reasonable proximity to the Subdivision such that their deterioration would affect the appearance of the Subdivision as a whole.
- (b) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the State and local governments.
- (c) To take any and all actions necessary to enforce all covenants and restrictions affecting the Subdivision and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Subdivision.
- (d) To provide architectural review services as provided herein.
- (e) To construct improvements on open spaces and Common Areas.
- (f) To provide administrative services including, but not limited to, legal, accounting, financial and communication services informing members of activities, notice of meetings, referendums, etc., incident to the above listed services.
- (g) To provide liability and hazard insurance covering improvements and activities on the open spaces and the Common Areas, independently or in collaboration with the Developer.
- (h) To provide directors and officers liability insurance for the Association and its duly elected Directors and Officers.

- (i) Maintenance of Landscaping of all Lots located within the Subdivision.
- (j) Landscaping of roads and parkways, sidewalks and walking paths within the Subdivision and any common properties or open spaces located therein.
- (k) To take any and all actions necessary to enforce all covenants and restrictions affecting the Subdivision and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Subdivision.
- (l) To provide any and all services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligation and business under the terms of this Declaration.

Section 3.2 Rules and Regulations. The Association may adopt from time to time additional reasonable rules and regulations governing the use of Common Areas and Lots.

Section 3.3 Membership. Every person or entity who is an Owner of any Lot which is subjected to this Declaration shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessments.

Section 3.4 Voting Rights. Each Member shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The one (1) vote for such Lot shall be exercised as they, among themselves, shall determine, but in no event shall more or less than one (1) vote be cast with respect to any such Lot. The Developer in addition to having one (1) vote for each Lot owned by said Developer, shall be entitled to one (1) vote for each vote held by the other Members of the Association. This additional voting right of the Developer shall cease when the Developer has conveyed to others all of the Lots in the Subdivision, or on December 31, 1999, whichever shall first occur. The Members of the Association shall have the right to vote for the election and removal of Directors and upon such other matters with respect to which a vote of the Members is required under the Declaration or the ByLaws. Members shall cast their votes as set forth in the Declaration and the ByLaws.

Section 3.5 Board of Directors. The Association shall be governed by and the business and affairs of the Association shall be managed by a Board of Directors as more particularly set forth in the ByLaws of the Association.

Section 3.6 Referendum. Any action which may be taken at a duly called meeting of the Association may also be taken by a referendum of the Members of the Association. In the event fifty one percent (51%), or more, of the votes actually returned to the Association within the specified time shall be in favor of such action, the referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members;

provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance.

Section 3.7 Other Development. The Developer has been approached by Kiawah Resort Associates and other adjoining property owners regarding the development of a swimming pool and recreation area for the residents in the immediate vicinity. If the Developer can agree to join in the development of a swimming pool and recreation area, the swimming pool and recreation area will be deeded to the Kiawah Island Community Association, Inc., or such other association as the Developer shall determine for ownership and maintenance. However, the Developer, in its sole discretion, shall have the right and option of conveying or causing to be conveyed and/or designating said swimming pool and recreation area as a Common Area for maintenance by the Association, in which event the Association agrees to accept ownership and maintenance of said swimming pool and recreation area. In the event, Developer conveys or causes to be conveyed to an association other than the Kiawah Island Community Association, Inc, or the Turtle Beach Homes Property Owners' Association, Inc., the Turtle Beach Homes Property Owners' Association, Inc., shall be obligated to pay its prorata share of the maintenance expenses of such swimming pool and recreation area to such other association. The Developer, for itself and its agents and/or employees, hereby disclaims any representation or guarantees that such amenities will be built either now or in the future.

Article IV

PROPERTY RIGHTS IN THE COMMON AREAS

Section 4.1 Owners' Easements of Enjoyment. Subject to the provisions of these covenants and the rules and regulations of the Association, every Owner shall have a non-exclusive right and easement of enjoyment in and to the dedicated Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 4.2 Title to Common Areas. The Developer hereby covenants for itself, its successors and assigns, that it will convey to the Association by limited warranty deed or deeds fee simple title to the Common Areas, free and clear of all liens and encumbrances of record except standard utility and drainage easements serving the Common Areas and/or the Subdivision and also subject to the following covenant, which shall be deemed to run with the land and shall be binding upon the Association, its successors and assigns:

"In order to preserve and enhance the property values of the community, the Common Areas and all facilities now or hereafter built or installed thereon shall at all times be maintained in good repair and condition by the Association and shall be operated in accordance with high standards. The maintenance and repair of the Common Areas shall include, but not be limited to, the repair of damage to walkways, buildings, recreational equipment, if any, fences, signs, and utility lines, connections and appurtenances."

This Section shall not be amended so as to eliminate or substantially impair the obligation for the maintenance and repair of the Common Areas. It

is anticipated that the roads and wetlands within the Subdivision shall be conveyed to Kiawah Island Community Association, Inc. or to such other association as Developer shall determine for ownership and maintenance, but Developer, in Developer's sole discretion, shall have the right and option of conveying or causing to be conveyed and/or designating said roads as Common Areas for maintenance by the Association, in which event the Association agrees to accept ownership and maintenance of said roads and wetlands. In the event Developer conveys, or causes to be conveyed, the roads and wetlands within the Subdivision to an association other than the Kiawah Island Community Association, Inc, or the Turtle Beach Homes Property Owners Association, Inc., the Turtle Beach Homes Property Owners Association, Inc., shall be obligated to pay its prorata share of the maintenance expenses of such roads and wetlands to such other association charged with such maintenance.

Section 4.3 Extent of Owners' Easements. The rights and easements created hereby shall be subject to the following:

- (a) The right of the Developer and of the Association to dedicate, transfer or convey all or any part of the Common Areas, with or without consideration, to any successor association, governmental body, district, agency or authority, or to any utility company, provided that no such dedication, transfer or conveyance shall adversely affect the use of the Common Areas by the Owners;
- (b) The right of the Developer and of the Association to grant, reserve and accept easements and rights of way through, under, over and across the Common Areas, for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, fuel oil and other utilities and services, including a cable (CATV) or community antenna television system and irrigation or lawn sprinkler systems;
- (c) The right of visitors, invitees, etc., to ingress and egress in and over those portions of the Common Areas that lie within the private roadways, parking lots and/or driveways (and over any other necessary portion of the Common Areas in the case of landlocked adjacent Owners) to the nearest public highway;
- (d) The right of the Association, as provided in its Bylaws, to suspend the enjoyment rights of any Owner for any period during which any assessment remains unpaid, for a period not to exceed thirty (30) days for any infraction of its published rules and regulations;
- (e) The rights of the Developer and the Association as the case may be, to establish rules and regulations for the Subdivision.

Section 4.4 Delegation of Owner's Rights. Any Owner may delegate, in accordance with the Bylaws of the Association, his right of enjoyment to the Common Areas and facilities to his employees, tenants, invitees or licensees.

Section 4.5 Additional Structures. Neither the Association nor any Owner or any group of Owners shall, without the prior written approval of Developer and the Kiawah Island Architectural Review Board, erect, construct or otherwise locate, or permit the existence of, any structure or other improvement in the Common Areas.

Section 4.6 Access. All Owners, by accepting title to Lots conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress and egress to and from such Lot and acknowledge and agree that such access, ingress and egress shall be limited to roads, sidewalks, walkways, and trails located within the Subdivision from time to time, provided that pedestrian and vehicular access to and from all Lots shall be provided at all times.

Section 4.7 Easements for Developer. During the period that Developer owns any Common Area, or owns any Lot primarily for the purpose of sale, Developer shall have an alienable and transferable right and easement on, over, through, under and across the Common Areas for the purpose of constructing or improving Lots, any improvements to the Common Areas, and for installing, maintaining, repairing and replacing such other improvements to the Subdivision including portions of the Common Areas as are contemplated by this Declaration or as Developer desires, in its sole discretion, including without limitation any improvements or changes permitted and described in this Declaration, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided that in no event shall Developer have the obligation to do any of the foregoing.

Section 4.8 Changes in Boundaries; Additions to Common Areas. Developer expressly reserves for itself and its successors and assigns, the right to make minor changes and re-alignments in the boundaries of the Common Areas and any Lots owned by Developer, including the minor re-alignment of boundaries between adjacent Lots and Common Areas.

Section 4.9 Easements for Utilities. There is hereby reserved for the benefit of Developer, the Association and their respective successors and assigns, the alienable, transferable and perpetual right and easement, as well as the power to grant and accept easements to and from any private or public authority, agency, public service district, public or private utility or other person upon, over, under and across: (i) all of the Common Areas; and (ii) an area across every Lot ten feet (10') in width along the front boundary lines thereof, and five feet (5') in width along the side and rear boundary lines thereof; for the purpose of installing, replacing, repairing, maintaining and using master television antenna and/or cable systems, security and similar systems, and all utilities, including but not limited to storm sewers and drainage systems and electrical, gas, telephone, water and sewer lines. Such easements may be granted or accepted by the Developer or by the Board of Directors; provided, however, that for so long as Developer owns any portion of the Common Area, owns any Lot primarily for the purpose of sale, the Board of Directors must obtain the written consent of Developer prior to granting or accepting any such easements. To the extent possible, all utility lines and facilities serving the Subdivision and located therein shall be located underground. By virtue of any such easement and facilities, it shall be

expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Subdivision so encumbered; (i) to erect and maintain pipes, lines, manholes, pumps and other necessary equipment and facilities; (ii) to cut and remove any trees, bushes or shrubbery; (iii) to grade, excavate or fill; or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement and use of such utilities and systems, provided all of the above is not prohibited by the Kiawah Island Architectural Review Board.

Section 4.10 Easements for Association. There is hereby reserved a general right and easement for the benefit of the Association, its Directors, officers, agents and employees, including, but not limited to any property manager employed by the Association and any employees of such manager, to enter upon any Lot or Common Area or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Owner, or occupant.

Section 4.11 Sales Offices, Rental Offices, and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Developer, its successors and assigns, the perpetual, alienable and transferable right and easement in and to the Property for the maintenance of signs, sales offices, rental offices, constructions offices, business offices and model or sample Lots, together with such other facilities as in the sole opinion of Developer reasonably may be required, convenient or incidental to the completion, management, rental, improvement and/or sale of Lots or Common Areas. The Developer also reserves the right to grant to any builder or builders the right to operate and maintain builder sales offices at any location with the Subdivision upon such terms and conditions as the Developer in the Developer's sole discretion may establish.

Section 4.12 Maintenance Easement. Subject to the other terms of this Declaration, there is hereby reserved for the benefit of the Developer, the Association and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement to enter upon any unimproved portions of any Lot or Common Area for the purpose of landscaping, mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety and appearance within the Subdivision; provided that such easements shall not impose any duty or obligation upon the Developer or the Association to perform any such actions.

Section 4.13 Environmental Easement. There is hereby reserved for the benefit of the Developer, the Association and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement on, over and across all unimproved portions of the Common Areas and Lots for the purposes of taking any action necessary to effect compliance with environmental rules, regulations and procedures from time to time promulgated or instituted by the Board of Directors or by any governmental entity, such easement to include without limitation the right to implement

erosion control procedures and practices, the right to drain standing water and the right to dispense pesticides.

Section 4.14 Wells and Effluent. There is hereby reserved for the benefit of the Developer, the Association and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement: (i) to pump water from lagoons, ponds and other bodies of water located within the Subdivision for the purpose of irrigating any portions of the Subdivision and for other purposes; or (ii) to drill, install, locate, maintain and use wells, pumping stations, water towers, siltation basins and tanks and related water and sewer treatment facilities and systems within the Common Areas.

Section 4.15 No Partition. There shall be no judicial partition of the Subdivision or any part thereof, nor shall any person acquiring any interest in the Subdivision or any part thereof seek any such judicial partition unless the Subdivision has been removed from the provision of this Declaration.

Section 4.16 Wetlands Jurisdiction. Notice is hereby given of the restriction that as to any portion of any Lot within the Subdivision which may contain submerged land, wetlands, or other critical areas, all activities on or over and all uses of such land or other critical areas are subject to the jurisdiction of the U. S. Army Corps of Engineers and/ or the South Carolina Coastal Council. Any Owner is liable to the extent of such Owner's ownership for any damages to, any inappropriate or unpermitted uses of, and any duties or responsibilities concerning any submerged land, wetlands, or other critical areas.

Article V

RIGHT OF ASSOCIATION TO ALTER, IMPROVE, MAINTAIN AND REPAIR COMMON AREAS AND PORTIONS OF LOTS

Section 5.1 Responsibilities of Owners. Each Owner shall be responsible maintaining such owner's Lot in a neat, clean and sanitary condition, and such responsibility shall include the maintenance and care of all exterior surfaces of all buildings and other structures. All attendant lawns, trees, shrubs, hedges, grass, natural areas, and other landscaping shall be maintained by the Association. As provided in Section 5.2(b) hereof, each Owner shall also be obligated to pay for the costs incurred by the Association for repairing, replacing, maintaining or cleaning any item which is the responsibility of such Owner, but which responsibility such Owner fails or →refuses to discharge. No Owner shall: (i) decorate, change or otherwise alter the appearance of any portion of the exterior of a structure on any Lot unless such decoration, change or alteration is first approved, in writing, by the Board, as otherwise provided herein; or (ii) do any work which, in the reasonable opinion of the Board, would jeopardize the soundness and safety of the Subdivision, reduce the value thereof, or impair any easement or hereditament thereto, without in every such case obtaining the written approval of the Board and the Owners and Mortgagees of the Lots directly affected thereby or benefitting from such easement or hereditament.

Section 5.2 Association's Responsibility. The Association shall have the right to make or cause to be made such alterations, modifications, improvements, repairs, maintenances and replacements to the Common Areas and the portions of Lots set forth herein, and the cost thereof shall be assessed as Common Expenses and collected from the Owners on an equal basis.

(a) Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair all portions of the Common Areas, which responsibility shall include the maintenance, repair and replacement of: (i) all Common Areas, driveways, walks, trails, lagoons, ponds, bike trails, jogging paths, landscapes areas/natural areas and other improvements situated within the Common Areas or within easement encumbering Lots; (ii) such security systems and utility lines, pipes, plumbing, wires, conduits and related systems which are a part of the Common Areas and which are not maintained by the Developer or a public authority, public service district, public or private utility or other person; and (iii) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within the Subdivision as it may be constituted from time to time. The Association shall not be liable for injury or damage to any person or property (i) caused by the elements or by any Owner or any other person, (ii) resulting from any rain or other surface water which may leak or flow from any portion of Common Areas, or (iii) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system or utility line or facility, the responsibility of the maintenance of which is that of the Association, becoming out of repair. Nor shall the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored or left in or upon any portion of the Common Areas or any other portion of the Subdivision. No diminution or abatement of assessments or any dues or charges shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by order or directive of any municipal or other governmental separate and independent covenant on the part of each Owner. The Developer intends that all roads providing access to Lots within the Subdivision shall be dedicated as public roads to the appropriate governmental entity and at the appropriate time, at the sole option of the Developer.

(b) In the event that the Developer or the Board of Directors determines that: (i) any Owner has failed or refused to discharge property his, her or its obligations, with regard to the maintenance, cleaning, repair or replacement of items for which he or it is responsible hereunder; or (ii) that the need for maintenance, cleaning, repair or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his family, tenants, guests or invitees, and is not covered or paid for by insurance in whole or in part, then, in either event, the Developer or the Association, except in the event of an emergency situation, may give such Owner written notice of the Developer's or the Associations' intent to provide such necessary maintenance, cleaning, repair or replacement, at the sole cost and expense of such Owner shall have fifteen (15) days within which to complete the same in a good and workmanlike manner. In the

event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, the Developer or the Association may provide (but shall not have the obligation to so provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner, and said cost shall be added to and become a part of the assessment to which such Owner and his Lot are subject and shall become a lien against such Lot. In the event that the Developer undertakes such maintenance, cleaning, repair or replacement, the Association shall promptly reimburse the Developer for the Developer's costs and expenses.

Article VI

COVENANT FOR ASSESSMENTS

Section 6.1 Creation of the Lien and Personal Obligation of Assessments. The Developer, for each Lot owned within the Subdivision, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments, including such reasonable reserves as the Association may deem necessary, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs of collection, and reasonable attorney's fees for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with interest costs of collection, and reasonable attorney's fees for the collection thereof, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. (The personal obligation for delinquent assessments shall run with the land and pass to his successors in title.)

Section 6.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners in the Subdivision (and their respective families, guests, tenants, and invitees) and for the improvement, protection, replacement, operation, and maintenance of the Common Areas, landscaping and maintenance of landscaping of individual Lots as provided in this Declaration, and for the provision of various forms of insurance for the Association, its property (including the dedicated Common Areas), members, directors, officers, employees and agents, and for the provision of necessary and reasonable services for and other expenses of the Association.

Section 6.3 Initial Assessment. At the time of the first sale of each Lot from the Developer to an Owner, there shall be assessed by the Association and collected from each Owner/Purchaser an initial assessment of Five Hundred Dollars (\$500.00) for such Lot, to establish and maintain a working capital fund for the use and benefit of the Association. The purpose of such working capital fund is to insure that the Association will have cash available to meet unforeseen expenditures, or to acquire equipment or service deemed necessary by the Association. Such initial assessments shall not be considered as advance payment of regular assessments.

Section 6.4 Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or for any other purpose set forth in the ByLaws of the Association, provided that any such assessment shall have the assent of two thirds (2/3) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose. Notwithstanding the foregoing, the Board shall have the authority to enact a special assessment not to exceed Five Hundred Dollars (\$500.00) per Lot per year without the assent of the Owners when the Board, in its discretion, determines that such special assessment is necessary.

Section 6.5 Notice and Quorum for Any Action Authorized under Section 6.4. Written notice of any meeting called for the purpose of taking any action authorized under Section 6.4 above shall be sent to all member not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6.6 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots (whether improved or unimproved) and may be collected on a monthly, quarterly or annual basis, except as to platted Lots without an occupied dwelling thereon owned by the Developer which are subject to this Declaration, which Lots shall not be assessed the assessments chargeable to other Lots.

Section 6.7 Date of Commencement of Annual Assessments: Due Dates. The Annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of that Lot by the Developer to an Owner; provided, however, that as to each platted Lot subject to this Declaration which is owned by the Developer and upon which there is no occupied dwelling such Developer owned Lots shall not be assessed at the annual assessments provided for herein. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 6.8 Maximum Annual Assessment. Until January 1, 1990, the maximum annual assessment ("Maximum Annual Assessment") shall be Seven Hundred Fifty Dollars (\$750.00) per Lot.

From and after January 1, 1990, the Board of Directors shall determine the annual assessment. When the Board of Directors determines the annual assessment for each calendar year, the Board shall at the same time and in connection therewith, prepare or cause to be prepared, an annual budget showing the services furnished by the Association and the costs thereof per Lot. It is anticipated that the annual assessment will increase substantially due to the Association's obligation to maintain the landscaping for each Lot. The Developer has attached a proposed annual budget for the year 1990. (See Exhibit C.) Based on this proposal, the annual assessment for each Lot will be approximately One Thousand Five Hundred Thirty Five Dollars (\$1,535.00) per year.

Section 6.9 Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate equal to the lesser of (a) eighteen percent (18%) per annum or (b) the maximum rate provided by applicable law: The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot (as in the foreclosure of a mortgage), or both. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Lot. Penalties, costs, and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment.

Section 6.10 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to Mortgage foreclosure or any deed or other proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 6.11 Exempt Property. The following property, individuals, partnership, or corporations, subject to this Declaration, shall be exempted from the assessment, charge and lien created herein:

- (a) The Grantees in conveyances made for the purposes of granting utility easements;
- (b) Owners of all open space and common properties;
- (c) All lands below the mean high water mark;
- (d) All Lots without an occupied dwelling owned by Developer.

Article VII

ARCHITECTURAL CONTROL

Section 7.1 Prior Approval of All Plans. No building, fence, wall or other structure, and no change in topography, landscaping, grading, filling or any other item shall be commenced, erected or maintained upon any Lot or any portion of the Subdivision, nor shall any exterior addition to or change be made until the plans and specifications (including but not necessarily limited to all elevations, a complete landscaping plan for the Lot and a complete tree survey of the Lot) showing the grading, filling, nature, kind, size, shape, height, materials, color, and location of the same shall have been submitted to and approved in writing as to the harmony of the external design and location in relation to the surrounding structures and topography by the Developer and the Board of Directors of the Association established herein. Any change in exterior appearance of any building, wall, fence or other structural improvements, and any change in the appearance of the landscaping, shall be deemed an alteration requiring approval.

In the event the Board of Directors fails to approve or disapprove any request with thirty (30) days after complete written plans and specifications have been submitted to it, the same shall be deemed approved, and this article shall be deemed to have been fully complied with, provided, however, that no such failure to act shall be deemed an approval of any matter specifically prohibited by any other provisions of this Declaration. Refusal or approval of plans, specifications, and plot plans or any of them may be based on any grounds, including purely aesthetic grounds, which in the sole and uncontrolled discretion of the Board of Directors may deem sufficient. Neither Developer nor any member of the Board of Directors shall be responsible or liable in any way for any defects in any plans or specifications approved by the Board of Directors, nor for any structural defects in any work done according to such plans and specifications approved by the Board of Directors. Further, neither the Developer nor any member of the Board of Directors shall be liable for damages to anyone submitting plans or specifications for approval under this Section, or to any Owner of property affected by this Declaration by reason of mistake in judgment, negligence, or non-feasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications to the Board of Directors for approval agrees, by submission of such plans and specifications, and every Owner of any Lot agrees, that he will not bring any action or suit against Developer, or any member of the Board of Directors, to recover for any such damage. No approval of plans, location or specifications shall be construed as representing or implying that such plans, specifications or standard will, if followed, result in a property designed residence. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence or improvement thereto will be built in a good workmanlike manner. Neither the Developer, the Association, nor the Board of Directors shall be responsible or liable for any defects in any plan or specification submitted, revised or approved under these covenants nor for any defects in construction pursuant to such plans and specifications.

The property Owner shall have sole responsibility for compliance with approved plans and does hereby hold the Board of Directors and the Developer harmless for any failure thereof caused by the property Owner's architect or builder.

Section 7.2 Objectives of The Board of Directors. Architectural and design review shall be directed towards attaining the following objectives for the Property:

(a) Preventing excessive or unsightly grading, indiscriminate earth moving or clearing or property, removal of trees and vegetation which could cause disruption of natural water courses or scar natural land forms.

(b) Ensuring that the location and configuration of structures are visually harmonious with the terrain, with the vegetation of the residential lot and with surrounding residential lots and structures, and does not unnecessarily block scenic views from existing structures or tend to dominate any general development or natural landscape.

(c) Ensuring that the architectural design of structures and their materials and colors are visually harmonious with the Property's overall appearance, history and cultural heritage, with surrounding development, with natural land forms and native vegetation, and with development plans, officially approved by the Owner, or any governmental or public authority, if any, for the areas in which the structures are proposed to be located.

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

(e) Ensuring that any development structure, building or landscaping complies with the provisions of these covenants.

(f) Promoting building design and construction techniques that respond to energy consumption and environmental quality considerations such as heat loss, air emissions and run-off water quality.

Section 7.4 Developer's Right to Transfer Authority. Developer, in Developer's sole judgment and discretion, shall have the right and option to transfer and relinquish its architectural review authority to the Board of Directors of the Association or to the Kiawah Island Architectural Review Board or any Architectural Review Board presently or hereinafter established by Kiawah Resort Associates. Unless such architectural review authority is transferred to the Kiawah Island Architectural Review Board, the approval, as set forth herein, shall be in addition to that presently required by the Kiawah Island Architectural Review Board.

Article VIII

USE RESTRICTIONS

Section 8.1 Residential Use of Lots. All Lots shall be used for single-family residential purposes exclusively. No structures, except as

hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than One (1) detached single-family dwelling, provided, however, that nothing contained herein shall be construed to prevent the Developer from maintaining one or more model homes and/or sales offices in the Subdivision. No accessory structures or outbuildings, whether or not attached to the principal residence (including, but not necessarily limited to carports, storage shed, dog houses, awnings, breezeways, covered swimming pools, and the like) shall be constructed or allowed to remain on any Lot. Provided, however, that the Developer may construct attached storage compartments, screened-in rear porches and rear sun rooms as an integral part of the principal residence. Provided, further, however, that an Owner, after application to and written approval by the Developer, Board of Directors, and any other architectural review authority, may construct attached storage compartments, screened in rear porches and rear sun rooms as an integral part of the principal residence, if and only if such construction and improvement is consistent with the design of the principal residence and with the standards of construction prevailing in the Subdivision.

Section 8.2 Prohibition Against Business Activity and "Time Sharing" Use. No business activity, including but not limited to, a rooming house, boarding house, gift shop, antique shop, professional office or beauty/barber shop or the like or any trade of any kind whatsoever shall be carried on upon or in any Lot. Provided, however, that nothing contained herein shall be construed so as to prohibit home occupations (i.e., any occupation on a Lot and clearly incidental thereto, carried on by a member of the family resident of the premises is employed, so long as no stock in trade is kept or commodities sold, no mechanical equipment is used except such that is normally used for family, domestic, or household purposes, and there is no exterior indicating that the building is being used for any purpose other than a dwelling), or the construction of houses to be sold on said Lots or the showing of said Lot for the purpose of selling Lots in the Subdivision. Nothing herein shall be construed to prevent the Developer from erecting, placing or maintaining signs, structures and offices as it may deem necessary for its operation and sales or lease or management of Lots in the Subdivision. Provided, however, that nothing herein contained shall prevent the Developer from erecting and maintaining sales and marketing signs in Common Areas or on other property owned by the Developer.

No Lot or structure shall be "Time Shared," nor shall any Lot or structure be owned, used or operated in violation of the statutory provisions regulating Vacation Time Sharing Plans, S. C. Code Ann. Sections 27-32-10 et seq. (1986 Supp.), as the same may be amended from time to time, nor shall any Lot or structure be owned, used or operated so as to constitute such Lot or structure as a "time sharing unit" within the meaning of such statutory provisions.

Section 8.3 Temporary Structures. No structure of a temporary character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to shelters approved by the Developer and used by the contractor during construction of a house, it being clearly understood that the latter temporary shelters may not, at any time, be used for residence or permitted to remain on the Lot after completion of

construction. No trailer, mobile home, double-wide, park model trailer, motor home, tent, barn, camper, bus, tree house or other similar vehicle, out-building or structure shall be placed on any Lot or on any portion of the Common Areas at any time either temporarily or permanently.

Section 8.4 Mining and Drilling Prohibition. No oil or natural gas drilling, refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, and no derrick or other structure designed for use in boring for oil or natural gas shall be stored, erected, maintained or permitted in the Subdivision.

Section 8.5 Use and Height of Restrictions. No structure shall be erected, placed or permitted to remain on any Lot other than one detached single-family residential dwelling, not to exceed two and one-half stories in height. For purpose of this Section, the first parking level or deck underneath a building built at or above grade shall not be considered a story.

Section 8.6 Setbacks and Building Lines. Each dwelling which shall be erected on any Lot shall be situated on such Lot in accordance with the building and setback codes of the County of Charleston, South Carolina. However, in each case, individual setbacks and sidelines must be approved by the Kiawah Island Architectural Review Board for its aesthetic value and the Kiawah Island Architectural Review Board may require a more stringent setback so long as the required setback does not violate the setback requirements of the County of Charleston, South Carolina. The Kiawah Island Architectural Review Board shall have the power and authority to promulgate and publish setback requirements for each Lot. In certain cases, the Kiawah Island Architectural Review Board may require an Owner to seek a variance from the County of Charleston, South Carolina, if necessary to protect important trees, vistas or to preserve aesthetic value.

Section 8.7 Timely Construction Progress. Once construction of improvements on a residence is started on any Lot, the improvements must be substantially completed within nine (9) months from commencement of construction and all landscaping must be completed within ninety (90) days after completion of the improvements or residence. All construction sites must be maintained in an orderly fashion and all construction debris must be placed in a trash container or removed within forty eight (48) hours.

Section 8.8 Material Restriction. All structures constructed or placed on any Lot shall be built of substantially new material and no used structures shall be relocated or placed on any such Lot.

Section 8.9 Re-Building Requirement. Any dwelling or out-building on any Lot which may be destroyed in whole or in part by fire, windstorm or for any other cause or act of God must be rebuilt or all debris removed and the Lot restored to a natural condition with reasonable promptness, provided, however, that in no event shall such debris remain longer than three (3) months.

Section 8.10 Elevation and Drainage Changes. No changes in the elevations, topography or drainage characteristics of the Subdivision shall be made on the premises without the prior written approval of the Board of

Directors nor shall any fill be used to extend any property beyond any boundary line of any waterfront property.

Section 8.11 Landscaping, Plants and Trees. Plants, trees, shrubs and ground cover now or hereinafter located upon and may not be replaced, altered or removed except by permission of the Board of Directors of the Association. No additional plants, trees, or shrubs may be planted upon any Lot without written approval of the Board of Directors. In order to enable the Association to maintain or replace any plants, trees, shrubs and ground cover now or hereafter located upon the Lots within the Subdivision, there is hereby reserved to the Association the right to unobstructed access over and upon the unimproved portion of each Lot at all reasonable times to perform such maintenance or replacement.

Section 8.12 Protection of Windswept Oaks. The Turtle Beach windswept oaks and other trees are widely admired for their beauty. The Developer, its successors and assigns, and all Lot Owners and any Lot Owner's family, guest, agents or employees are absolutely prohibited from pruning, cutting, altering or removing any windswept oaks(s), myrtle(s), or other trees located in the Subdivision or on any Lot without written approval of the Board of Directors of the Association and the Kiawah Island Architectural Review Board.

Section 8.13 Clothesline and Clothes Drying. No Clothesline or drying yards shall be located upon the premises so as to be visible from any Common Area or other dwellings. No drying or airing of any clothing or bedding including beach towels, shall be permitted outdoors on any Lot or over the decks or deck railings of any dwelling.

Section 8.14 Sewer System. No surface toilets or septic tanks are permitted in the Subdivision (other than those utilized during construction by the Developer). A Purchaser of a Dwelling assumes responsibility for attaching to public sewer system including all fees associated therewith. All plumbing fixtures, dishwashers, toilets or sewage disposal system shall be connected to the central sewer system of the Subdivision.

Section 8.15 Garbage Disposal. Each Owner shall provide garbage receptacles or similar facilities in accordance with reasonable standards established by the Board of Directors, which shall be visible from the streets on garbage pick up days only. No garbage or trash incinerator shall be permitted upon the premises. no burning, burying or other disposal or garbage or trash on any Lot or within the Subdivision shall be permitted. Provided, however, that Owner shall be permitted to modify the requirements of this Section where necessary to comply with orders of governing bodies or their franchisees.

Section 8.16 Sign Controls. No signs of any character shall be erected on any Lot or displayed to the public on any Lot except "For Sale" signs or signs indicating the name of one contractor only (not subcontractors) during the period of sale or construction only, provided said signs, (a) shall not exceed six square feet in size, (b) shall only refer to the premises on which displayed, (c) shall be located within fifteen feet (15') of the main

structure, but no less than twenty five feet (25') from the front street right-of-way, and (d) shall not exceed more than one per Lot. This restriction shall not apply to signs used to identify and advertise the Subdivision as a whole, nor to signs for selling and/or houses during the development and construction period, which period shall not exceed ten (10) years from the date hereof, provided such signs are approved by the Architectural Review Board.

Section 8.17 Golf Course Easement. The Developer has granted a thirty foot (30') wide non-exclusive, perpetual, transmissible, appurtenant, commercial golf course easement upon and across the southernmost thirty feet (30') of all Lots for golf course play. The Easement Agreement is recorded in Book T-182, Page 008, in the RMC office for Charleston County, South Carolina.

No Lot Owner or any Lots Owner's family, guest, agents or employees shall disturb the thirty foot (30') easement area in any manner and/or for any reason which would interfere with golf course play. Nevertheless, Kiawah Resort Associates will allow the placement of portions of patios, open decks, and elevated walkways within the Easement Area so long as such structures are attached to the main house structure and such portions of patios, open decks, and elevated walkways may only intrude into the northernmost ten feet (10') of the Easement Area. Reference is hereby made to the recorded Easement Agreement for its terms, conditions and requirements. If the thirty foot (30') easement area is disturbed by a Lot Owner, the Lot Owner responsible will be required to pay all costs incurred by the Developer and the Association as a result of its attempt to restore the area to its natural state.

Section 8.18 Exclusion of Above Ground Utilities. All electrical service, wires, pipes, lines, telephone, cable television (CATV) lines and utility services of any type shall be placed in appropriate conduit underground and no outside electrical lines shall be placed overhead. No exposed or exterior radio or television transmission or receiving antenna shall be erected, placed or maintained on any part of the Subdivision except those master facilities approved by the Developer. Provided, however, that the normal service pedestals, etc., used in conjunction with such underground utilities shall be permitted within the Subdivision. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground.

Section 8.19 Communication System. There shall not be permitted or maintained any type of radio or communications system antenna (other than normal receive-only radio antennae) or satellite disc on any exterior portion of a dwelling or on any Lot, nor shall any such antenna or satellite disc be maintained inside a dwelling.

Section 8.20 Certain Vehicles Prohibited From Lots. No travel trailers or mobile homes, campers or other habitable motor vehicles of any kind, whether self-propelled or not, school buses, motorcycles, trucks, or commercial vehicles, or boat trailers or boats shall be kept, stored or parked overnight, either on any Common Area, specifically including streets and guest parking areas, or any Lot.

Section 8.21 Junk or Disabled Vehicles. No stripped, partially wrecked, unlicensed or invalidly licensed, disabled or junk motor vehicle, or part hereof, shall be permitted to be parked or kept in the Subdivision.

Section 8.22 Motorcycles. The Association shall have the authority to prohibit the use, maintenance or storage of motorcycles in the Subdivision.

Section 8.23 Pets. No animals, livestock, birds, or fowl shall be kept or maintained on any part of the Subdivision except dogs, cats, pet fish and birds which may be kept thereon in reasonable numbers (not to exceed three) as pets for the pleasure and use of the property Owner but not for any commercial use or purpose. All animals must be kept on a leash when they are outside the Owner's dwellings on a Lot and must not become a nuisance to other residents by barking or other acts. Non-owners (e.g. lessees) may not keep any pets on any part of the Property, without prior written approval of the Owner, said approval to be filed with the Association.

Section 8.24 Perimeter Access. There shall be no access to any Lot on the perimeter of the Subdivision except from designated roads or access easements within the Subdivision; provided, however, that Developer reserves the right to construct and operate temporary construction roads during the construction and development period.

Section 8.25 Prohibition of Open Outdoor Storage. No junk, debris or materials of any kind shall be stored on a Lot other than in an approved enclosed structure, which shall be attached to the principal dwelling or in a manner that is visible from any other Lot, Common Area, street, easement or amenity area. Firewood and bicycles may be stored outside in side or rear yards only, provided they are not visible from any Common Area, easement, street or amenity area.

Section 8.26 Prohibition of Accessory Structures. No dog houses, garages, carports, or any other accessory structure shall be constructed upon any Lot, except an attached storage compartment, accessory building, porch, swimming pool, swing set and similar recreational structure which has been approved in writing by the Board of Directors prior to installation or construction.

Section 8.27 Nuisances. No noxious or offensive activity shall be carried on upon any Lot or in any Dwelling, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or a nuisance to the neighborhood, including Common Areas, other homesites, easement areas or residences. No trash, leaves or rubbish may be burned on any Lot or within the Subdivision nor shall there be maintained any plants, poultry, animals (other than household pets) or device or thing of any sort, the normal activities or existence of which is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owner thereof.

Section 8.28 Fences. No fences whatsoever shall be erected or allowed to remain in the Subdivision except approved privacy patio fences in rear yards only not exceeding six feet (6') in height, and set back from Lot

lines at such distance as the Board in its sole discretion may require, or except those erected by the Developer in Common Areas. Said fences and patio fences shall be allowed only after obtaining prior written approval of the Board. Said fences shall be treated wood or stained or painted to match the colors of the siding on the principal house structure. No fences shall be permitted which obstruct the view of any marsh, stream or other body of water when viewed from inside any adjacent Lot.

Section 8.29 Special Hazards. Each Owner accepts and assumes all the risks and hazards of ownership or occupancy attendant to the ownership of such Lot, including, but not limited to its proximity to any recreational facility or Common Area or the marsh and other bodies of water. Specifically, the Developer does hereby disclaim any and all liability for any property damage or personal injury resulting from erosion along all ditches, streams, wetlands, lagoons or other bodies of water or watercourses located in the Subdivision.

Section 8.30 Additional Restrictions for Marshlands, Wetlands and Lagoons.

(a) No foliage or vegetation on lagoons or wetlands shall be removed or altered without permission of the Board.

(b) The Association shall have the authority, subject to the approval of the Kiawah Island Architectural Review Board, to build bridges and walkways over, through or around the wetlands or on Common Areas.

(c) No water vehicles shall be permitted in the wetlands without approval of the Association.

(d) No wastes, garbage, or waste water are to be discharged, dumped or otherwise placed in the wetlands or lagoons.

(e) Fishing and any other recreational activities will be allowed in accordance with the rules to be established by the Association.

(f) The Association shall have the authority to establish fines and regulations governing the lagoons, wetlands and all other Common Areas.

Section 8.31 Traffic Regulations. A speed limit of 25 MPH is established on all roads and streets and all traffic control signs, including but not limited to speed limit, stop, directional and no parking signs will be enforced.

Section 8.32 Encroachments. No Owner or individual shall alter in any way the Common Areas except with the written permission of the Association provided that such activity is required for the benefit of the Association or the Subdivision as a whole.

Section 8.33 Subdivision of Lot: Easements and Encroachments. No Lot shall be subdivided except as hereinafter provided and no building or residence, including porches or projections of any kind, shall be erected so as

to extend over or across any of the building lines as hereinafter established. Provided, however, if any portion of any Common Area unintentionally encroaches upon a Lot or any part thereof, whether by settlement or otherwise, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion of improvements to a Lot or Lots encroaches upon the Common Area or any portion thereof, whether by settlement or otherwise, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event any improvement or part thereof is partially or totally destroyed and then rebuilt, any encroachment of any Common Area upon a Lot or Lots or encroachment upon an adjoining Lot or Lots resulting because of such rebuilding, shall be permitted, and a valid easement shall exist for the maintenance of such encroachments so long as the same stand. Such encroachments and easements shall not be considered or determined to be encumbrances either on any Common Area or any Lot or Lots, and no Owner shall be entitled to damages or injunctive relief because of the construction, re-construction or maintenance thereof.

Section 8.34 Increased Size of Lots. Lot or Lots may be subdivided provided the effect is to increase the size of the adjoining Lot or Lots. In such cases, the Association may alter the building or setback lines to conform. Should the Owner or Owners of any Lots and/or portions of Lots which have been combined for a single building site subsequently wish to revert to the original plan of subdivision, or make any other combination which would not be in violation of this restriction, that may be done only if the written consent of the Association is first had and obtained. In such instances, the adjoining Lot Owners, or other Owners in the Subdivision shall not have the right to pass on or interfere with such Lot rearrangement. Such rights shall be exclusively that of the Association or any successors or assigns to whom the Association may expressly have transferred such rights.

Section 8.35 Alteration of Building Liens in the Best Interest of Development. Where because of size, natural terrain, or any other reason in the sole opinion of the Association, it should be to the best interest of the Development of this Subdivision that the building lines of any Lot should be altered or changed, then the Association reserves unto itself, its successors and assigns, and no other, the right to change said lines to meet such conditions.

Section 8.36 Replatting of Lots. No Lot shall be subdivided by an Owner, or its boundary liens changed, except as herein provided. However, the Developer hereby expressly reserves to itself, its successors and assigns, the right to replat any one or more Lots owned by the Developer shown on the plat of said Subdivision prior to delivery of the deed therefor in order to create a modified building Lot or Lots, provided that such replatting results in only minor modifications to the building Lot or Lots, or where such replatting is necessitated by topographic or site planning considerations, and such replatting is approved by the applicable authority. The restrictions and covenants herein apply to each such building Lot so created or recreated.

Section 8.37 Building Requirements. The Living Space of the main structure on any Lot shall not be less than Two Thousand (2,000) square feet.

Houses of less than the stated minimum may be approved by the Board if in the opinion of the Board the design and construction of the house would be in keeping with the adjoining properties and the lowering of the minimum Living Space requirement for such Lot would not depreciate the value of adjoining properties subject to this Declaration.

Article IX

GENERAL PROVISIONS

Section 9.1 Enforcement. The Association, or any Owner, (including the Developer) shall have the right to enforce, by any proceedings at law or in equity, all of the Restrictions, conditions, covenants, easements, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure of the Association, or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed as a waiver of right to do so thereafter. The Association shall have the right to establish, assess and collect reasonable fines and penalties for violations of this Declaration, which shall be liens against Dwellings as provided herein. Such fines shall not exceed Fifty Dollars (\$50.00) per violation per day.

Section 9.2 Severability. Invalidation of any covenants or restrictions or any term, phrase or clause of this Declaration by the adjudication of any court or tribunal shall in no way effect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 9.3 Duration. The Covenants and Restrictions of this Declaration shall run with and bind the property constituting the Subdivision, and shall inure to the benefit of and be enforceable by the Developer, the Association or any Owner for a period of twenty (20) years from the date hereof and thereafter shall continue automatically in effect for additional periods of twenty (20) years, unless otherwise agreed to in writing by the then Owners of at least seventy five percent (75%) of the Lots.

Section 9.4 Assignment. The Developer shall have the right to assign to any one or more persons, firms, corporations, partnership, or associations any and all rights, powers, titles, easements and estates reserved or given to the Developer in this Declaration.

Section 9.5 Amendment.

(a) Amendments by Developer. For a period of ten (10) years from the date of recording of this Declaration, Developer may amend this Declaration in any particular by an instrument in writing filed and recorded in the Office of the Register of Mesne Conveyances for Charleston County, South Carolina, all without the approval of any Owner or Mortgagee; provided, however, (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Lot, such amendment shall be valid only upon the written consent thereto by a majority in number of the then existing Owners affected thereby; or (ii) in the event that such amendment would materially and adversely affect the security, title, and interest of any Mortgagee, such

amendment shall be valid only upon the written consent thereto of all such mortgagees so affected. Any amendment made pursuant to this Section shall be certified by Developer as having been duly approved by Developer and by such Owners and Mortgagees if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Lot, agrees to be bound by such amendments as are permitted by this Section and further agrees that, if requested to do so by Developer, such Owner will consent to the amendment of this Declaration or any other instruments relating to the Subdivision (A) if such amendment is necessary to bring any provision thereof or thereof into governmental statute, rule or regulation or any judicial determination which shall be in conflict therewith, (B) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots subject to this Declaration; or (C) if such amendment is required by an institutional or governmental lender, insurer or purchaser of mortgage loans, to enable such lender or purchaser to make or purchase mortgage loans on any Lot, or other improvements subject to this Declaration, or (D) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure Mortgages on the Lots or other improvements subject to this Declaration.

(b) Amendments by Association. Amendments to this Declaration, other than those authorized by Section 9.5(a) above, shall be proposed and adopted in the following manner:

(1) Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each member of the Association.

(2) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board of Directors or by members of the Association. Such amendment must be approved by Owners holding at least three quarters (3/4) of the total votes in the Association; provided, however: (i) that any amendment which materially and adversely affects the security title and interest of any Mortgagee must be approved by such Mortgagee; and (ii) during any period in which Developer owns a Lot primarily for the purpose of sale or has the option under this Declaration to add the Additional Property or any portion thereof to the Subdivision, such amendment must be approved by Developer.

(3) The agreement of the required percentage of the Owners and, where required, Developer and any Mortgagee, to any amendment of this Declaration shall be evidenced by their execution of such amendment, or, in the alternative, the sworn statement of the President of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement shall state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded at such later date as may be specified in the amendment itself.

Section 9.6 Multiple Associations. So long as Developer, its successors or assigns, owns an unsold Lot in the Subdivision, it shall have the right to merge the Association with other associations governing the use and control of other property in the Subdivision, provided, however, that such merger is approved by a vote of two thirds (2/3) of the members who are voting in person or by proxy at a meeting duly called for such purpose.

Section 9.7 No Dedication of Common Areas, Etc. Every open space, wetlands, stream, body of water, and Common Area, recreational facility, and other amenity within the Subdivision is a private park, facility or amenity and neither the Developer's recording of any such plat nor any other act of the Developer with respect to the Property is, or is intended to be, or shall be construed, as a dedication to the public of any said areas other than as reflected therein. An easement for the use and enjoyment of each of said areas designated as parks is reserved to the Developer, its successors and assign; to one persons who are, from time to time, members of the Association; to the members and Owners of any recreational facility; and to the residents, tenants and occupants of residential buildings, and all other kinds of boundaries of the Property and to the invitees of all the aforementioned person; the use of which shall be subject to such rules and regulations as may be prescribed by the Association, if the Association is the Owner of the facility or Property involved.

Section 9.8 Time is of the Essence. It is agreed that time is of the essence with regard to these restrictions, covenants, limitations and conditions.

Section 9.9 Remedies for Violations of Restrictions. In the event of a violation or breach of any of these restrictions by any Owner, or agent of such Owner, the Owners of Lots in the Subdivision, or any of the, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Association, its successors and assigns, shall have the right, whenever there shall have been built on any Lot in the Subdivision 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, if after thirty (30) days written notice of such violation, it shall not have been corrected by the Owner. The Association is hereby granted a perpetual easement across each Lot for the purposes of carrying out its responsibilities under this Section, and any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any rights, reservation, restriction or condition contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. Should the Association employ counsel to enforce any of the foregoing covenants, conditions, reservations or restrictions, because of a breach of the same, all costs incurred in such enforcement, including a reasonable fee for the Associations' counsel, shall be paid by the Owner of such Lot or Lots in breach thereof.

Section 9.10 Rule Against Perpetuities, Etc. The Developer herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself. In the event that any of the provisions hereof are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then in that event such term shall be reduced to a period of time which shall not violate the rule against perpetuities or any other law of the State of South Carolina, and such provision shall be fully effective for said reduced period of time.

WITNESS the execution hereof this 31st day of July, 1989.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Virginia B. Gile
J. M. Cant

KIAWAH BEACH LIMITED PARTNERSHIP
A SOUTH CAROLINA LIMITED PARTNERSHIP

BY: KIAWAH BEACH II ASSOCIATES,
GENERAL PARTNER

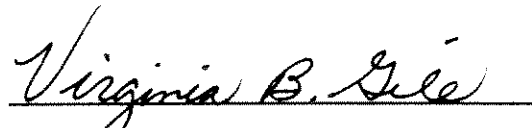
BY: J. Thomas D. D.
ITS: President
BY: Walter D. Elygott
ITS: Vice-President

STATE OF SOUTH CAROLINA)

PROBATE

COUNTY OF CHARLESTON)

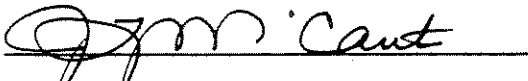
PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named KIAWAH BEACH LIMITED PARTNERSHIP, A SOUTH CAROLINA LIMITED PARTNERSHIP, BY KIAWAH BEACH II ASSOCIATES, INC., BY ITS PROPER OFFICER(S), sign, seal and as its act and deed, deliver the within named instrument, and that (s)he with the other witness above subscribed, witnessed the execution thereof.



signature of first witness

SWORN to before me this 31st

day of July, 1989.



Notary Public for South Carolina

My commission Expires: 3-6-94

s/422

EXHIBIT "A"

ALL those certain pieces, parcels or tracts of land, situate, lying and being in the Town of Kiawah Island, Charleston County, South Carolina, shown and designated as "6.776 AC." on a plat made by Southeastern Surveying, Inc., entitled: "A CONDITIONAL PLAT OF A 9.989 ACRE TRACT, A 6.776 ACRE TRACT, A 2.776 ACRE TRACT AND A 1.021 ACRE TRACT OWNED BY KIAWAH RESORT ASSOCIATES LOCATED IN THE TOWN OF KIAWAH ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA," dated February 6, 1989, and recorded in Plat Book BU, Page 162, RMC office for Charleston County, S. C.; said property having such location, metes, butts, bounds, courses and distances as will by reference to said plat more fully appear (hereinafter sometimes referred to as the "Property").

ALSO

ALL that certain property situate, lying and being in the Town of Kiawah Island, Charleston County, South Carolina, shown on a plat entitled: "A CONDITIONAL PLAT OF TURTLE BEACH HOMES, OWNED BY KIAWAH BEACH LIMITED PARTNERSHIP, LOCATED IN THE TOWN OF KIAWAH ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA" made by Southeastern Surveying, Inc., dated February 16, 1989, and last revised July 7, 1989, and recorded July 13, 1989, in Plat Book BW, Page 153, in the RMC office for Charleston County, South Carolina. Said property having such size, shape, dimensions, buttings and boundings, will by reference to said plat more fully appear.

s/422A

EXHIBIT "B"

BYLAWS
OF
TURTLE BEACH HOMES
PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE 1

NAME AND LOCATION

The name of the corporation is Turtle Beach Homes Property Owners' Association, Inc., hereinafter referred to as the "Association." The principal office of the Association shall be located at 171 East Bay Street, Charleston, South Carolina, but meetings of Members and Directors may be held at such places within the State of South Carolina, County of Charleston, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The words and terms used in the ByLaws or any supplemental set of ByLaws, unless the context shall clearly indicate otherwise, shall have the same meanings as shall be set forth in the Declaration of Covenants and Restrictions for Turtle Beach Homes (the "Declaration").

ARTICLE III

MEMBERS

Section 1. Association Membership. Every Owner of a Lot which is subject to the Declaration shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot which is subject to assessments.

Section 2. Membership Rights Subject to Assessment Payment. The rights of Membership are subject to the payment of annual and special Assessments levied by the Association, the obligation of which Assessments is

imposed against each Owner of, and becomes a lien upon, the Lot against which such Assessments are made, as provided by Article VI of the Declaration.

Section 3. Voting Rights. Each Member shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The one (1) vote for such Lot shall be exercised as they, among themselves, shall determine, but in no event shall more or less than one (1) vote be cast with respect to any such Lot. The Developer, in addition to having one (1) vote for each Lot owned by said Developer, shall be entitled to one (1) vote for each vote held by the other Members of the Association. This additional voting right of the Developer shall cease when the Developer has conveyed to others all of the Lots in the Subdivision, or on December 31, 1998, whichever shall first occur. The Members of the Association shall have the right to vote for the election and removal of Directors and upon such other matters with respect to which a vote of the Members is required under the Declaration or the ByLaws. Members shall cast their votes as set forth in the Declaration and the ByLaws.

Section 4. Suspension of Rights. The Membership rights of any person whose interest in the Subdivision is subject to Assessments hereinabove may be suspended by action of the Directors during the period when the Assessments remain unpaid but, upon payment of such Assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of any person thereon, as provided in the Declaration, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meetings. Meetings of the Members shall be held at Kiawah Island, South Carolina, at least once a year. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on such day and time as determined by the Board of Directors and designated in the notice of meeting.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President, Vice President, Secretary, or Treasurer, or by any one of the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Association.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days, but not more than forty-five (45) days, before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty-one percent (51%) of the total votes of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these ByLaws. If, however, such quorum shall not be present or

represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Informal Action by Members. Any action required or permitted by law to be taken at a meeting of the Members of the Association may be taken without a meeting if a consent in writing setting forth the action to be taken shall be signed by Members holding a majority of the votes of the Association, which consent shall be filed with the Secretary of the Association as part of the Association's records.

Section 6. Manner of Acting. Unless otherwise provided herein or the Declaration, a majority of the votes cast in person or by proxy at a duly called meeting of the Association shall be the vote required to adopt and make decisions.

Section 7. Power of Referendum. The Members of the Association shall have the power, by referendum, to approve or reject certain actions proposed to be taken by the Association as more particularly set forth in the Declaration and these ByLaws.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE V

BOARD OF Directors: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be

managed by a Board of three (3) Directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect at least one (1) Director for a term of one year, at least one (1) Director for a term of two years and at least one (1) Director for a term of three years; and at each annual meeting thereafter the Members shall elect the Directors for such term as the Members shall determine.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6. Notice. When notice of any meeting of the Board of Directors is required, such notice shall be given at least four (4) days previous to such meeting by written notice delivered personally or sent by mail to each Director at his address as shown on the records of the Association. Any Director may waive notice of any meeting before or after the time of the meeting stated herein, and attendance of a Director at any meeting shall

constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, or the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice at such meeting, unless specifically provided by law, the Articles of Incorporation, these ByLaws or the Declaration.

Section 7. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. The initial meeting shall be held immediately following the first annual meeting of the Association.

Section 8. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 9. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall

consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the Common Areas of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

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

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

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

(f) grant utility and ingress/egress easements on, over and across the Lots and Common Areas of the Association as provided in the Declaration.

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

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

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

(c) as more fully provided in the Declaration, to:

(1) fix and levy the amount of all assessments, annual or special, against each Lot;

(2) send written notice of each assessment to every Owner subject thereto;

except in those which may be required by the Declaration to have approval of the Members;

(l) to enforce by legal means the provisions of the Certificate of Incorporation, Declaration and ByLaws of the Association, and the regulations promulgated by the Board;

(m) to pay all taxes and assessments which are liens against any part of the Commons Areas or other property, real or personal, belonging to the Association;

(n) to pay all costs of power, water and sewer and other utility services rendered to the Association and not billed to the Owners of Lots;

(o) to borrow money on behalf of the Association and to pledge/mortgage the property of the Association as security for such loan(s);

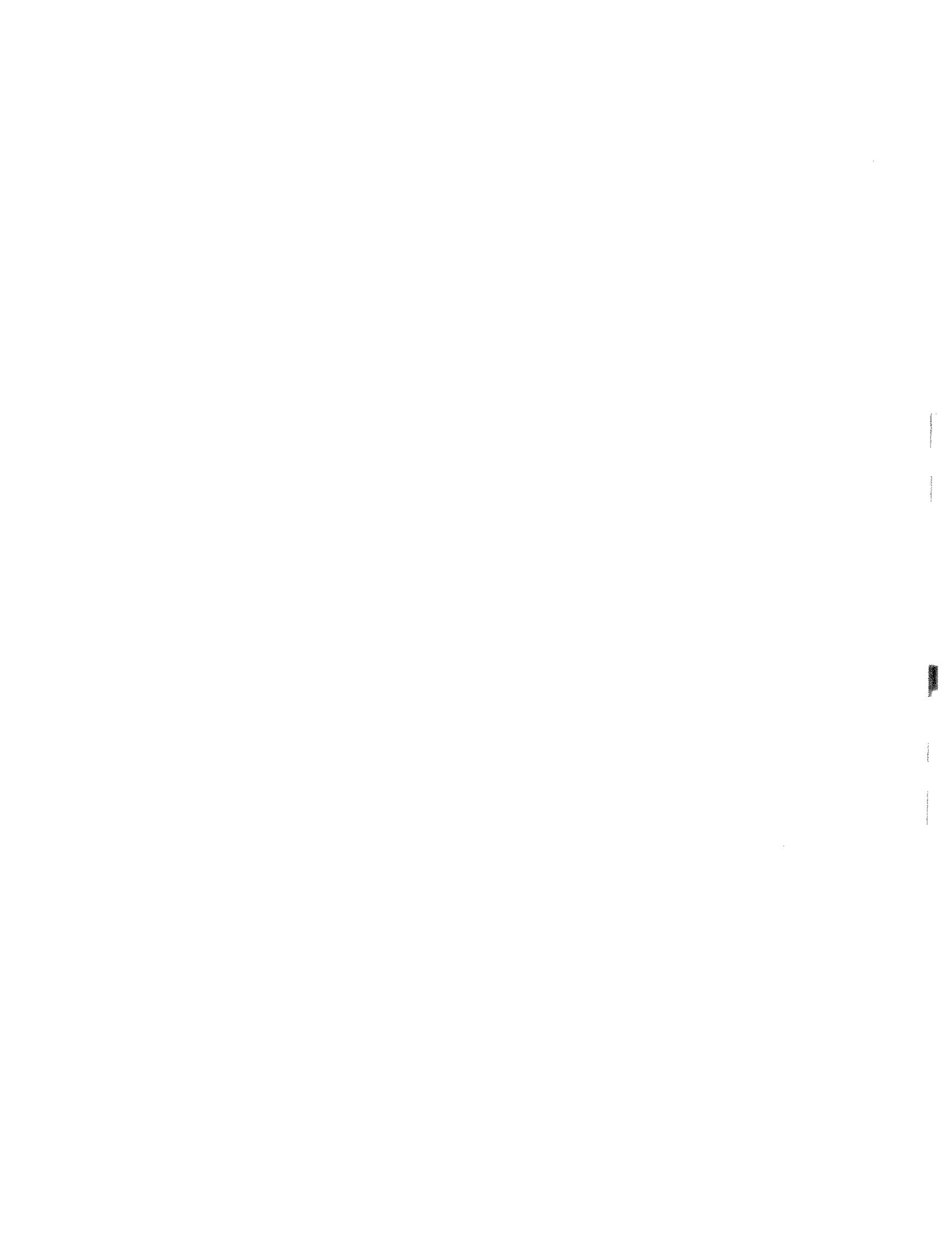
(p) to exercise for the Association all powers, duties, and authority vested in or delegated to the Association by the Declaration and not reserved to the Membership by other provisions of these By-laws or the Certificate of Incorporation.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.



Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the casual offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out;

shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such fund as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these ByLaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the ByLaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

LIABILITY AND INDEMNIFICATION

Section 1. Liability of Board Member. No Board Member or Officer of the Association shall be liable to any Property Owner for any decision, action or omission made or performed by such Board Member or Officer in the course of his duties unless such Board Member or Officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Declaration or these ByLaws.

Section 2. Indemnification of Board Member. The Association shall indemnify and defend each Board Member and Officer of the Association from any liability claimed or imposed against him by reason of his position or decision, action or omission as a Board Member or any Officer of the Association if all of the following conditions are satisfied:

(a) Such Board Member or Officer has not acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Declaration or these ByLaws;

(b) Such Board Member or Officer gives the Association adequate notice of the claim or imposition of liability to permit the Association reasonable opportunity to defend against the same; and

(c) Such Board Member or Officer cooperates with the Association defending against the liability.

The expense of indemnifying a Board Member or Officer shall be a Common Expense of the Association and shall be borne by all Property Owners, including such Board Member or Officer.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Turtle Beach Homes Property Owners' Association, Inc.

ARTICLE XIII

AMENDMENTS

These ByLaws may be altered, amended or repealed and new ByLaws may be adopted by the Board of Directors, at a regular or special meeting of the Board by a vote of a majority of all Directors, provided notice of such pending action is given in the call for said meeting, or by the Developer, within three (3) years from the date of recordation of the Declaration. These ByLaws may also be amended by a majority of the votes cast at a duly called meeting of the Association provided notice of such proposed amendment is given in the call for such meeting.

ARTICLE XIV

MERGER

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

Upon merger or consolidation of the Association with another association or associations, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to such merger. The surviving or consolidated association may administer the Common Areas, together with the covenants and restrictions established upon any other property as one plan. No merger or consolidation shall effect any revocation, change or addition to the Declaration.

ARTICLE XV

DISSOLUTION

If the Members determine that it is in the best interest of the Association and/or its Members to completely dissolve the Association, such action may be taken by a three-fourths (3/4) vote of those present at a meeting duly called and held for such purpose. In the event of such action, the disposition of the Common Areas belonging to the Association shall be determined by a similar vote of the Members.

ARTICLE XVI

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVII

GENERAL

Section 1. Conflicts. In the case of any conflict between the Declaration and these ByLaws, the Declaration shall control; in the case of any conflict between these ByLaws and any regulation promulgated by the Board of Directors, these ByLaws shall control.

Section 2. Waiver. No provision of these ByLaws or any regulation promulgated by the Board of Directors pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 3. Severability. The provisions of these ByLaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder.

Section 4. Captions. Captions are inserted herein only a matter of convenience and for reference and in no way define, limit, or describe the scope of these ByLaws or the intent of any provision.

Section 5. Gender and Number. All nouns and pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the

singular shall include the plural and vice versa, whenever the context requires or permits.

Section 6. Roberts Rules. All meetings of the Membership of the Board of Directors shall be conducted in accordance with Roberts Rules of Orders Revised.

IN WITNESS WHEREOF, we, being all of the Directors of the Turtle Beach Homes Property Owners' Association, Inc., have hereunto set our hands this ____ day of _____, 1989.

CERTIFICATION

I, the undersigned, do hereby certify;

THAT I am the duly elected and acting Secretary of the Turtle Beach Homes Property Owners' Association, Inc., a South Carolina corporation, and,

THAT the foregoing ByLaws constitute the original ByLaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 19____.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 19____.

,Secretary

s/427

EXHIBIT "C"

TURTLE BEACH HOMES PROPERTY OWNERS' ASSOCIATION, INC.

PROPOSED ANNUAL BUDGET

1990

Landscape Maintenance \$55/Mo. x 18 x 12	\$11,880
Landscape Refurbishment \$350/Year x 18	6,300
Insurance General Liability	250
Street Lighting	250
Accounting Fees	250
Legal Fees	250
Management \$16/Lot/Mo. x 18 x 12	3,456
Windswept Oaks Annual Pruning	<u>5,000</u>
TOTAL	\$27,636

s/422C