

Master Document



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THE ISLANDS OF BEAUFORT BEAUFORT, SOUTH CAROLINA

**DECLARATION OF MASTER COVENANTS,
CONDITIONS AND RESTRICTIONS**

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**STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)
DECLARATION OF MASTER COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE ISLANDS OF BEAUFORT SUBDIVISION**

THIS DECLARATION ("Declaration") is made this 24th day of June, 1998, by BEAUFORT PROPERTIES, LLC, a South Carolina limited liability company with offices in Beaufort County, South Carolina (the "Declarant").

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Beaufort County, South Carolina, all of which is more particularly described on Exhibit "A," attached hereto and incorporated herein by reference ("The Islands of Beaufort"); and

WHEREAS, Declarant previously recorded a document entitled Declaration of Master Covenants, Conditions and Restrictions burdening The Islands of Beaufort in the Beaufort County Register of Deeds Office on October 30, 1997 in Official Record Book 986 at Page 1025, which document is hereby terminated in its entirety and replaced with the Covenants, Conditions, and Restrictions contained herein; and

WHEREAS, Declarant will convey all property within The Islands of Beaufort subject to certain protective covenants, conditions, restrictions, reservations, and charges as hereinafter set forth; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities and opportunities in The Islands of Beaufort and for the maintenance of The Islands of Beaufort and improvements thereon, and to this end desires to subject the real property described in Exhibit "A" together with such additions as may hereafter be made thereto to the covenants, restrictions, easements, charges, and liens hereinafter set forth, each and all of which is and are for the benefit of The Islands of Beaufort and each owner of a portion thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the value and amenities in The Islands of Beaufort to create an association to which should be delegated and assigned the powers of owning, maintaining and administering The Islands of Beaufort properties

and facilities, administering and enforcing the covenants and restrictions, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety, and welfare of the residents; and

WHEREAS, Declarant has incorporated or will incorporate under the laws of the State of South Carolina The Islands of Beaufort Homeowners' Association, Inc. as a nonprofit corporation for the purpose of exercising the above functions and those which are more fully set out hereinafter;

NOW THEREFORE, Declarant does hereby declare all of The Islands of Beaufort is to be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which shall run with The Islands of Beaufort, shall be binding on all parties having or acquiring any right, title, or interest in the properties within The Islands of Beaufort or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I: DEFINITIONS

Section 1. Articles of Incorporation: "Articles of Incorporation" refer to the articles of incorporation of the Association.

Section 2. Association: "Association" refers to The Islands of Beaufort Homeowners' Association, Inc., a South Carolina nonprofit corporation, its successors and assigns, or such other name the Declarant selects if such name for the corporation is not available.

Section 3. Board: "Board" refers to those persons elected or appointed to act collectively as the directors of the Association.

Section 4. Book of Regulations: "Book of Regulations" refers to the document containing rules and regulations and policies adopted by the Board.

Section 5. Bylaws: "Bylaws" refers to the bylaws of the Association as they now or hereafter exist.

Section 6. Common Area: "Common Area" refers to all real property within The Islands of Beaufort not located on any Lot, including private streets and open areas for the common use and enjoyment of all Members, which property is owned either by the Association or the Declarant, together with all sewer and water lines serving and located on The Islands of Beaufort other than dedicated public easements or municipal rights-of-way owned and maintained by a governmental or municipal body. All real property owned by the Association and all real property not owned by the Association but designated on the recorded subdivision map of The Islands of Beaufort as "Common Area" shall be considered Common Area. This term shall also refer to any recreational facilities constructed in or lying in the Common Area, unless the context otherwise requires.

Section 7. Declarant: "Declarant" refers to Beaufort Properties, LLC, its successors and assigns.

Section 8. Development: "Development" shall mean The Islands of Beaufort Subdivision in Beaufort County, South Carolina, as described in Exhibit "A" attached hereto and as it may be expanded.

Section 9. Dwelling Unit: "Dwelling Unit" refers to a residence containing sleeping facilities for one or more persons and a kitchen, which residence is located on a Lot.

Section 10. Eligible Mortgagee: "Eligible Mortgagee" refers to an institutional lender holding a mortgage ("Mortgage") encumbering a Lot that has notified the Association in writing of its status, stating both its name and address and the address of the Lot its Mortgage encumbers, and requesting all rights under the Association's governing documents and this Declaration. When any right is to be given to an Eligible Mortgagee, such right shall also be given to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Farmers Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing, insuring or guaranteeing Mortgages if the Association has notice of such participation.

Section 11. Improvement: "Improvement" refers to all buildings, Dwelling Units, outbuildings, storage sheds or areas, roofed structures, parking areas, loading areas, fences, walls, hedges, mass plantings, poles, driveways, docks, ponds, lakes, changes in grade or slope, Lot preparation, swimming pools, tennis courts, signs, exterior illumination, changes in any exterior color or shape, and any new exterior construction or exterior improvement exceeding \$1,000.00 in cost which may not be included in any of the foregoing. The definition of Improvements does not include garden shrub or tree replacements or any other replacement or repair of any magnitude which ordinarily would be expensed in accounting practice and which does not change exterior colors or exterior appearances, but does include both original Improvements and all later changes to Improvements.

Section 12. Lot: "Lot" refers to any lot of land for single family residential purposes regardless of size as shown on a recorded subdivision map of The Islands of Beaufort which has been approved by Declarant as required by this Declaration. Each Lot shall be undeveloped or shall contain one residential Dwelling Unit.

Section 13. Member: "Member" refers to every person or entity entitled to membership in the Association including Declarant as provided in this Declaration and in the Bylaws.

Section 14. Owner: "Owner" refers to the record owner including Declarant, whether one or more persons or entities, of a fee simple title to any Dwelling Unit or Lot which is a part of The Islands of Beaufort, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation, such as mortgagees.

Section 15. Restrictive Covenants — “Restrictive Covenants” refers to this Declaration of Master Covenants, Conditions and Restrictions.

Section 16. The Islands of Beaufort: “The Islands of Beaufort” refers to that certain real property described in Exhibit “A” attached hereto and subject to this Declaration, and such additions thereto as may hereafter be brought under these covenants by supplemental declaration and within the jurisdiction of the Association.

ARTICLE II: COMMON AREA OWNERSHIP AND MAINTENANCE

Section 1. Owner's Easements of Enjoyment. Subject to Section 6 of this Article, every Owner shall have a right of ingress to and egress from the Common Area, together with a right of enjoyment in and to the Common Area, which rights shall be appurtenant to and shall pass with the title to every Lot; provided, however, that ingress to and egress from any waterways shall be solely at the access points as shown on the recorded subdivision map.

Section 2. Delegation of Use. Any Owner may delegate his rights of enjoyment of the Common Area to the members of his family, his tenants, contract purchasers who reside on the Lot, or his guests.

Section 3. Rules and Regulations. The Board shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Area. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board, shall be recorded in a Book of Regulations, which shall be maintained at the office of the person or entity managing the Common Area on behalf of the Association and available to the members for inspection during normal business hours.

Section 4. Leasing Common Area Facilities. Subject to applicable laws and ordinances, the Board shall have the power to lease the use of any recreational facility for functions or special events, and to allow such lessee to charge admission or other fees for such functions or special events.

Section 5. Operating Common Area Facilities. The Board of Directors shall have the power to limit the number of guests, to regulate hours of operation and behavior, and to curtail any use or uses it deems necessary for either the protection of the facilities or the peace and tranquillity of adjoining residents with regard to the recreational facilities located on the Common Area.

Section 6. Common Area Facilities Admission Fees. Subject to applicable laws and ordinances, the Association may charge reasonable admission and other fees for the use of any Common Area recreational facility.

Section 7. Suspensions. The Board of Directors shall have the power to suspend the voting rights and right to the use of any Common Area of a Member or any person to whom that Member has delegated his right of enjoyment (i) for any period during which any assessment against the Member's Lot remains unpaid, and (ii) for a period during any infraction of its published Book of Regulations.

Section 8. Declarant's Covenant to Convey Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to those portions of The Islands of Beaufort that are designated Common Area to the Association, within two (2) years of such time as it conveys the first Lot to some person other than Declarant within the specific area to be developed, as depicted on the recorded subdivision plat, subject to easements of record for utilities, drainage, access or other services, and expressly subject to an easement in favor of the Declarant to construct recreational facilities on the Common Area that are approved by the Board. The Association shall accept the conveyance of all such Common Area pursuant to this section. All property conveyed to the Association shall be conveyed "AS IS" without recourse to the Declarant. The Declarant disclaims and makes no representations or warranties, express or implied, including without limitation warranties or fitness for ordinary or for any particular purpose, regarding the condition, construction, design, accuracy or completeness of any improvements whatsoever in The Islands of Beaufort, including, but not limited to, streets, drainage systems, water and sewer systems and utility infrastructure and any amenities. No claim shall be made by the Association or any Owners against the Declarant relating to the condition, construction, accuracy or completeness of any improvements conveyed to the Association, nor for incidental or consequential damages arising therefrom.

Section 9. Mortgaging Common Area. The Association shall have the power to borrow money for the purpose of improving any Common Area, and pursuant thereto to subject the Common Area or any portion thereof that it owns to a mortgage; provided however, that the execution of such mortgage shall require the same approval of the membership which is required for special assessments for capital improvements as set forth in Article VI, Section 5 of this Declaration. The rights of such mortgagee in such Common Area shall be subordinate to the rights of the Members.

Section 10. Common Area Dedication or Transfer. The Association shall have the right to dedicate or transfer all or any parts of the Common Area that it owns to any public agency, authority, or utility for such purposes. No such dedication or transfer shall be effective unless it is approved at an annual or special meeting by a majority of those present at the meeting at which a quorum is present.

ARTICLE III: PURPOSES, USES AND RESTRICTIONS

Section 1. Common Areas. The Common Areas shall be used to benefit the residents of The Islands of Beaufort Subdivision and to enhance the appearance of the development.

Section 2. Residential Use.

(a) All of the Lots in the Development shall be, and be known and described as, residential lots, and no structure shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family dwelling, with attached garage. With the Declarant's or the Board's prior written approval, detached garages, poolhouses, outbuildings or guests' quarters may be permitted. Garage doors may not face the street upon which the Dwelling Unit fronts without special consent from the Declarant or Board. The inside walls of garages must be finished. Garage doors may not be allowed to stand open for an extended period of time.

(b) "Residential" refers to a mode of occupancy, as used in contradistinction to "business" or "commerce" or "mercantile" activity and, except where otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant Lots as well as to buildings constructed thereon.

(c) No Lot, or any portion thereof, may be used as a means of service to business establishments or adjacent property, including but not limited to supplementary facilities or an intentional passageway or entrance into a business or another tract of land unless specifically consented to by Declarant in writing.

Section 3. No Business Activity or Truck Storage. No Dwelling Unit shall be used for business activity or commercial purposes other than home businesses which do not solicit or receive customers within The Islands of Beaufort. No panel, commercial or tractor trucks shall be habitually parked in driveways or overnight on streets in front of any of the Lots.

Section 4. Minimum Square Footage. No Dwelling Unit shall be erected or permitted to remain in The Islands of Beaufort unless it has the number of square feet of enclosed living area, exclusive of open porches or screened porches, carports, garages or basements, set forth in this section. For the purposes of this section, stated square footage shall mean the minimum floor area required, and floor area shall mean the finished and heated living area contained within the residence, exclusive of open porches, garages, and steps. In the case of houses which are known as "split-levels", in order for a level to qualify as a main living area, it must be exposed for full height on three sides. In the case of any question as to whether a sufficient number of square feet of enclosed living area have been provided, the decision of the Declarant or the Board shall be final. The minimum number of square feet required is as follows:

- (i) Interior 2-story residence: 1,500 square feet on the first floor of such residence, and 2,300 total square feet;
- (ii) Interior 1-story residence: 2,000 square feet;
- (iii) Marshfront residences: 2,500 square feet; and

NOTE: Garage square footage is not to be counted in satisfying the minimum.

Section 5. Frontal Appearance. All Dwelling Units shall have conventional and acceptable frontal appearance from the main street fronting said Lots.

Section 6. Set-backs. No building shall be located on any Lot nearer than twenty-five (25) feet to the front Lot line or nearer than ten (10) feet to any side Lot line, or nearer than fifteen (15) feet to any rear Lot line; further, there are certain setback requirements provided for and shown on the subdivision plat, a copy of which is available from the Declarant, which are incorporated in and made a part of these Restrictive Covenants. No structure, other than a swimming pool, outdoor deck, etc., of approximate ground level construction, shall be located nearer than fifteen (15) feet to any rear Lot line unless otherwise approved by Declarant or the Board. For the purposes of this covenant, steps and open porches shall not be considered as a part of the building, providing, however, this shall not be construed to permit any portion of the building on the Lot to encroach upon another Lot. No provision of this paragraph shall be construed to permit any structure to be constructed and erected upon any Lot that does not conform to the City of Beaufort zoning laws or other governmental laws and regulations applicable thereto.

Section 7. Mailboxes. The Declarant shall select a type of mailbox and each mailbox shall be constructed and maintained by each owner. The Declarant can change selections from time to time.

Section 8. Windows. Exterior windows and shutters must be approved by the Architectural Review Committee.

Section 9. Sidewalks. The Declarant may install sidewalk(s). In such event, all sidewalks will be located within the Common Area or Lots within reserved easements for the Association. Upon completion of any sidewalks, the upkeep and maintenance shall be the responsibility of the Association or the City of Beaufort upon dedication of the same.

Section 10. Completion of Construction. All construction of the Dwelling Unit and other related construction on a Lot shall be completed within twelve (12) months from the date of the pouring of the footings for said Dwelling Unit, except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamities. In the construction of a Dwelling Unit upon a Lot, the builder shall keep all debris cleared from the street or streets bounding the Lot; and, before any residence is occupied, all debris must be removed from the entire Lot and any damaged curbs or sidewalks shall be repaired or replaced.

Section 11. Lawn Care. All improved Lots must be neat in appearance and regularly cut. All grass must be mowed below a height of four (4) inches. Owners of improved Lots shall maintain all landscaping within any area between their Lot boundary and any adjacent roadway.

Section 12. Unightly Conditions. All of the Lots in the Development must, from the date of purchase, be maintained by the Owner in a neat and orderly condition. Grass must be cut when

needed. Leaves, broken limbs, dead trees, and other debris must be removed when needed. Tree limbs, rocks and other debris must be kept out of the streets. In the event that an Owner of a Lot in The Islands of Beaufort fails, of his own volition, to maintain his Lot in a neat and orderly condition, Declarant, or its duly appointed agent, or the Board, or its duly appointed agent, may enter upon said Lot without liability and proceed to put said Lot into an orderly condition, billing the cost of such work to the Owner. If not paid within thirty (30) days of the receipt of the invoice, said amount shall be a continuing lien on the Lot until paid. The Owner shall be liable for all costs of enforcement of such lien, including attorney's fees. All Owners in The Islands of Beaufort are to keep cars, trucks and delivery trucks off the curbs of the streets.

Section 13. Initial Landscape Requirements. The initial landscape plans shall be submitted as required in Article IV and shall include all anticipated planting of trees, shrubs and plants. Failure to timely complete any landscape plan may cause an Owner to forfeit its deposit made pursuant to Article IV, Section 3 below. The landscape plan must be completed within six (6) months after the residence is completed.

Section 14. Tanks and Garbage Receptacles. No fuel tanks, garbage cans, or similar storage receptacles may be exposed to view, and such tanks or receptacles may be installed only within a residence, within a screened area or buried underground. All garbage and trash containers must be placed in enclosed areas of the rear or side yard and must not be visible from adjoining Lots, houses or from any street. When garbage or trash containers are placed on the curbs for pick-up, the containers shall be in carriers or otherwise "dog-proofed" so that animals cannot get into the containers.

Section 15. Rearrangement of Lot Lines.

(a) Not more than one dwelling house shall be erected or maintained on any one Lot. This will not prevent the use of one or more Lots or parts of Lots as a single building plot of ground, providing that the division or rearrangement of boundary lines of subdivision Lots by any person or entity other than the Declarant shall not increase the total number of Lots in said subdivision, and that the same shall conform to zoning laws and subdivision regulations in effect thereon. Two or more Lots may be combined to form one Lot; however, the assessments provided for herein will continue to be based upon the number of original Lots purchased.

(b) Notwithstanding any other provisions herein to the contrary, the Declarant reserves unto itself, its successors and assigns, the following rights, privileges and powers: to subdivide Lots, to combine Lots or parts of Lots, to rearrange boundaries of Lots, and to cause any part of any Lot to become a part of the Common Areas.

Section 16. Temporary Structures. No part of any Lot shall be used for residential purposes until a completed dwelling house, conforming fully to the provisions of these Restrictive Covenants, shall have been erected thereon. The intent of this section is to prevent the use thereon of a garage, incomplete structure, trailer, barn, tent, outbuilding or other structure as temporary living

quarters before or pending the erection of a permanent building. No structure of temporary character, including trailers and similar structures, shall be erected or permitted to remain on any Lot except during the period of home construction.

Section 17. Signs. No sign of any kind shall be displayed to the public view from any Lot without the prior written consent of the Declarant or the Board. So long as Declarant owns any Lot within The Islands of Beaufort, no real estate sales signs are permitted. This prohibition shall not apply to real estate sales signs approved by the Declarant in its sole discretion.

Section 18. Animals. No sheep, swine, goats, horses, cattle, burros, chickens, or any similar farm animals shall be permitted to be kept or to remain on any of the Lots, or to roam at large on any of the streets or way in or bordering the same. No more than four household pets, such as cats and dogs, may be kept in any Dwelling Unit. There shall be no kennels permitted on any Lot in the subdivision for the commercial breeding or boarding of domestic pets. Pet owners shall not allow pets to roam unattended but shall either leash their pets or have them under voice control. The pet owners shall also muzzle any pet which consistently barks. If the barking persists, the pet owner shall have the pet removed from The Islands of Beaufort. If the pet owner refuses, it shall be deemed an "offensive activity" under Section 20 of this Article. Pet owners shall clean up any of their animal's excrement.

Section 19. Zoning. Whether expressly stated so or not in any deed conveying any one or more of said Lots, each conveyance shall be subject to existing governmental zoning and subdivision ordinances or regulations in effect thereon.

Section 20. Offensive Activity. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an unreasonable annoyance, discomfort, embarrassment or nuisance to The Islands of Beaufort.

Section 21. Sewage Disposal. No septic systems shall be permitted on any Lot. All Lots are required to tap into the City of Beaufort sewer utility lines.

Section 22. Permitted Entrances. In order to implement and effect insect, reptile and woods fire control, and to maintain unsightly Lots, the Declarant or the Board, or their respective agents, may enter upon any Lot on which a dwelling residence has not been constructed, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Declarant or the Board detracts from the overall beauty, setting and safety of The Islands of Beaufort or Lots. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. The Declarant and its agents or the Board and its agents may likewise enter upon a Lot to remove any trash which has collected on said Lot without such entrance and removal being deemed a trespass. The provisions of this section shall not be construed as an obligation on the part of the Declarant and its agents or the Board and its agents to mow, clear, cut or prune any Lots or to provide garbage or trash removal services.

Section 23. Tree Removal. No trees or shrubs shall be removed prior to obtaining approval of plans as set forth in Article IV. The majority of the trees may not be removed from any Lot except in the area of the Lot upon which the house and driveway are to be constructed. No trees having a diameter of four (4) inches or greater at a height of four (4) feet may be cut down at any time without prior approval of Declarant or Board.

Section 24. Wells. No private potable water wells may be drilled or maintained on any residential Lot without the prior written consent of the Declarant or the Board. Irrigation wells may be used for landscape maintenance.

Section 25. No Antennas. No television antenna, satellite dish, radio receiver or sender or other similar device greater than one meter in diameter shall be attached to or installed on the exterior portion of any Dwelling Unit or other structure on the Property or any Lot within the Development without the prior written consent of the Declarant or the Board. No radio, television signals, nor any other form of electromagnetic radiation be permitted to originate from any Lot which may unreasonably interfere with the reception of television or radio signals upon any other of such properties. Notwithstanding the foregoing, the provisions of this section shall not prohibit the Declarant from installing equipment necessary for a master antenna system, security system, cable television, mobile radio system or other similar systems within the Development.

Section 26. No Window Air Conditioners or In-Wall Units. No window air conditioners or in-wall air conditioners or heaters shall be permitted.

Section 27. Sound Devices. No exterior speaker, horn, whistle, bell or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be used upon Lots within the Development. The playing of loud music from any balconies or porches shall be offensive, obnoxious activity constituting a nuisance.

Section 28. Laundry. No Owner, guest, or tenant, shall hang laundry from any area within or outside a dwelling residence if such laundry is within the public view, or hang laundry in full public view to dry, such as on balcony or terrace railings. This provision may, however, be temporarily waived by the Declarant or the Board during a period of severe energy shortages or other conditions where enforcement of this section would create a hardship.

Section 29. Duty to Rebuild or Clear and Landscape Upon Casualty or Destruction. In order to preserve the aesthetic and economical value of all Lots within the Development, each Owner and Declarant (with respect to improved Property owned by Declarant) shall have the affirmative duty to rebuild, replace, repair, or clear and landscape, within a reasonable period of time, any building, structure, and improvement or significant vegetation which shall be damaged or destroyed by fire, or other casualty. Variations and waivers of this provision may be made only upon Declarant or the Board establishing that the overall purpose of these Restrictive Covenants would be best effected by allowing such a variation. Variations to this section are to be strictly construed and the

allowance of a variance by the Declarant or the Board shall not be deemed to be a waiver of the binding affect of this section upon all other Owners.

Section 30. Vehicle Parking. Cars owned by Lot Owners shall be parked only in the Owner's garage or driveway. No inoperable vehicle, tractor or other machinery shall be stored on a Lot at any time, even if not visible from the street. No house trailer or other such vehicle shall be stored on a Lot. Vacation trailers, campers and boats must be stored within the garage. Such vehicles may not be stored anywhere else on the Lot.

Section 31. Application. It is expressly stipulated that these Restrictive Covenants and conditions set forth in this Article apply solely to the herein listed Lots in the Development, and are not intended to apply to any other lots, tracts or parcels of land in the area or vicinity, owned by the Declarant. Specifically, the Declarant, its successors or assigns, reserve the right to use or convey such other lots, tracts and parcels with different restrictions or unrestricted.

Section 32. Violations and Enforcement. In the event of the violation, or attempted violation, of any one or more of the provisions of these Restrictive Covenants, the Declarant, its successors or assigns, or the Association, its successors or assigns, including all parties hereinafter becoming Owners of any one or more of the Lots to which provisions of these Restrictive Covenants apply, may bring an action or actions against the Owner in violation, or attempting violation, and the said Owner shall be further liable for such damages as may accrue, including any court costs and reasonable attorneys fees incident to any such proceeding. In the event of a violation of set-back lines, side, rear or front, which may be minor in character, a waiver thereof may be made by the Declarant, its successors or assigns or the Board. Further, the Declarant or the Board may grant variances of the restrictions set forth in these Restrictive Covenants, if such variances do not, in the sole discretion of the Declarant or the Board, adversely affect the purposes sought to be obtained hereby.

ARTICLE IV: ARCHITECTURAL CONTROL

Section 1. Plan of Design Approval. No Improvements shall be undertaken upon any Lot unless the plans and specifications and location of the proposed Improvements shall have been submitted to the Architectural Committee established in Section 2 and expressly approved by some in writing. The plans should also indicate the location of all existing trees on the Lot in excess of four inches (4") in diameter, such measurement to be taken four (4) feet above grade. No subsequent alteration or modification of any existing Improvements or construction, erection or installation of additional Improvements may be undertaken or allowed to remain on any of the Lots without the review and express written approval of the Architectural Committee, subject to Section 5 below.

Section 2. Architectural Committee. Until such time as the Declarant's membership expires, Declarant shall annually appoint the members of the Architectural Committee, which will be composed of at least three (3) individuals, the exact number of members of the Architectural

Committee being designated by Declarant from time to time. Each member shall be generally familiar with residential and community development design matters and knowledgeable about the Declarant's concern for a high level of taste and design standards within The Islands of Beaufort. In the event of the death or resignation of any member of the Architectural Committee, Declarant, for so long as it has the authority to appoint the members of the Architectural Committee, and thereafter, the remaining members of the Architectural Committee, shall have full authority to designate and appoint a successor. Members of the Architectural Committee may be removed and replaced at any time with or without cause, and without prior notice, by Declarant, for so long as Declarant has the right to appoint the members thereof, and thereafter by the Board. Subsequent to the expiration of Declarant's membership (and earlier if Declarant specifically assigns this right to the Board), the Board shall designate the number of and appoint the members of the Architectural Committee on an annual basis. At any time Declarant may elect not to designate the number of and/or appoint the members of the Architectural Committee and may assign this right to the Board.

Section 3. Procedure. No Improvement shall be erected, remodeled or placed on any Lot until all plans and specifications therefor and a Lot plan therefor have been submitted to and approved in writing by the Architectural Committee, as to:

(a) quality of workmanship and materials, adequacy of Lot dimensions, adequacy of structural design, and facing of main elevation with respect to nearby streets;

(b) conformity and harmony of the external design, color, type and appearance of exterior surfaces;

(c) location with respect to topography and finished grade elevation and affect of location and use on neighboring Lots and Improvements situated thereon and drainage arrangement;

(d) location of all existing trees as required in Section 1 hereof, the location of proposed cutting which shall not exceed fifty percent (50%) of the Lot, the location of all new plantings and such other information as is reasonably requested on the landscape plan and specifications; and

(e) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Architectural Committee, or matters in which the Architectural Committee has been vested with the authority to render a final interpretation and decision.

Final plans and specifications (including a Lot plan showing the location of the contemplated Improvements on the Lot) for all Improvements proposed to be constructed on a Lot shall be submitted to the Architectural Committee for approval or disapproval. The Architectural Committee is authorized to request the submission of samples of proposed construction materials. Any modification or change to the Architectural Committee approved set of plans and specifications

(specifically including, but without limitation, the above-described Lot plan) must again be submitted to the Architectural Committee for its inspection and approval. The Architectural Committee's approval or disapproval, as required herein, shall be in writing. Once the Architectural Committee has approved the plans and specifications for the proposed Improvements, the construction of such Improvements must be promptly commenced and diligently pursued to completion strictly in accordance with the approved plans and specifications and if such construction is not commenced within the time set therefor by the Architectural Committee in the written approval (but in no event later than two (2) years after such approval), such approval shall be deemed rescinded and before construction of Improvements can thereafter be commenced on the Lot in question, the plans and specifications therefor must again be approved by the Architectural Committee pursuant to this Article.

The Architectural Committee may require a deposit with each application to insure compliance and may charge a reasonable review fee, both of which may be revised from time to time in the Architectural Committee's discretion. The Architectural Committee may from time to time publish and promulgate architectural standards bulletins which shall be fair, reasonable and uniformly applied in regard to the Lots and shall carry forward the spirit and intention of these covenants, conditions and restrictions. The Architectural Committee shall have reasonable discretion with respect to taste, design and any standards specified herein. The Architectural Committee shall be responsive to technological advances or general changes in architectural designs and materials and related conditions in future years and use its best efforts to balance the equities between matters of taste and design on the one hand, and use of private property on the other hand. Such bulletins shall supplement this Declaration and are incorporated herein by reference. Current copies of the architectural standards bulletins shall be available to interested persons at the principal office of the Association for a reasonable cost.

Section 4. Enforcement. The Architectural Committee shall have the specific, nonexclusive right, but not the obligation, to enforce the provisions contained in this Article and to prevent any violation of the provisions contained in this Article by instituting a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions contained herein.

Section 5. Effect of Failure to Approve or Disapprove. If an Owner erects any Improvements on a Lot and a suit to enjoin the erection of or removal of such Improvements is not brought by any person or entity having standing to sue within three (3) months from the commencement of construction of such Improvements, then this Article shall be deemed to have been fully satisfied.

If the Architectural Committee fails to approve or disapprove the design of any proposed Improvements within forty-five (45) days after plans and specifications therefor have been submitted and received, approval will not be required, and the requirements of this Article shall be deemed to have been fully satisfied; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Architectural Committee if they contain

erroneous data or present inadequate information upon which the Architectural Committee can arrive at a decision. Notwithstanding the foregoing, the Architectural Committee shall have no right or power, either by action or failure to act, to waive or grant any variance relating to any mandatory requirements specified in the Declaration.

Section 6. Right of Inspection. The Architectural Committee shall have the right, at its election, to enter upon any of the Lots during preparation, construction, erection, or installation of any Improvements to determine that such work is being performed in conformity with the approved plans and specifications.

Section 7. Limitation of Liability. Neither the Architectural Committee, the members thereof, nor Declarant shall be liable in damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance (except where occasioned by gross negligence) arising out of services performed pursuant to this Declaration.

Section 8. Compensation. The Association may reimburse members of the Architectural Committee for reasonable out-of-pocket expenses incurred by such members in the performance of their duties as members of the Architectural Committee.

Section 9. Exterior Maintenance:

(a) The maintenance of Dwelling Units, Lots, and the improvements constructed thereon shall be the duty of the Owners of such Dwelling Units or Lots. If, however, in the opinion of the Association, any Owner shall fail to maintain his Dwelling Unit or Lot in a manner which is reasonably neat and orderly or shall fail to keep Improvements constructed thereon in a state of repair so as not to be unsightly, the Association at its discretion, and following ten (10) days' written notice to the Owner, may enter upon and make or cause to be made repairs to such Improvements and perform such maintenance on the Dwelling Unit or Lot such as, but not limited to, the removal of trash, cutting of grass, pruning of shrubbery, and seeding for erosion control, including such work on unimproved Lots. The Association or its agents shall have an easement for the purpose of accomplishing the foregoing. The costs incurred by the Association in rendering all such services plus a service charge of twenty percent (20%) of such costs, shall be added to and become a part of such other assessments to which such Lot is subject.

(b) Maintenance of the Common Area, street lights, drainage systems, private roadways and signage located thereon or adjacent thereto shall be the duty of the Association. The Association shall have the right and easement of ingress, egress and egress over the Common Areas in connection with its right to plant and maintain landscaping.

ARTICLE V: MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. The Declarant, for so long as it shall be an Owner, and every person or entity who is an Owner of a fee interest in any Lot shall be a Member of the Association. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation. Ownership of a Lot shall be the sole qualification for membership, and no Owner shall have more than one membership, except as expressly provided hereinafter. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. The Board may make reasonable rules relating to the proof of ownership of a Lot to qualify as a Member.

Section 2. Voting Rights. The Association shall have two classes of voting Members. Members shall be entitled to one Class A vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the Class A vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one Class A vote be cast with respect to such Lot. In addition to its Class A votes, the Declarant shall also have Class B votes equal to the total number of Class A votes plus one as long as Declarant owns a Lot. When Declarant no longer owns a Lot, the Class B votes shall terminate.

Section 3. Voting Rights Suspension. The right of any Member to vote may be suspended by the Board for just cause pursuant to its Book of Regulations and according to the provisions of Article II, Section 7.

Section 4. Right of Declarant to Representation on Board of Directors of the Association: Notwithstanding anything contained herein to the contrary, as long as Declarant's Class B voting rights exist, Declarant shall have the right to designate and select a two-thirds majority of the Board. Declarant may surrender this right early by notice to the Board. Declarant shall be entitled to designate and select any person or persons to serve on the Board within the time period set forth herein. Declarant shall have the right to remove any person or persons selected by it to act and serve on the Board and to replace such person or persons with another person or other persons to act and serve in the place of any director so removed. Any director designated and selected by Declarant need not be an Owner. The Declarant or any representative of Declarant serving on the Board shall not be required to disqualify himself from any vote or upon entrance into any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest.

Section 5. Book of Regulations. The Association may establish reasonable rules and regulations concerning the use of Lots, Common Areas, Easements and facilities located thereon. Copies of the Book of Regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees and agents until and unless any such rules or regulations are specifically overruled, cancelled or modified by the Board of Directors of the Association or in a regular special meeting of the Association by

vote of the Owners. The Association shall have the power to suspend an Owner's right to vote in Association matters, suspend an Owner's right to use the common property other than the right of ingress and egress, and fine the violating Owner of any rule and regulation in a reasonable amount, which fines shall be collectible as Assessments. All rules and regulations promulgated by the Board shall be placed in the Association's Book of Regulations.

ARTICLE VI: ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment. Each Owner, for each Lot owned, hereby covenants and agrees, by acceptance of a deed therefor, whether or not expressed in any such deed or other covenant, is deemed to covenant and agrees to pay to the Association:

- (a) annual assessments or charges, as determined by the Board;
- (b) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided.

The annual and special assessments on a Lot together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest and costs, and reasonable attorney's fees incurred by the Association in collecting delinquent assessments shall also be the personal obligation of the person or entity who was the Owner of such Lot at the time when the assessment became due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors or assigns in title unless expressly assumed by them, notwithstanding that the lien for delinquent assessments shall continue to encumber the Lot.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the following purposes:

- (a) for the promotion of the recreation, health, safety, and welfare of the residents of The Islands of Beaufort;
- (b) for the payment of ad valorem taxes and public assessments levied on the Common Area owned by the Association;
- (c) for the maintenance and operation of water, sewer, and other utility systems, if the same are owned or being purchased by the Association, and for the maintenance of the private streets, roads, paths, and walks (and signage and lighting located thereon and adjacent thereto);

(d) for the general use, enjoyment, and maintenance of the Common Area, including but not limited to the cost of repairs and replacements of community buildings and active recreational facilities, and the cost of labor, materials, and equipment necessary for the proper use, enjoyment and maintenance of the Common Areas;

(e) for the acquisition, improvement and maintenance of the services and facilities devoted to the aforesaid purposes;

(f) for the procurement and maintenance of liability and hazard insurance in accordance with the Bylaws and the regulations of the Federal National Mortgage Association, such liability insurance to insure the Association in a minimum amount of \$1,000,00000 per occurrence; and

(g) for the employment of professionals, such as accountants and attorneys, to represent the Association when necessary.

Section 3. Annual Assessment. Until December 31, 2000, the annual assessment per Lot shall be determined from time to time by the Board of Directors in accordance with the following provisions:

(a) For the calendar year beginning January 1, 2001, the annual assessment may be increased by the Board over the previous year's annual assessment without the vote of the Members by a percentage which may not exceed the sum of five percent (5%) plus the percentage increase reflected in the U.S. City Average, Consumer Price Index-United States (published by the U.S. Bureau of Labor Statistics, Washington, D.C.), or such index as may succeed the Consumer Price Index, for the twelve month period ending the immediately preceding July 1.

(b) For the calendar year beginning January 1, 2001, the annual assessment may be increased more than Section 3(a) above only by the assent of a majority of the Class A and Class B votes of all of the Members who are voting in person or by proxy at a meeting called for such purpose. Written notice of the meeting shall be given to all Members not less than ten (10) days in advance of the meeting.

Section 4. Special Assessment for Repairs. In the event any portion of any Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents, or family members, such Owner hereby authorizes the Association to repair such damaged area in a good and workmanlike manner. The amount necessary for such repairs, labor and materials, shall become a special assessment upon the Lot of such Owner.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy one or more special assessments applicable to that year only for the purpose of defraying the costs of construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the Common Area, including the

necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the Class A and Class B votes of all of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days in advance of the meeting.

Section 6. Uniform Date of Assessment. Both annual and special assessments (with the exception of the special assessment authorized by Article VI, Section 4) must be fixed at a uniform rate for all Lots and may be collected on a monthly or quarterly basis in advance as the Board may determine.

Section 7. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to all Lots in a phase on the day that the first Lot in such phase is conveyed from the Declarant, with such annual assessment being prorated as necessary. Notwithstanding anything herein to the contrary, assessments for Lots owned by Declarant for which no certificate of occupancy has been issued shall be waived until December 31, 2005, and thereafter it shall be twenty-five percent (25%) of the annual assessment applicable to all other Lots. The Board 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 and appropriate penalties for late payment shall be established by the Board. The Association, upon demand at any time, shall furnish a certificate in writing setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment status. Notwithstanding the above, any Lot conveyed by the Declarant as a membership distribution to a person having an ownership interest in Declarant shall be exempt from annual assessments until a certificate of occupancy is issued for a Dwelling Unit upon such Lot, or until the Lot is conveyed by such owner to a third party, whichever occurs first.

Section 8. Remedies for Non-Payment of Assessments. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within sixty (60) days after the due date, the assessment shall bear interest from the date of delinquency at a rate not to exceed eighteen percent (18%) per annum. The Board may, in its sole discretion, waive the imposition of interest as to any delinquent assessment. The Association may bring an action at law or equity against the Owner personally obligated to pay any assessments and interest or foreclose the lien created herein in the same manner as prescribed by the laws of the State of South Carolina for the foreclosure of liens and mortgages. Costs and reasonable attorney's fees (as set forth in Article VI, Section 1) of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by the nonuse of the Common Area or abandonment of his Dwelling Unit or Lot.

In the event of such action at law or equity and in the further event that such action results in a judgment being entered against the Owner and in favor of the Association, then the Association shall be further empowered to execute on that judgment in such manner and to the extent provided and permitted by the laws of the State of South Carolina.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any mortgage representing a first lien on such Lot in favor of any bank, savings and loan association, insurance company or similar financial institution for the financing of construction or acquisition of Improvements upon such Lot or for the refinancing of such Improvements now or hereafter placed upon any Lot, provided that such first mortgage or was recorded before the delinquent assessment was due. Sale or transfer of any Dwelling Unit or Lot shall not affect the assessment lien, provided, however, that the sale or transfer of any Lot pursuant to a decree of foreclosure on a or mortgage thereon or any proceeding in lieu of foreclosure 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 Dwelling Unit or Lot from liability or liens arising from assessments thereafter becoming due.

Section 10. Exempt Property. Any portion of The Islands of Beaufort dedicated to, and accepted by, a local public authority shall be exempt from the assessments created herein; provided, however no land or improvements restricted to Dwelling Unit use shall be exempt from such assessments.

Section 11. Annual Budget. By a majority vote of the directors, the Board shall adopt an annual budget for the subsequent year of operation, which shall provide for allocation of expenses in such a manner that the obligations imposed by the Declaration and any and all amendments hereto shall be met. The annual assessment levied against the Lots may include a sufficient amount allocated to a reserve fund for the replacement of Improvements on the Common Area.

Section 12. Omission of Assessments. The omission by the Board, before the expiration of any year, to fix the assessments hereunder for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

ARTICLE VII: EASEMENTS

Section 1. Walks, Drives, Parking Areas, Utilities, Etc. The Islands of Beaufort, including the areas within ten (10) feet of a front Lot line and eight (8) feet within all side and rear Lot lines and all Common Areas, shall be subject to such easements for (i) driveways, (ii) sidewalks and walkways, (iii) parking areas, (iv) water lines, (v) sanitary sewers, (vi) storm drainage facilities, (vii) gas, telephone, cable television, fiber optics, information cables, and electric power lines, (viii) other utilities, (ix) ingress, egress and access, and (x) otherwise as shall be established by the Declarant or by its predecessor in title, prior to the conveyance of the property designated to be the Common Area to the Association or to an Owner, and the Association shall have the power and authority to grant and establish further easements upon, over, under and across the Common Area owned by it for the purposes set forth above.

Section 2. Encroachments and Declarant's Easement to Correct Drainage. All Dwelling Units or Lots and the Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, steps and walls. If an encroachment is created as a result of settling or shifting of any building or as a result of any permissible repair, construction, reconstruction, or alteration, there is hereby created and shall be and remain a valid easement for such encroachment for the maintenance of the same. For a period of twenty-five (25) years from the date of conveyance of the first Lot in a phase, the Declarant reserves a blanket easement and right on, over and under the ground within that phase to maintain and to correct drainage or surface water in order to maintain reasonable standards of health, safety and appearance, expressly including the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary. After such action has been completed, the Declarant shall restore the affected property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected Owners. These rights and reservations are assignable by the Declarant. Nothing in this section shall be deemed to impose an obligation upon Declarant to maintain and correct drainage and surface water conditions.

Section 3. Common Areas. Common Areas may be created by the Declarant by depicting the same on a plat recorded with the Beaufort County register of deeds to serve the needs of all the Lots in The Islands of Beaufort. Common Areas, whether title to such property is held by the Association or the Declarant, shall be subject to an easement in favor of every Lot and shall be deemed appurtenant to each Lot whereby the Owner of such Lot shall be entitled to use them as such other uses as shall have been designated.

Section 4. Easement to City of Beaufort and Beaufort County. A perpetual easement is hereby established for municipal, state or public or private utilities serving the area, their agents and employees over all Common Area hereby or hereafter established for school bus service; postal and private mail delivery; garbage collection; setting, removing, and reading utility meters; maintaining and replacing utility or drainage connections; and acting with other Purposes consistent with the public safety and welfare, including, without limitation, police and fire protection.

Section 5. Easement for Drainage of The Islands of Beaufort. Floodway levels on The Islands of Beaufort are based on the current topography of The Islands of Beaufort, as changed by Declarant's Improvements. The Owners and the Association shall have a perpetual, nonexclusive easement to drain storm waters on The Islands of Beaufort to the lakes, ponds and other storm control or water impoundment structures located on The Islands of Beaufort.

**ARTICLE VIII: ANNEXATION OF ADDITIONAL PROPERTIES;
DECLARANT'S RESERVED RIGHTS**

Section 1. Annexation by Members. Except as provided in Section 2 of this Article, additional lands may be added and annexed to The Islands of Beaufort only if two-thirds (2/3) of all the votes entitled to be cast by Members are cast in favor of annexation. A meeting shall be duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days in advance of the meeting.

For the purpose of such meeting, the presence of Members or authorizing proxies entitled to cast sixty (60%) percent of the votes, in the aggregate of the Members, shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called within sixty (60) days thereafter subject to the notice Requirement set forth above, and the required quorum of such subsequent meeting shall be one-half (1/2%) of the required quorum of the preceding meeting.

If a quorum is present and a majority of the votes are cast in favor of the annexation, but the majority is less than the two-thirds (2/3) majority required for approval of the annexation, and it appears that the required two-thirds (2/3) may be achieved if the Members not present or voting by proxy assent to the annexation, then and in that event, the Members not present or voting by proxy may assent to or dissent from the proposed annexation in writing within one hundred twenty (120) days following the date of the meeting at which they are entitled to vote either in favor of or against the annexation. If the number of votes cast at the meeting in favor of the annexation, together with the votes deemed to have been cast by the Members assenting to the annexation, shall constitute the required two-thirds (2/3) majority of all votes entitled to be cast, the annexation shall stand approved.

Section 2. Annexation by Declarant. The Declarant may annex additional lands to The Islands of Beaufort in the following manner:

(a) If, on or before December 31, 2005, the Declarant should develop, from time to time, an additional tract or additional tracts of land consisting of any property contiguous, or separated by no more than one thousand (1,000) yards of marsh and/or waterways, to the property described in Exhibit "A" attached hereto, such additional lands may be annexed to The Islands of Beaufort without the assent of the Members; provided, however, that the annexation of such additional lands referred to in this Subsection shall not collectively exceed four hundred (400) Lots.

(b) The Declarant may annex to The Islands of Beaufort the additional land described in Subsection (a) by recording with the Beaufort County Register's Office a Supplemental Declaration, duly executed by Declarant, describing the lands annexed and incorporating the provisions of this Declaration. The additional land may be deemed annexed to The

Islands of Beaufort on the date of recordation of the Supplemental Declaration, and no other action or consent shall be necessary.

(c) Subsequent to recordation of the Supplemental Declaration by the Declarant, the Declarant shall deliver to the Association one or more deeds conveying any property that will be designated as Common Area (and which is not to be a part of a Lot) within the lands annexed as such designated property is developed. Such Common Area shall be conveyed to the Association in the same manner as set forth in Article 11, Section 8 of this Declaration.

Section 3. Reserved Declarant Rights. As long as Declarant's membership exists, the Declarant reserves the following development rights: (i) to add real estate to the Property in accordance with Article VIII, Section 2 of this Declaration; (ii) to create Dwelling Units; (iii) to add Common Areas; (iv) to modify or change Dwelling Unit types; (v) to reallocate Dwelling Units or Lots within the property described on Exhibit "A" attached hereto; and (vi) to withdraw real estate from the property described on Exhibit "A" attached hereto.

ARTICLE IX: AMENDMENT OF DECLARATION

Section 1. Amendment by Owners. The covenants, conditions and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. The covenants, conditions and restrictions of the Declaration may be amended during the first thirty (30) year period or thereafter by an instrument signed by the Owners of not less than two-thirds (2/3) majority of the Lots, provided, however, that the Board may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction or amendment requested by the Federal National Mortgage Association, without action or consent of the Owners, and such amendment shall be certified as an official act of the Board and recorded in the Beaufort County Register's Office.

Section 2. Amendment to Achieve Tax-Exempt Status. The Declarant, for so long as it shall retain control of the Board, and thereafter, the Board, may amend this Declaration as shall be necessary, in its opinion, without the consent of any Owner, in order to qualify the Association or The Islands of Beaufort, or any portion thereof, for tax exempt status. Such amendment shall become effective upon the date of its recordation in the Beaufort County Register's Office.

Section 3. Certification and Recordation of Amendment. Any instrument amending this Declaration (other than an amendment by the Board to correct an error or inconsistency in drafting, typing, or reproduction or an amendment by Declarant pursuant to Article IX, Section 2) shall be delivered, following approval by the Owners, to the Board. Thereupon, the Board shall, within thirty

(30) days after delivery, assure itself that the amendment has been duly approved by the Owners as provided in Section 3 of this Article.

Within said thirty (30) day period, the Board shall record the amendment in the Beaufort County Register of Deeds Office.

Section 4. Effect and Validity of Amendment. All amendments shall be effective from the date of proper recordation in the Beaufort County Register of Deeds Office. When any instrument purporting to amend this Declaration has been certified by the Board and recorded as provided in this Article, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the Owners.

ARTICLE X: GENERAL PROVISIONS

Section 1. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the votes eligible to be cast by the Owners, including the Declarant. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration including, without limitation, the foreclosure of liens, (b) the imposition and collection of assessments as provided herein, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. In the event any claim is made against Declarant or any litigation is instituted against the Declarant, then the Association shall assess all Owners, other than the Declarant, for the cost of such claim or litigation, including, without limitation, attorney's fees incurred, and funds from regular Association assessments shall not be used for any such claim or litigation.

Section 2. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter except as provided in Article IV, Section 5.

Section 3. Rights of Eligible Mortgagees:

(a) Any decision to terminate the Association for reasons other than substantial destruction or condemnation of The Islands of Beaufort shall require the prior written consent of Eligible Mortgagees representing at least sixty-seven percent (67%) of the votes allocated to Lots subject to Mortgages held by Eligible Mortgagees. Except for any amendment to the Declaration made for the purpose of annexing property pursuant to Article VIII, Section 2, any amendment to the Declaration which changes any of the following shall require the prior written consent of Eligible Mortgagees representing at least fifty-one percent (51 %) of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees:

- (i) voting rights;
- (ii) assessments, assessment liens or subordination of such liens;
- (iii) reserves for maintenance, repair and replacement of Common Area maintained by the Association;
- (iv) insurance or fidelity bonds;
- (v) expansion or contraction of The Islands of Beaufort, or the addition, annexation or withdrawal of land to or from The Islands of Beaufort, other than by virtue of Declarant's rights under Article VIII, Section 2;
- (vi) responsibility for maintenance and repairs;
- (vii) reallocation of interests in the Common Area, or rights to their use,
- (viii) convertibility of Lots into Common Area;
- (ix) imposition of any restriction on an Owner's right to shall or transfer his Lot;
- (x) restoration or repair of the Common Area (after damage insured by the hazard insurance or after partial condemnation) in a manner other than that specified in this Declaration or Bylaws;
- (xi) any action to terminate the legal status of the Association after substantial destruction or condemnation of The Islands of Beaufort occurs; or
- (xii) any provisions that expressly benefit the Eligible Mortgagees.

(b) An Eligible Mortgagee is entitled to receive timely written notice of the following:

- (i) any condemnation or casualty loss that affects either a material portion of The Islands of Beaufort or the Lot securing its Mortgage;
- (ii) any 60-day delinquency in the payment of assessments or charges owned by the Owner on which the Eligible Mortgagee holds a Mortgage;
- (iii) a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (iv) any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.

(c) An Eligible Mortgagee shall be deemed to have given its Implied approval when such Eligible Mortgagee fails to submit a response to any written proposal for an amendment to the Declaration within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by registered or certified mail, return receipt requested.

Section 4. Exchange of Common Areas. Notwithstanding any provision herein to the contrary, it is expressly provided that the Association may convey to the Declarant, as well as any other Member, for fair market value (in cash or property) any portion of the Common Area

previously conveyed to the Association. Upon such conveyance, the area conveyed may at the option of the board cease to be Common Area and may at the option of the Board cease to be subject to the provisions of these covenants relating to the Common Area.

Section 5. Conflicts. In the event of any irreconcilable conflict between the Declaration and the Bylaws of the Association, the provisions of this Declaration shall control. In the event of an irreconcilable conflict between this Declaration and the Articles of Incorporation, the provisions of the Declaration shall control.

Section 6. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect. If any provisions of this Declaration would violate the rule against perpetuities or any other limitation on the duration of the provisions contained herein and imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law or until twenty-one (21) years after the death of the last survivor of the now living descendants of South Carolina U.S. Senator Strom Thurmond.

Section 7. Professional Management. the management and obligations of the Association may be delegated to a professional management organization in the discretion of the Board by a majority vote of same. Such professional management contract shall be reasonable as to compensation and termination. During such time that the Declarant controls the Board, all contracts with any professional management organization shall include a right of termination without cause upon ninety (90) days advance notice, without penalty for termination at any time after the transition of control of the Board.

ARTICLE XI: DISSOLUTION OR INSOLVENCY OF THE ISLANDS OF BEAUFORT HOMEOWNERS' ASSOCIATION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the Members. Upon dissolution of the Association, other than incident to merger or consolidation, the assets of the Association shall be dedicated to the Members or an appropriate non-profit agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and transferred any non-profit corporation, association, trust or other organization to be devoted non-profit purposes.

IN WITNESS WHEREOF, Beaufort Properties, LLC has caused this Declaration to be executed effective June 24, 1998.

WITNESSES:

[Signature]
[Signature]

BEAUFORT PROPERTIES, LLC, a
 South Carolina limited liability company

By: [Signature]
 PAUL M. DUNNAVANT, III
 Its Manager

STATE OF SOUTH CAROLINA)
)
 COUNTY OF Beaufort)

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that Beaufort Properties, LLC, a South Carolina limited liability company, by Paul M. Dunnavant, III, its duly authorized Manager, appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 24th day of June, 1998.

[Signature]
 Notary Public of South Carolina
 My Commission Expires: Nov. 2, 2002

WITNESSES:

[Signature]
Robert M. [Signature]

BEAUFORT PROPERTIES, LLC, a
South Carolina limited liability company

By: [Signature]
CHARLES E. AUSBURN,
Its: Manager

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that Beaufort Properties, LLC, a South Carolina limited liability company, by Charles E. Ausburn, its duly authorized Manager, appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 24th day of June, 1998.

[Signature]
Notary Public of South Carolina
My Commission Expires: Nov. 2, 2002

EXHIBIT "A"

ALL those certain pieces, parcels or lots of land situate, lying and being in Phase 1 of The Islands of Beaufort Subdivision, City of Beaufort, Beaufort County, South Carolina, more particularly described as Lots 1 through 31 as shown and depicted on the Plat entitled "Plat Showing the Subdivision of Tract "A" into Lots 1 Through 31, Retreat Islands Subdivision, Property of Beaufort Properties, L.L.C., Located City of Beaufort, Beaufort County, SC," said Plat being prepared by Davis & Floyd, Inc., Albert Heatley, Jr., S.C.R.L.S. #3973-B, said Plat being dated May 29, 1997, and recorded in the Beaufort County Register of Deeds Office, South Carolina in Plat Book 62 at Page 103. For a more detailed description as to the courses, metes and bounds of the above mentioned lots, reference is had to said plat of record.

-BUTS

FILED
JOHN A. SULLIVAN, JR.
R.M.C.
BEAUFORT COUNTY, S.C.

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Phase III
Supplement



THE ISLANDS OF BEAUFORT BEAUFORT, SOUTH CAROLINA

SUPPLEMENTAL DECLARATION OF COVENANTS AND RESTRICTIONS RUNNING WITH PHASE III OF THE ISLANDS OF BEAUFORT SUBDIVISION BEAUFORT, SOUTH CAROLINA

FILED
JOHN A. SULLIVAN, JR.
CLERK
COUNTY OF BEAUFORT, S.C.
JAN 27 1968
Pg
FOLDER #

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**SUPPLEMENTAL DECLARATION OF COVENANTS AND RESTRICTIONS
RUNNING WITH PHASE III OF
THE ISLANDS OF BEAUFORT SUBDIVISION,
BEAUFORT, SOUTH CAROLINA**

THIS SUPPLEMENTAL DECLARATION is made effective January _____, 2000, by **BEAUFORT PROPERTIES, LLC** ("Declarant"), a South Carolina limited liability company.

WITNESSETH:

WHEREAS, Declarant holds title in fee simple to the certain lands (hereinafter referred to as the "Phase III") described in Exhibit A attached to this Supplemental Declaration; and,

WHEREAS, Phase III is located within a residential subdivision in the City of Beaufort, South Carolina known as The Islands of Beaufort. The Islands of Beaufort are subject to certain restrictions, conditions, covenants, and easements all as contained in the "Declaration of Master Covenants, Conditions, and Restrictions" recorded June 30 1998 in the Beaufort County Register of Deeds Office, South Carolina, in Official Record Book 1060 at Pages 954 et seq., (the "General Covenants"); and,

WHEREAS, Phase III is planned for development by the Declarant for single-family residences and in light of the physical characteristics of Phase III and the desire for an integrated, uniform and harmonious common plan of development, Declarant finds that supplemental private controls over the use of Phase III, including the use of covenants, restrictions, easements, conditions, and equitable servitudes are the most effective means of preserving and enhancing the economic and other values pertaining to Phase III; and,

WHEREAS, Declarant hereby subjects Phase III to the following covenants, conditions, restrictions, easements, affirmative obligations, encumbrances, burdens, assessments, equitable servitudes, charges and liens (hereinafter referred to as "these Covenants" or "Phase III Covenants"), each and all of which is hereby declared to be for the benefit of Phase III and every owner of any and all parts thereof;

NOW, THEREFORE, Declarant hereby declares that Phase III shall be held, transferred, encumbered and used subject to the General Covenants and these Covenants. These Covenants and the General Covenants, their benefits and affirmative and negative burdens, whether pertaining to benefits and burdens presently existing or to be created in the future, do and shall touch and concern and run with the land and any estates in the land herein referred to as Phase III in equity and at law. These Covenants and the General Covenants are running covenants burdening and benefitting the parties to these Covenants, their successors, assigns and all persons now or hereafter

deriving an interest in Phase III not in conflict with these Covenants. Any rights and easements reserved by Declarant under these Covenants and the General Covenants shall also be reserved to the assigns and successors in interest of Declarant. In the event of any conflict between these Covenants and the General Covenants, the Phase III Covenants shall control.

ARTICLE I: DEFINITIONS

Section 1. Definitions. Certain terms throughout these Covenants are capitalized. Such terms shall be defined by the definitions contained in Article I of the General Covenants or the definitions included below. The following words and terms when used in these Covenants shall have the following meanings, and all other capitalized terms shall have the meanings defined in the General Covenants.

- (a) "General Covenants" shall mean and refer to the "Declaration of Master Covenants, Conditions and Restrictions" applicable to all property at The Islands of Beaufort, Beaufort, South Carolina, recorded June 30, 1998 in the Beaufort County Register of Deeds Office, South Carolina, in Official Record Book 1060 at Page 954, et seq.
- (b) "Phase III Covenants" or "these Covenants" shall mean and refer to the terms contained herein and adopted by Declarant for Phase III.
- (c) "Phase III" shall mean and refer to the lands described in Exhibit "A" to these Covenants.
- (d) "Phase III Owner" shall mean and refer to the fee owner of any real estate within Phase III as shown by the Beaufort County real estate records.

ARTICLE II: PROPERTY DESCRIPTION

Section 1. Phase III. Phase III, which is and shall be held, transferred and encumbered subject to these Covenants, contains those one hundred and thirty-eight (138) Lots numbered 1 through 112 and 1 through 26 consecutively and inclusive, being Phase III, The Islands of Beaufort more particularly described on Exhibit "A" to these Covenants.

ARTICLE III: COVENANTS APPLICABLE TO ALL OWNERS AND ALL LANDS WITHIN PHASE III

Section 1. Architectural and Design Review of Specifications for New Construction, Additions or Changes to Structures and Landscaping. Reference is made to Article IV of the General Covenants. Said Article is specifically cross-referenced herein and supplements by this Article relating to architectural approval. In case of any conflicts between these Covenants and the General Covenants, the provisions of these Covenants shall control. Accordingly, no structure or improvement, including landscaping, shall be commenced or erected on Phase III, or upon the exterior of any structure existing on Phase III, nor shall any building permit for such structure or improvement be applied for, nor shall any addition to any existing building or alteration or change thereon be made until all proposed building plans have been submitted to and approved by the Architectural Review Board.

Section 2. Approved Contractors. As long as Declarant has Class B votes, as set forth in Article V of the General Covenants, all homes constructed within the Islands of Beaufort shall be constructed by a general contractor licensed in South Carolina approved by the Architectural Committee. The Architectural Committee shall retain a list of approved general contractors experienced in constructing traditional homes which incorporate the architectural style within the Islands of Beaufort. Each Owner must submit the name of the approved contractor along with his or her plans for the Islands of Beaufort residence to the Architectural Committee for approval, as set forth in Article IV of the General Covenants. The use of a contractor not previously approved by the Architectural Committee shall be considered a breach of these Covenants, and shall subject the Owner to all enforcement provisions as set forth in the General Covenants.

Section 3. Minimum Square Footage. No Dwelling Unit shall be erected or permitted to remain in Phase III unless it has the number of square feet of enclosed living area, exclusive of open porches or screened porches, carports, garages or basements, set forth in this section. For the purposes of this section, stated square footage shall mean the minimum floor area required, and floor area shall mean the finished and heated living area contained within the residence, exclusive of open porches, garages, and steps. In houses which are known as "split-levels", for a level to qualify as a main living area, it must be exposed for full height on three sides. In the case of any question as to whether a sufficient number of square feet of enclosed living area have been provided, the decision of the Declarant or the Board shall be final. The minimum number of square feet required for any Phase III residence is as follows:

- (a) Residences on Lots 1 - 26, inclusive, on Sunset Court, Islands Lane, and the northernmost portion of Island Avenue north of the Wooden Causeway within the area known as Cotton Island shall contain a minimum of 1,800 square feet;

- (b) Residences on Lots 1 and 7 - 28, inclusive, on Battery Chase shall contain a minimum of 2,000 square feet for a two story residence and 1,800 square feet for a single story residence;
- (c) Residences on Lots 48 - 68, inclusive, on Palmetto Place shall contain a minimum of 2,000 square feet for a two story residence and 1,800 square feet for a single story residence;
- (d) All other Phase III residences shall contain a minimum of 2,000 total square feet.

NOTE: Garage square footage is not to be counted in satisfying the minimum square footage requirements.

Section 4. Restrictions of Use of Amenities. Declarant, its successors and assigns, shall have the power to place any reasonable restrictions upon the use of the amenity properties within Phase III. Such restrictions, rules or regulations may be posted along said amenity properties or may be set forth in deeds conveying the amenity properties to the Association. Such restrictions may include, but are not limited to, restrictions pertaining to the use of the improvements on said amenity properties.

ARTICLE IV: RIGHTS RESERVED BY DECLARANT ITS SUCCESSORS AND ASSIGNS

Section 1. Other Rights and Reservations. The omission of any right or reservation in this Article shall not limit any other right of, or reservation by, Declarant which is expressly stated in or implied from any other provision in these Covenants and the General Covenants.

Section 2. No Affirmative Obligation Unless Stated. Any reservation or right of Declarant which is stated in or implied from these Covenants shall not give rise to any affirmative obligation or duty on the part of Declarant unless expressly stated in these Covenants through use of the imperative "shall" in regard to the duty or obligation.

Section 3. Recording of Additional Restrictions on Land Use by Phase III Owner Thereof. No Phase III Owner may impose additional restrictive covenants on any lands within Phase III beyond those contained in these Covenants without consent of Declarant.

Section 4. Enforcement. Declarant shall have the right, but shall not be obligated, to compel compliance with, or to prevent the violation or breach of, the terms of these Covenants as fully set forth in the General Covenants.

Section 5. Limited Right to Amend Phase III Covenants. Declarant, its successors and assigns, reserves the limited right to amend these Covenants on its own motion from the date hereof until December 31, 2001. This limited right shall be for the purpose of making technical changes to eliminate or clarify conflicting or vague provisions, to make changes requested by a financial institution providing financing for the purposes of portions of Phase III or for the construction of improvements thereon, or to make changes requested by the land title insurance company in order that a clear title can be conveyed to any Phase III Owner and undesirable restraints on alienation be removed; provided, however, that said amendment shall not have an effect of modifying the assessments or obligations of Phase III Owner.

ARTICLE V: EFFECT OF COVENANTS AND ENFORCEMENT

Section 1. Effect of Provisions of These Covenants. Each Phase III Owner, guest, lessee and all others who take an interest in land or realty within Phase III do promise, covenant and undertake to comply with each provision of these Covenants; and, furthermore, any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of these Covenants:

- (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Phase III is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument;
- (b) shall, by virtue of acceptance of any right, title or interest in Phase III by a Phase III Owner, be deemed accepted, ratified, adopted and declared as a personal covenant of Phase III Owner and, as a personal covenant, shall be binding on such Phase III Owner and such Phase III Owner's respective heirs, personal representatives, successors and assigns and, as a personal covenant of Phase III Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant, its successors and assigns, and with the exception of assessments and other obligations owed by any Phase III Owner shall be deemed a personal covenant to, with and for the benefit of Declarant, and to, with and for the benefit of each Phase III Owner within Phase III;
- (c) shall be deemed a real covenant by Declarant for itself, its successors and assigns, and also an equitable servitude, running in each case, as both burdens and benefits with and upon the title to Phase III, and as a real covenant and also as an equitable servitude for the benefit of any real property now or hereafter owned by Declarant within Phase III, and for the benefit of any and all other real property within Phase III; and,

- (d) shall be deemed a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title to each parcel of real property within Phase III which lien, with respect to any respective unit of real property within Phase III, shall be deemed a lien in favor of Declarant or Association jointly and severally.

Section 2. Who May Enforce. The benefits and burdens of these Covenants run with the land at law and in equity and Declarant, its successors and assigns, the Association, or any Phase III Owner and his heirs, successors, representatives, administrators and assigns, shall have the right to proceed to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

Section 3. Against Whom May the Covenants be Enforced. The obligation and benefits prescribed by this Declaration shall run with Phase III and shall be enforceable against Declarant, its successors and assigns, against the Association, against any association of Phase III Owners subsequently created, and against any Phase III Owner, his heirs, successors, representatives, administrators and assigns, or other person whose activities bear a relation to Phase III, including lessees when the aforesaid persons or entities engage in activities (including omissions and failures to act) which constitute violations or attempts to violate, contravene or circumvent the covenants, burdens, obligations, easements, servitudes and restrictions set forth in these Covenants.

Section 4. Enforcement Remedies. In addition to the enforcement rights of Declarant, its successors and assigns, set forth above and in the event that any structure is erected, constructed, reconstructed, altered, repaired, converted, or maintained, or any structure or land use is in violation of these Covenants, Declarant or any Phase III Owner may institute appropriate legal proceedings or actions, at law or in equity: (i) to prevent such unlawful erection, construction, reconstructions, alteration, repair, conversion, maintenance or use; (ii) to restrain, correct, or abate such violation, or breach of these Covenants; (iii) to prevent the occupancy of said building, structure or land; (iv) to prevent any act, conduct, business, or uses which is in breach of these Covenants; or (v) to compel any affirmative act which pursuant to these Covenants "shall" be performed.

ARTICLE VI: INTERPRETATION AND CONSTRUCTION

Section 1. Severability. Should any covenant or restriction herein contained, or any Part, Article, Section, paragraph, sentence, clause, phrase or term in this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of the highest court or other tribunal which decides such matter and has jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby declared to be severable.

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

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

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

Section 5. Captions and Whereas Clauses. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of these Covenants. The "Whereas Clauses" are for general explanation only, and shall not be considered in determining the nature, scope, or extent of any land use restriction or restraint imposed on any land within Phase III pursuant to these Covenants.

Section 6. Successors and Assigns. Except as otherwise provided herein, these Covenants shall touch and concern the land and be binding upon and shall inure to the benefit of Declarant, each Phase III Owner and the respective personal representatives, successors and assigns of each. Declarant's powers and powers and duties regarding enforcement of these Covenants may be assigned by Declarant to the Association as its successor under these Covenants.

Section 7. No Implied Reciprocal Covenants. These Covenants shall apply to all lands and improvements within Phase III and no implied reciprocal covenants, easements or equity servitudes shall arise with respect to any lands owned, retained or managed by Declarant which are located outside said description of Cotton Island.

IN WITNESS WHEREOF, Beaufort Properties, LLC has caused these presents to be executed by their duly authorized officers this 21st day of January, 2000.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Patricia Bellinger Hood
Patricia M. Aubrey

BEAUFORT PROPERTIES, LLC
a South Carolina limited liability company

By: [Signature]
PAUL M. DUNNAVANT, III
Its: Manager

STATE OF SOUTH CAROLINA)
COUNTY OF Saluda)

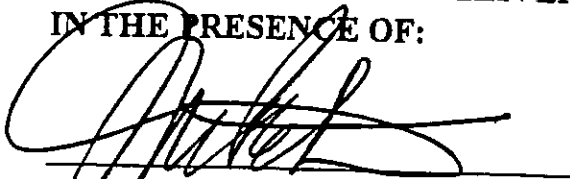
ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that Beaufort Properties, LLC, by Paul M. Dunnavant, III, its Manager, appeared before me this day and acknowledged the due execution of the foregoing instrument.

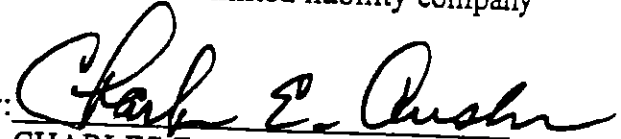
Witness my hand and official seal this 21st day of January, 2000.

Barbara J. Brunson
Notary Public of South Carolina
My Commission Expires: May 21, 2007

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:


Judy L. Reynolds

BEAUFORT PROPERTIES, LLC
a South Carolina limited liability company

By: 
CHARLES E. AUSBURN
Its: Manager

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that Beaufort Properties, LLC, by Charles E. Ausburn, its Manager, appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 21st day of January, 2000.

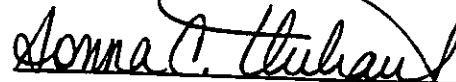

Notary Public of South Carolina
My Commission Expires: 9-11-2008

EXHIBIT "A"

ALL that certain parcel of real property with improvements containing 58.73 acres, more or less, 47.39 acres being on a Main island and 11.34 acres being on Phase III, comprising Phase 3, Islands of Beaufort subdivision, City of Beaufort, Beaufort County, South Carolina shown and depicted as Lot 1 through Lot 26 on Phase III and Lots 1 - 112 on Main Island along with all rights-of-ways, common areas, strips, gores, and parcels of land located therein shown on the plat entitled "Phase 3 Lot Layout for Phase III" prepared by J. S. Joshi, P.L.S. #14811 of Jordan, Jones, & Goulding, Inc. recorded in the Beaufort County Register of Deeds Office on January 4, 2000 in Plat Book 72 at Page 70. For a more particular reference as to the courses, metes, bounds and distances of Phase III, refer to the above plat of record.

Summary



SUMMARY OF THE ISLANDS OF BEAUFORT COVENANTS

This is a summary of The Islands of Beaufort Covenants. This summary is for reference only. For more complete information regarding the terms and conditions of the Covenants, refer to the Covenants. In case of any conflict between this summary and the Covenants, the terms and conditions of the Covenants shall apply.

ARTICLE I: Definitions: This article contains the definitions of all capitalized terms within the Covenants.

ARTICLE II: Common Area Ownership and Maintenance: This article gives each owner within The Islands the right to access and use all common areas. These rights may be used by an owner's family, tenants or guests. All common areas are governed by the Covenants and The Islands of Beaufort Subdivision Association, Inc.'s Book of Regulations, as may be amended from time to time by the Association's board of directors. Any owner not paying Association assessments, or not following the Association's regulations, may have their common area rights suspended, along with their Association voting rights. Common areas in a particular phase of The Islands will be deeded to the Association within two years from the date the first lot in that particular phase is sold.

ARTICLE III: Restrictions: All The Islands of Beaufort lots are restricted to single family residential use. With special consent, detached garages and guest quarters may be permitted. No commercial activity is to be conducted on the property, nor can commercial vehicles or tractor trucks be parked continuously in driveways.

The minimum required square footage for The Islands homes on interior lots is 2,000 square feet with the exception of some Phase 3 lots which have a minimum square footage of 1,800 square feet. Residences constructed on marsh front lots have a minimum required square footage of 2,500 square feet, with the exception of some Phase 3 lots which have a minimum required square footage of 2,000 square feet. All homes must be set back a minimum of 25 feet from the front lot line and 10 feet from any side lot line. Rear setbacks are 15 feet.

The maintenance of sidewalks within The Islands are to be the responsibility of the Association. Homes are to be completed within 12 months from the date of the pouring of the foundation. Professional landscaping is required with the construction of a home, and all lots, whether improved or unimproved, must be landscaped and maintained appropriately. Fuel tanks and garbage cans must be kept within a screened area.

Subdivided lots may be purchased and combined for the construction of one residence. However, the assessments for the combined lots will continue to be based on the original number of lots purchased. Temporary structures such as trailers and tents are not allowed to be used within The Islands for living quarters.

No signs are permitted within The Islands without the Developer's permission. Owners may keep up to four household pets on their property. All pets should be

leashed. The Developer or the Association may enter unimproved lots to clear, mow, or remove trash, in necessary, and charge the owner for the costs of that maintenance.

No antennas or satellite dishes greater than one meter in diameter are allowed on the exterior of any home within The Islands. All owners have an affirmative duty to rebuild, repair or clear landscaping or debris following heavy storms, fires, or similar casualties. Cars shall only be parked in the garage or driveway. No street parking is allowed. Trailers, campers and boats must be stored within a garage.

The restrictions may be enforced by the Developer, the Association, or individual owners. Owners who violate the Covenants may be liable for the attorney's fees and court costs incurred in enforcing the Covenants.

ARTICLE IV: Architectural Control: All improvements whatsoever must be approved by the Architectural Committee prior to construction. The Developer initially appoints all members of the Architectural Committee. All plans and specifications for any home within The Islands must be submitted for prior approval to the Architectural Committee. The Architectural Committee may require a reasonable deposit to insure that the improvements are completed as planned. The Architectural Committee may publish Architectural Standards Bulletins for guidance. If the Architectural Committee fails to approve or disapprove of an owner's plans within 45 days after submission, the plans will have been deemed to have been approved.

ARTICLE V: Association Membership: Each owner of a lot in The Islands is a member of the Association. Ownership of a lot entitles the owner or owners of that lot to one vote in the Association. The Developer is entitled to a vote for each lot which it owns, plus votes equal to the total number of lots in The Islands plus one. The Developer reserves the right to designate two-thirds of the board of directors of the Association until all Developer lots are sold.

ARTICLE VI: Assessments: Each Owner is responsible for paying annual assessments and, if determined by the board, special assessments for The Islands capital improvements. Each assessment shall be a continuing lien upon the owner's lot until paid. The purpose of assessments is to provide for the maintenance and operation of the Common Areas and utility infrastructure within The Islands. Assessments are also used to pay insurance premiums, real property taxes, and charges incurred by the Association's operations. Initial annual assessments will be set by the Developer until 2001. The annual assessment may be automatically increased by 5% plus the CPI percentage increase for the preceding year by the board without the vote of the members. Alternatively, the annual assessment may be increased in a greater amount following approval by two-thirds (2/3) of the votes of all members.

Delinquent assessments bear interest at a rate of eighteen percent (18%) annually. In the event delinquent assessments are not paid, the Association may foreclose the assessment lien and/or obtain a judgment against the owner.

ARTICLE VII: Easements: The front 10 feet and the side and back 8 feet of all lots have easements reserved for utilities. Additionally, the Developer and the Association have

continuing easements throughout the Common Areas for utility infrastructure and drainage easements. For a period of twenty-five (25) years following the date of the first conveyance of a lot in a particular phase, the Developer reserves a blanket easement through all lots to correct drainage as may be reasonably necessary from time to time.

ARTICLE VIII: Additional Properties: Additional property may be added to The Islands by the Developer until 2005 so long as the annexation of additional property does not add more than 400 dwelling units to The Islands. The owners may annex additional property by two-thirds (2/3) vote.

ARTICLE IX: Amendment of Covenants: Thirty years from the date of the recording of the Covenants, the Covenants may be amended by a vote of two-thirds (2/3) of the owners. If the Federal National Mortgage Association requests an amendment, the Developer or board may make such an amendment without the owners' consent. Upon the vote of the members, all amendments to the Covenants shall be certified by the Association and shall be recorded in the Beaufort County RMC Office.

ARTICLE X: General Provisions: This article protects the rights of mortgage lenders to insure that owners may obtain mortgage loans.

ARTICLE XI: Dissolution of the Association: This article dictates the distribution of the assets of the Association in the event the Association is dissolved.

*Deer Island
Supplement*

**THE ISLANDS OF BEAUFORT
BEAUFORT, SOUTH CAROLINA**

**SUPPLEMENTAL DECLARATION
OF
COVENANTS AND RESTRICTIONS
RUNNING WITH DEER ISLAND
THE ISLANDS OF BEAUFORT SUBDIVISION
BEAUFORT, SOUTH CAROLINA**

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**SUPPLEMENTAL DECLARATION OF COVENANTS AND RESTRICTIONS
RUNNING WITH DEER ISLAND, THE ISLANDS OF BEAUFORT SUBDIVISION,
BEAUFORT, SOUTH CAROLINA**

THIS SUPPLEMENTAL DECLARATION is made effective the 24th day of June, 1998, by **BEAUFORT PROPERTIES, LLC** ("Declarant"), a South Carolina limited liability company.

WITNESSETH:

WHEREAS, Declarant holds title in fee simple to the certain lands (hereinafter referred to as the "Deer Island") described in Exhibit A attached to this Supplemental Declaration; and,

WHEREAS, Deer Island is located within a residential subdivision in the City of Beaufort, South Carolina known as The Islands of Beaufort. The Islands of Beaufort are subject to certain restrictions, conditions, covenants, and easements all as contained in the "Declaration of Master Covenants, Conditions, and Restrictions" recorded June 30, 1998 in the Beaufort County Register of Deeds Office, South Carolina, in Official Record Book 1060 at Pages 954 et seq., (the "General Covenants"); and,

WHEREAS, the General Covenants are applicable to all property within The Islands of Beaufort, Beaufort, South Carolina, including Deer Island; and

WHEREAS, Deer Island is planned for development by the Declarant for single-family residences and in light of the physical characteristics of Deer Island and the desire for an integrated, uniform and harmonious common plan of development, Declarant finds that supplemental private controls over the use of Deer Island, including the use of covenants, restrictions, easements, conditions, and equitable servitudes are the most effective means of preserving and enhancing the economic and other values pertaining to Deer Island; and,

WHEREAS, Declarant hereby subjects Deer Island to the following covenants, conditions, restrictions, easements, affirmative obligations, encumbrances, burdens, assessments, equitable servitudes, charges and liens (hereinafter referred to as "these Covenants" or "Deer Island Covenants"), each and all of which is hereby declared to be for the benefit of Deer Island and every owner of any and all parts thereof;

NOW, THEREFORE, Declarant hereby declares that Deer Island shall be held, transferred, encumbered and used subject to the General Covenants and these Covenants. These Covenants and the General Covenants, their benefits and affirmative and negative burdens, whether pertaining to benefits and burdens presently existing or to be created in the future, do and shall touch and concern and run with the land and any estates in the land herein referred to as Deer Island in

equity and at law. These Covenants and the General Covenants are running covenants burdening and benefitting the parties to these Covenants, their successors, assigns and all persons now or hereafter deriving an interest in Deer Island not in conflict with these Covenants. Any rights and easements reserved by Declarant under these Covenants and the General Covenants shall also be reserved to the assigns and successors in interest of Declarant. In the event of any conflict between these Covenants and the General Covenants, the Deer Island Covenants shall control.

ARTICLE I: DEFINITIONS

Section 1. Definitions. Certain terms throughout these Covenants are capitalized. Such terms shall be defined by the definitions contained in Article I of the General Covenants or the definitions included below. The following words and terms when used in these Covenants shall have the following meanings, and all other capitalized terms shall have the meanings defined in the General Covenants.

(a) "General Covenants" shall mean and refer to the "Declaration of Master Covenants, Conditions and Restrictions" applicable to all property at The Islands of Beaufort, Beaufort, South Carolina, recorded June 30, 1998 in the Beaufort County Register of Deeds Office, South Carolina, in Official Record Book 1060 at Page 954, et seq.

(b) "Limited Common Area" shall mean and refer to the Deer Island Causeway and Anchorage Way and other areas more particularly described in Article V, and any recreational facilities or open areas within Deer Island which Declarant has designated as such on a recorded plat of Deer Island. All Limited Common Areas within Deer Island shall be restricted only to Deer Island Owners, their guests and invitees. No other Owners or Members may access or use the Limited Common Areas within Deer Island without permission of a Deer Island Owner.

(c) "Deer Island Covenants" or "these Covenants" shall mean and refer to Deer Island Covenants contained herein and adopted by Declarant for Deer Island, set forth in this Declaration.

(d) "Deer Island" shall mean and refer to the lands described in Exhibit "A" to these Covenants.

(e) "Deer Island Owner" shall mean and refer to the fee owner of any real estate within Deer Island as shown by the Beaufort County real estate records.

ARTICLE II: PROPERTY DESCRIPTION

Section 1. Existing Deer Island. Deer Island, which is and shall be held, transferred and encumbered subject to these Covenants, contains those twenty-nine (29) Lots

numbered 1 through 29 consecutively, being Phase II, The Islands of Beaufort more particularly described on Exhibit "A" to these Covenants. The Declarant, its successors and assigns, shall have the right, without consent of the Association, to bring within the plan and operation of these Deer Island Covenants, additional properties in future phases of The Islands of Beaufort property. The additions authorized under this section shall be made by either deeding such additional property subject to these Covenants by specific reference in individual deeds or by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of these Covenants to such additional property.

ARTICLE III: COVENANTS APPLICABLE TO ALL OWNERS AND ALL LANDS WITHIN DEER ISLAND

Section 1. Architectural and Design Review of Specifications for New Construction, Additions or Changes to Structures and Landscaping. Reference is made to Article IV of the General Covenants. Said Article is specifically cross-referenced herein and supplements by this Article relating to architectural approval. In case of any conflicts between these Covenants and the General Covenants, the provisions of these Covenants shall control. Accordingly, no structure or improvement, including landscaping, shall be commenced or erected on Deer Island, or upon the exterior of any structure existing on Deer Island, nor shall any building permit for such structure or improvement be applied for, nor shall any addition to any existing building or alteration or change thereon be made until all proposed building plans have been submitted to and approved by the Architectural Review Board.

Section 2. Setbacks. No building shall be located on any Lot nearer than twenty-five (25) feet to the front Lot line, or nearer than ten (10) feet to any side Lot line, or nearer than fifteen (15) feet to any rear Lot line. For the purposes of this Covenant, steps and open porches shall not be considered as a part of a building providing, however, this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot. No provision of this paragraph shall be construed to permit any structure to be constructed or erected upon any Lot that does not conform to the City of Beaufort zoning laws or other governmental laws and regulations applicable thereto.

Section 3. Minimum Square Footage. No Dwelling Unit shall be erected or permitted to remain in Deer Island unless it has the number of square feet of enclosed living area, exclusive of open porches or screened porches, carports, garages or basements, set forth in this section. For the purposes of this section, stated square footage shall mean the minimum floor area required, and floor area shall mean the finished and heated living area contained within the residence, exclusive of open porches, garages, and steps. In houses which are known as "split-levels", for a level to qualify as a main living area, it must be exposed for full height on three sides. In the case of any question as to whether a sufficient number of square feet of enclosed living area have been provided, the decision of the Declarant or the Board shall be final. The minimum number of square feet required for any Deer Island residence is 2,000 square feet on the first floor

of such residence and 2,750 total square feet. Garage square footage is not to be counted in satisfying the minimum square footage requirements.

Section 4. Restrictions of Use of Roadways. Declarant, its successors and assigns, shall have the power to place any reasonable restrictions upon the use of the private roadways within Deer Island and the Deer Island Causeway. Such restrictions may be posted along said bridge and roadways and may include, but are not limited to, restrictions pertaining to the use of said bridge and roadways, speeds of vehicles, and the installation of security gates. The fact that such restrictions on the use of the roads shall be more restrictive than the laws of any state or local government having jurisdiction over Deer Island shall not make such restrictions unreasonable.

ARTICLE IV: RIGHTS RESERVED BY DECLARANT ITS SUCCESSORS AND ASSIGNS

Section 1. Other Rights and Reservations. The omission of any right or reservation in this Article shall not limit any other right of, or reservation by, Declarant which is expressly stated in or implied from any other provision in these Covenants and the General Covenants.

Section 2. No Affirmative Obligation Unless Stated. Any reservation or right of Declarant which is stated in or implied from these Covenants shall not give rise to any affirmative obligation or duty on the part of Declarant unless expressly stated in these Covenants through use of the imperative "shall" in regard to the duty or obligation.

Section 3. Recording of Additional Restrictions on Land Use by Deer Island Owner Thereof. No Deer Island Owner may impose additional restrictive covenants on any lands within Deer Island beyond those contained in these Covenants without consent of Declarant.

Section 4. Enforcement. Declarant shall have the right, but shall not be obligated, to compel compliance with, or to prevent the violation or breach of, the terms of these Covenants as fully set forth in the General Covenants.

Section 5. Limited Right to Amend Deer Island Covenants. Declarant, its successors and assigns, reserves the limited right to amend these Covenants on its own motion from the date hereof until December 31, 2001. This limited right shall be for the purpose of making technical changes to eliminate or clarify conflicting or vague provisions, to make changes requested by a financial institution providing financing for the purposes of portions of Deer Island or for the construction of improvements thereon, or to make changes requested by the land title insurance company in order that a clear title can be conveyed to any Deer Island Owner and undesirable restraints on alienation be removed; provided, however, that said amendment shall not have an effect of modifying the assessments or obligations of Deer Island Owner.

ARTICLE V: DEER ISLAND CAUSEWAY

Section 1. Deer Island Causeway. Declarant will construct as part of Deer Island a gate, associated landscaping, and a bridge leading from The Islands of Beaufort to Deer Island, said gate and bridge shown as "Deer Island Causeway 50' R/W" on the plat referenced on Exhibit "A". Declarant reserves the right, but not the obligation, for itself, its successors and assigns, to include or construct other common facilities within Deer Island which shall be governed by the provisions of these Covenants and the General Covenants.

Section 2. Exclusive Use. The Deer Island Causeway and Anchorage Way is intended for the sole use and enjoyment of Deer Island Owners, their guests and invitees. Declarant, or the Association, may establish a method of identification so as to restrict access to only Deer Island Owners and their guests and invitees, as well as Declarant, its successors and assigns.

Section 3. Right to Convey. Notwithstanding the foregoing, Declarant shall have the right to convey the Deer Island Causeway or any other common area within Deer Island as a Limited Common Area to the Association. Notwithstanding any such conveyance, however, the use of the Deer Island Causeway shall remain limited only to Deer Island Owners. This use restriction shall remain in full force and effect, and the Association shall be obligated, by acceptance of the conveyance, to continue to maintain and enforce this exclusive use provision notwithstanding anything contained in the General Covenants. All property conveyed to the Association, including the bridge and gate within the Deer Island Causeway, shall be conveyed "AS IS" without recourse to the Declarant. The Declarant disclaims and makes no representations or warranties, express or implied, including without limitation warranties or fitness for ordinary or for any particular purpose, regarding the condition, construction, design, accuracy or completeness of any improvements whatsoever in the Limited Common Areas. No claim shall be made by the Association or any Owners against the Declarant relating to the condition, construction, accuracy or completeness of any improvements conveyed to the Association, nor for incidental or consequential damages arising therefrom.

Section 4. Maintenance. The Deer Island Assessment shall be allocated to the operation and ongoing maintenance of the Deer Island Causeway, Anchorage Way, and any other Limited Common Areas within Deer Island.

ARTICLE VI: COVENANTS FOR DEER ISLAND MAINTENANCE ASSESSMENTS

The assessments set forth under the General Covenants are applicable to Deer Island. In addition to said assessments, however, there are Deer Island Assessments as described in this Article VI. Declarant will be authorized to establish the initial Deer Island Assessments and will

turn over the responsibilities for the establishment, collection and enforcement of Deer Island Assessments to the Association.

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Deer Island Owner, other than the Declarant, hereby covenants, and by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance including any purchaser at a judicial sale, shall hereafter be deemed to covenant and agree to pay to the Association any annual assessments or charges, any special assessments for capital improvements or major repair against such Lot, and Deer Island Special Assessments, as set forth in the Deer Island Covenants. All such assessments shall be fixed, established and collected from time to time as provided in the General Covenants. All such assessments shall be a charge and continuing lien upon on Lots as set forth in the General Covenants. No Deer Island Owner may avoid liability for the assessments by waiver of rights to use, or by non-use of, Deer Island or by abandonment of any Lot.

Section 2. Purpose of Deer Island Assessments. The annual and special Deer Island Assessments levied by the Association shall be used exclusively for the purpose of the maintenance and upkeep of the Deer Island Causeway, the drainage easements, Anchorage Way, and retention ponds shown on the Deer Island plat of records, and the cost of insurance, labor, equipment, materials, management and administration, maintenance and supervision thereof, as well as for such other purposes as are permissible activities of, and are undertaken by the Association on behalf of Deer Island.

Section 3. Annual Deer Island Assessment. The Declarant shall fix the annual Deer Island Assessments until December 31, 2000 in accordance with the provisions of this Article VI to meet the projected financial needs of Deer Island, and its decision as to the amount of the annual Deer Island Assessment shall be dispositive. Thereafter, the Association shall fix the Deer Island Assessments. The annual Deer Island Assessment fixed by the Association for any year shall not exceed the annual Deer Island Assessment for the previous year by more than fifteen (15%) percent unless approved by a vote of two-thirds (2/3) of the members of the Board of Directors of the Association and by a vote of two-thirds (2/3) of Deer Island Owners.

Section 4. Special Deer Island Assessment for Capital Improvements and Major Repairs. In addition to any annual Deer Island Assessments, the Association may levy in any assessment year a special Deer Island Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of a capital improvement including the necessary fixtures and personal property related thereto. All special Deer Island Assessments shall be approved by written consent of two-thirds (2/3) of Deer Island Owners.

Section 5. Negligence. Any Deer Island Owner shall be liable to the Association for the expense of any maintenance, repair or replacement of property rendered necessary by his act, neglect or carelessness or by that of his family or his guests, lessees, employees, agents, or other invitees. This expense shall become part of the assessment for such Lot. As such, it shall be a lien

upon such Lot and obligation of Deer Island Owner and shall become due and payable in all respects as provided hereunder.

Section 6. Duties of the Association in Fixing Deer Island Assessments. The Association shall fix the date of commencement and the amount of Deer Island Assessments against each Lot as required under the General Covenants.

Section 7. Effect of Non-Payment of Assessments: Lien, Personal Obligation, Remedies of Association. Nonpayment of any assessment under these Covenants or the General Covenants shall give rise to all remedies provided the Declarant or Association under the General Covenants. All assessments constitute a charge and continuing lien upon on Deer Island Lots as set forth in these Covenants. Remedies for nonpayment of assessments include the right, but not the obligation, of the Association to record the lien, including interest and collection charges, at the RMC Office for Beaufort County, South Carolina. The Association may also add penalty charges to unpaid liens and bring an action at law or equity against Deer Island Owner personally. There shall be added to the amount of such assessment penalties and charges for the costs of bringing such action including reasonable attorneys' fees. In the event that the Declarant or Association elects to accept a partial payment of unpaid and overdue Deer Island Assessments and The Islands of Beaufort Assessments, then such partial payment shall first be credited against the assessment longest overdue. If both assessments are equally overdue, then any such partial payment shall be credited on a proportional basis to insure that neither assessment is credited, or brought current, more than the other assessment. Subsequent payment shall be credited in the same manner until both assessment accounts are brought current simultaneously.

GENERAL PROVISIONS

ARTICLE VII: DURATION, OBLIGATION AND APPURTENANCY OF RIGHTS AND OBLIGATIONS CREATED HEREIN

Section 1. Duration. The covenants, restrictions and equitable servitudes of these Covenants and any Supplemental Declaration filed pursuant to the provisions of these Covenants, do touch and concern Deer Island, and shall run with and bind the land, and shall inure to the benefit of and be enforceable by and against Declarant, the Association, any Deer Island Owner, their respective legal representatives, heirs, successors and assigns, for a period running concurrently and simultaneously with the General Covenants.

Section 2. Deer Island Owner's Rights and Obligations Appurtenant. All rights, easements and obligations of a Deer Island Owner under these Covenants are hereby declared to be and shall be appurtenant to the title held by Deer Island Owner and may not be transferred, conveyed, devised, bequeathed, encumbered or otherwise disposed of separate or apart from the title held by Deer Island Owner. Every transfer, conveyance, grant, devise, bequest, encumbrance or other

disposition of the title held by a Deer Island Owner shall be deemed to constitute a conveyance, grant, devise, bequest, encumbrance, transfer or disposition of such rights and obligations.

Section 3. Amendment. The provisions of the Deer Island Covenants may not be amended unless approved by a vote of two-thirds (2/3) of the members of the Board of Directors of the Association and by a vote of two-thirds (2/3) of Deer Island Owners. Additionally, the Deer Island Covenants may not be amended without the Declarant's written consent so long as the Declarant owns one or more Lots within Deer Island.

ARTICLE VIII: EFFECT OF COVENANTS AND ENFORCEMENT

Section 1. Effect of Provisions of These Covenants. Each Deer Island Owner, guest, lessee and all others who take an interest in land or realty within Deer Island do promise, covenant and undertake to comply with each provision of these Covenants; and, furthermore, any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of these Covenants:

(a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Deer Island is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument;

(b) shall, by virtue of acceptance of any right, title or interest in Deer Island by a Deer Island Owner, be deemed accepted, ratified, adopted and declared as a personal covenant of Deer Island Owner and, as a personal covenant, shall be binding on such Deer Island Owner and such Deer Island Owner's respective heirs, personal representatives, successors and assigns and, as a personal covenant of Deer Island Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant, its successors and assigns, and with the exception of assessments and other obligations owed by any Deer Island Owner shall be deemed a personal covenant to, with and for the benefit of Declarant, and to, with and for the benefit of each Deer Island Owner within Deer Island;

(c) shall be deemed a real covenant by Declarant for itself, its successors and assigns, and also an equitable servitude, running in each case, as both burdens and benefits with and upon the title to Deer Island, and as a real covenant and also as an equitable servitude for the benefit of any real property now or hereafter owned by Declarant within Deer Island, and for the benefit of any and all other real property within Deer Island; and,

(d) shall be deemed a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title to each parcel of real property within Deer Island which lien, with respect to any respective unit of real property within Deer Island, shall be deemed a lien in favor of Declarant or Association jointly and severally.

Section 2. Who May Enforce. The benefits and burdens of these Covenants run with the land at law and in equity and Declarant, its successors and assigns, the Association, or any Deer Island Owner and his heirs, successors, representatives, administrators and assigns, shall have the right to proceed to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

Section 3. Against Whom May the Covenants be Enforced. The obligation and benefits prescribed by this Declaration shall run with Deer Island and shall be enforceable against Declarant, its successors and assigns, against the Association, against any association of Deer Island Owners subsequently created, and against any Deer Island Owner, his heirs, successors, representatives, administrators and assigns, or other person whose activities bear a relation to Deer Island, including lessees when the aforesaid persons or entities engage in activities (including omissions and failures to act) which constitute violations or attempts to violate, contravene or circumvent the covenants, burdens, obligations, easements, servitudes and restrictions set forth in these Covenants.

Section 4. Enforcement Remedies. In addition to the enforcement rights of Declarant, its successors and assigns, set forth above and in the event that any structure is erected, constructed, reconstructed, altered, repaired, converted, or maintained, or any structure or land use is in violation of these Covenants, Declarant or any Deer Island Owner may institute appropriate legal proceedings or actions, at law or in equity: (i) to prevent such unlawful erection, construction, reconstructions, alteration, repair, conversion, maintenance or use; (ii) to restrain, correct, or abate such violation, or breach of these Covenants; (iii) to prevent the occupancy of said building, structure or land; (iv) to prevent any act, conduct, business, or uses which is in breach of these Covenants; or (v) to compel any affirmative act which pursuant to these Covenants "shall" be performed.

ARTICLE IX: INTERPRETATION AND CONSTRUCTION

Section 1. Severability. Should any covenant or restriction herein contained, or any Part, Article, Section, paragraph, sentence, clause, phrase or term in this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of the highest court or other tribunal which decides such matter and has jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby declared to be severable.

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

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

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


Section 5. Captions and Whereas Clauses. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of these Covenants. The "Whereas Clauses" are for general explanation only, and shall not be considered in determining the nature, scope, or extent of any land use restriction or restraint imposed on any land within Deer Island pursuant to these Covenants.

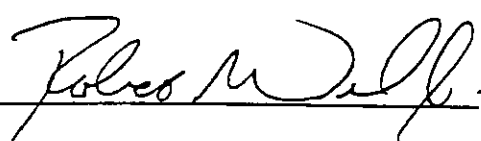
Section 6. Successors and Assigns. Except as otherwise provided herein, these Covenants shall touch and concern the land and be binding upon and shall inure to the benefit of Declarant, each Deer Island Owner and the respective personal representatives, successors and assigns of each. Declarant's powers and powers and duties regarding enforcement of these Covenants may be assigned by Declarant to the Association as its successor under these Covenants.

Section 7. No Implied Reciprocal Covenants. These Covenants shall apply to all lands and improvements within Deer Island and no implied reciprocal covenants, easements or equity servitudes shall arise with respect to any lands owned, retained or managed by Declarant which are located outside said description of Deer Island.

IN WITNESS WHEREOF, Beaufort Properties, LLC has caused these presents to be executed by their duly authorized officers this 24th day of June, 1998.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:





BEAUFORT PROPERTIES, LLC
a South Carolina limited liability company

By: 

PAUL M. DUNNAVANT, III
Its: Manager

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that Beaufort Properties, LLC, by Paul M. Dunnivant, III, its Manager, appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 24th day of June, 1998.



Notary Public of South Carolina

My Commission Expires: Nov. 2, 2002

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

[Signature]
[Signature]

BEAUFORT PROPERTIES, LLC
a South Carolina limited liability company

By: [Signature]
CHARLES E. AUSBURN
Its: Manager

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that Beaufort Properties, LLC, by Charles E. Ausburn, its Manager, appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 24th day of June, 1998.

[Signature]
Notary Public of South Carolina
My Commission Expires: Nov. 2, 2002

EXHIBIT "A"

ALL that certain parcel of real property with improvements shown and depicted as Lot 1 through Lot 29, inclusive, Deer Island Causeway 50' R/W, Anchorage Way 50' R/W, Pump Station, and all Retention Ponds shown and depicted as Deer Island on that plat entitled "Plat Showing the Subdivision of Tract "A" Plat TMS R120-031-000-003-0000 Into Lots 1 Through 29 The Islands of Beaufort Subdivision, Deer Island Property of Beaufort Properties, LLC Located City of Beaufort, Beaufort County, SC" prepared by Davis & Floyd, Inc. and certified by Albert Heatley, Jr., S.C.R.L.S. No. 3973-B, said plat dated MAY 18, 1998 and recorded in the Beaufort County Register of Deeds Office on June 30, 1998 in Plat Book 65 at Page 148. For a more particular reference as to the courses, metes, bounds and distances of the property, refer to the above plat of record.

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FILED
JOHN A. SULLIVAN, JR.
R.M.C.
BEAUFORT COUNTY, S.C.

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