

Covenants and Restrictions

of

Isle of Palms Beach and Racquet Club

Community Association

and

By-Laws

ISLE OF PALMS

BEACH & RACQUET CLUB

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DECLARATION OF COVENANTS AND RESTRICTIONS OF
THE ISLE OF PALMS BEACH AND RACQUET CLUB
COMMUNITY ASSOCIATION

THIS DECLARATION, made this 5th day of April, 1977 by Isle of Palms Beach and Racquet Club Community Association, Inc., a South Carolina non-profit, non-stock corporation, hereinafter called "Association" and Isle of Palms Beach and Racquet Club Company, Inc., hereafter called Company.

WITNESSETH:

WHEREAS, Company is the owner of the real property described in Article II of this declaration and desires to create thereon a planned development community with a balanced representation of residential, commercial, and recreational uses to be known as "Isle of Palms Beach and Racquet Club".

WHEREAS, Company desires to provide for the preservation of values and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, Company has caused to be incorporated under the laws of the State of South Carolina, a non-profit corporation, Isle of Palms Beach and Racquet Club Community Association, Inc., for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth;

NOW, THEREFORE, the Company declares that the real property described in Article II and such additions thereto as may hereinafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied, and used subject to the covenants, restrictions, conditions, easements, changes, assessments, affirmative obligations, and liens (hereinafter sometimes referred to as "the Covenants") hereinafter set forth.

ARTICLE I
DEFINITIONS

The following words are terms when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

(a) "Association" shall mean and refer to Isle of Palms Beach and Racquet Club Community Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

(b) "Development" shall mean and refer to the lands on the Isle of Palms in Charleston County, South Carolina, which are shown as a part of the Isle of Palms on the Company's Master Land Use Plan as revised from time to time.

(c) "Company" shall mean Isle of Palms Beach and Racquet Club Company, Inc., and its successors and assigns.

(d) The "Properties" shall mean and refer to the Existing Property described in Article II hereof, and additions thereto, as are subjected to this Declaration of any supplemental declaration under the provisions of Article II hereof.

(e) "Residential Lot" shall mean any subdivided but unimproved parcel of land located within the Properties which is intended for use as a site for a single family detached dwelling, townhouse, or garden home (Patio or Zero lot line) as shown upon any recorded final subdivision map of any part of the Properties. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved properties.

(f) "Multiple Family Tract" shall mean any unimproved parcel of land located within the Properties, intended for development of multi-family residential units including Single Family Townhouse Lots for sale, condominiums and apartments as defined and controlled by the applicable zoning for the properties granted by the Isle of Palms City Council. For the purposes of this Declaration, a parcel of land shall not be deemed a "Multiple Family Tract" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property for multiple-family use is placed of Record and further, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved properties. Townhouse lots shall become "Residential Lots" at such time as they appear on a plat of Record.

(g) "Public and Commercial Site" shall mean any unimproved parcel of land within the Properties, intended for use as a site for improvements designed to accommodate commercial or business enterprises to serve residents of The Development and/or the public, including but not limited to: business and professional offices; facilities for the retail sale of goods and services; banks and other financial institutions; social clubs; restaurants; hotels, motels, inns; theaters, lounges; indoor recreational facilities; marinas; transportation terminals or stations; automobile parking facilities, and gasoline stations, provided, however, that a "Public and Commercial Site" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a public or commercial site is placed of Record and further, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved properties.

(h) "Development Unit Parcels" shall mean and refer to those parcels or tracts of land conveyed by the Company to third parties under covenants and restrictions permitting the division of such parcel or tract into smaller land units such as Residential Lots, Multiple Family Tracts, or Public and Commercial Sites.

(i) "Unsubdivided Land" shall mean and refer to all land in the existing property described in Article II hereof and additions thereto, as are subjected to this Declaration or any supplemental declaration under the provisions of Article II hereof which has not been subdivided into Residential Lots, Multiple Family Tracts, Public and Commercial Sites, or Development Unit Parcels, through metes and bounds subdivision plats filed and placed of Record. For the purpose of this Declaration, the following classifications shall be expressly excepted from the definition thereof.

(1) All lands committed to the Association through express, written notification by the Company to the Association of intent to convey to the Association.

(2) All lands designated on the Master Plan for intended use; or by actual use if applicable, for outdoor recreation facilities; operating farms and/or animal pastures; woodland, marsh and swamp conservancies; places of worship; community, civic, and cultural clubs; libraries, nursery and other schools and instructional centers; charitable institutions; maintenance areas; road right-of-ways and drainage easements.

(3) All lands designated, in any way, as Common Properties, Restricted Common Properties, or Purchased Common Properties.

(j) "Family Dwelling Unit" shall mean and refer to any improved property intended for use as a single family dwelling, including without limitation any single family detached dwelling, garden home (Patio or Zero lot line), condominium unit, townhouse unit, cooperative apartment unit, or apartment unit located within the Properties.

(k) "Public and Commercial Unit" shall mean and include any improved property which is intended and designed to accomodate public, commercial or business enterprises to serve residents and/or the public, including but not limited to all those enterprises enumerated in subparagraph (g). A parcel of land shall not be deemed to be improved until the improvements being constructed on said parcel are sufficiently complete to be subject to assessment as improved properties.

(l) "Owner" shall mean and refer to the Owner as shown by the real estate records of Record whether it be one or more persons, firms, associations, corporation, or other legal entities, of fee simple title to any Residential Lot, Family Dwelling Unit, Multiple Family Tract, Public and Commercial site, Public and Commercial Unit, Development Unit Parcel, or Unsubdivided Land situated upon the Properties but, notwithstanding any applicable theory of a deed of trust, shall not mean or refer to the mortgagee or holder or a deed of trust, its successors or assigns, unless and until such mortgagee or holder of a deed of trust has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. In the event that there is of Record a long-term contract of sale covering any lot or parcel of land within the Properties, the Owner of such lot or parcel of land shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to the property until such payments are made although the purchaser is given the use of said property.

(m) "Resident" shall mean and refer to each owner and/or lessee of the Dwelling Unit who resides in Isle of Palms Beach and Racquet Club at least nine (9) months each year.

(n) "Member" shall mean and refer to all those Owners who are Members of the Association as defined in Section 1 of Article III.

(o) "Affiliate" shall mean any corporation of which more than fifty (50%) percent of the voting stock is owned or controlled by the Company and any partnership or joint venture in which the Company has more than a fifty (50%) percent equity interest or an interest in fifty (50%) percent or more of the cash flow from such partnership or joint venture.

(p) "Master Plan" shall mean and refer to the drawing which represents the Master Land Use plan for the future development of the Development. Since the concept of the future development of the Development is subject to continuing revision and change by the Company, present and future references to the "Master Plan" shall be references to the latest revision thereof.

(q) "Intended for Use" shall mean the use intended for various parcels within the Properties as shown on the Master Plan of the Development prepared by the Company as the same may be revised from time to time by the Company, or the use to which any particular parcel of land is restricted by covenants expressly set forth or incorporated by reference in deeds by which the Company has conveyed the property.

(r) "Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties". The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Property". All Common Properties are to be devoted to and intended for the common use and enjoyment of the Company Owners, Residents, and their guests, and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association, provided, however, that any lands which are leased by the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such Lease. Common Properties shall not include those tracts of land falling within the definitions of "Restricted Common Properties" or "Purchased Common Properties" set forth below.

(s) "Restricted Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are actually deeded or leased to the Association and designated in such deed or lease as "Restricted Common Properties". All Restricted Common Properties are to be devoted to and intended for the common use and enjoyment of "Residents", who are Class A members of the Association, guests accompanying such Residents and the Company; with all use of Restricted Common Properties to be subject to the fee schedules and operating rules adopted by the Association. Any lands which are leased by the Association for use as Restricted Common Properties shall lose their character as Restricted Common Properties upon the expiration of such lease.

(t) "Purchased Common Properties" shall mean and refer to those tracts of land with any improvements thereon acquired by the Association and maintained and administered not through general or special assessments provided for in Article V, Section 3 hereof, but through user assessments and user fees only.

(u) "Referendum" shall mean and refer to the power of all or some specific portion of the Members to vote by mailed ballots on certain actions by the Board of Directors of the Association more particularly set forth herein including without limitation, whether the Association shall accept any offer by the Company to convey to the Association any "Purchased Common Properties", the levy of any Special Assessment; the increase of the maximum annual assessment in excess of that provided for herein; and the addition of functions or services which the Association is authorized to perform. In the event fifty-one (51%) percent of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance.

(v) "Of Record" shall mean recorded in the Register of Mesne Conveyance of Charleston County, South Carolina.

ARTICLE II

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these covenants is described as follows:

The portion of that tract or parcel of land, situate, lying and being in Charleston County, South Carolina, which is more particularly shown as the shaded area on Exhibit A attached hereto and by specific reference made a part hereof.

All of the real property hereinabove described shall sometimes be referred to herein as the "Existing Property". The Company intends to develop the existing property in accordance with a Master Plan prepared in its Planning Department and placed on display in its reception center and sales office, and other areas. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. The Master Plan shall not bind the Company, its successors and assigns to adhere to the Master Plan in the development of the land shown thereon. Subject to its right to modify the Master Plan as stated herein, the Company shall convey to the Association properties designated for such conveyance in its periodically revised Buyers Guide, or other such document or publication hereafter designated by the Company, and, in addition, may at its option convey to the Association as provided in Article IV those parcels of land designated on the Master Plan as properties which may be transferred to the Association, as, in the reasonable exercise of its discretion, it so chooses without regard to the relative location of such portions or sections within the overall plan. Once conveyed to the Association these properties shall become Common Properties, Restricted Common Properties, or Purchased Common Properties, as the case may be. The Company shall not be required to follow any predetermined sequence or order of improvements and development; and it may bring within the plan of these covenants additional lands, and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph, the Company shall have full power to add to, subtract from or make changes in the Master Plan regardless of the fact that such actions may alter the relative maximum potential voting strength of the various types of membership of the Association.

Section 2. Additions to Existing Property. Additional lands may become subject to, but not limited to, this Declaration in the following manner:

(a) Additions. During the period of development, which shall by definition extend from date to January 1, 1998, the Company, its successors, and assigns, shall have the right, without further consent of the Association to bring within the plan and operation of this Declaration any property which is contiguous or nearly contiguous to the properties if acquired by the Company during the period of development. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this and the succeeding subsection, shall be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company to reflect the different character, if any, of the added properties and as are not inconsistent with the Plan of this Declaration, but such modifications shall have no effect on the property described in Section 1, Article II above.

(b) Other Additions. Upon approval in writing of the Association pursuant to simple majority of the vote of those present at a duly called meeting, the Owner of any property who desires to add it to the plan of these covenants and to subject it to the jurisdiction of the Association, may file or record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such additional property.

(c) Mergers. Upon merger or consolidation of the Association with another association, as provided for in the Bylaws of the Association, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights, and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the existing property, together with the covenants and restrictions established upon any other properties, as one plan. No merger or consolidation shall effect any revocation, change, or addition to the covenants established by this Declaration within the Existing Property, including, without limitation, the maximum limits on assessments and dues of the Association, or any other matter substantially affecting the interests of Members of the Association.

(d) Additional lands which become subject to this Declaration under the provisions of this Section II may in the future be referred to as part of The Development.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner shall be a Member of the Association. The Company shall be a Member of the Association.

Section 2. Voting Rights. The Association shall have four types of regular voting membership and one type of special voting membership which provides the Company with the power to elect a portion of the Board of Directors:

TYPE A: Type A Members shall be all Owners (including the Company) of Residential Lots, and Family Dwelling Units. A Type A Member shall be entitled to two votes for each Family Dwelling Unit which he owns. An owner of a Residential Lot upon which a Family Dwelling Unit has not been constructed shall be entitled to one vote for each Residential Lot which he owns.

TYPE B: Type B Members shall be all those Owners (including the Company) of platted Public or Commercial Sites and Multiple Family Tracts. A Type B Member shall be entitled to one vote for each \$125.00 in annual assessments paid to the Association. In computing the number of votes to which a Type B Member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest \$125.00.

TYPE C: Type C Members shall be all those Owners (including the Company) of Public and Commercial Units. A Type C Member shall be entitled to one vote for each \$125.00 in annual assessments paid to the Association. In computing the number of votes to which a Type C Member shall be entitled to the amount of the assessment paid shall be rounded to the nearest \$125.00.

TYPE D: Type D Members shall include all those Owners (including the Company) of Unsubdivided Lands and Development Unit Parcels held and intended for future development by the Company or a third party. A Type D Member shall be entitled to one vote for each \$125.00 of annual assessments paid to the Association. In computing the number of votes to which a Type D Member shall be entitled, the amount of the assessment paid shall be rounded to the nearest \$125.00.

TYPE E: The Type E Member shall be the Company. The Type E Member shall be entitled to cast votes for the election of Members of the Board of Directors as set out in Section 4 of this Article.

Payment of special assessment shall not entitle Type A, B, C and D Members to additional votes.

The Company may subsidize the Association in its preliminary years. In the event the Company pays to the Association a subsidy in excess of the normal assessment required of the Company, the Company shall be entitled to additional votes equal to 1 vote for each \$125.00, of the amount of the subsidy paid, to be rounded to the nearest \$125.00 in computing the number of votes acquired.

When any property entitling the Owner to membership as a Type A, B, C or D Member of the Association is owned of Record in the name of two or more persons or entities, whether fiduciaries, or in any manner of joint or common ownership, or if two or more persons or entities have the same fiduciary relationship or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the secretary of the Association, their acts with respect to voting shall have the following effect:

- (1) If only one votes, in person or by proxy, his act shall bind all;
- (2) If more than one vote, in person or by proxy, the act of the majority so voting shall bind all;
- (3) If more than one vote in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled to its proportionate share of the vote or votes;
- (4) If the instrument or order filed with the secretary of the Association shows that any such tenancy is held in unequal interest, a majority or even under subparagraph 2 and 3 immediately above shall be a majority or even in interest in the property to which the vote(s) is attributable.
- (5) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

Section 3. Governance. The Association shall be governed by a Board of Directors consisting of Five (5), Seven (7), Nine (9), or Eleven (11) Members. Initially, the Board shall consist of Five (5) Members, with the number in subsequent years to be determined by the members of the Board of Directors as provided for in the Bylaws of the Association.

Section 4. Election of the Board of Directors.

(a) Each member of Types A, B, C and D Membership classes shall be entitled to as many votes as equals the number of votes he is entitled to, based on his ownership of one or more of the various classifications of property as computed by the formula set out hereinabove in Section 2 hereof, multiplied by the number of directors to be elected by Types A, B, C and D Members. Members may cast all of such votes for any one director or may distribute them among the number to be elected by Types A, B, C and D Members, or any two or more of them, as he may see fit, provided, however, that all votes must be cast in whole numbers and not fractions thereof. This right, when exercised, is termed cumulative voting. Members, except the Type E Membership, are divided into classes for the sole purpose of computing voting rights and shall not vote as a class.

(b) The Directors shall be elected by the Members of the Association or the Company according to the following formula:

The Board of Directors shall be elected in part by the Type A, B, C and D Members, and in part by the E Members. The percentage of directors to be elected by Type A, B, C and D Members shall be based on the number of lots and dwelling units owned by Type A Members as compared to the cumulative maximum number of lots and dwelling units authorized in the Property by Planned Residential Development approved by the Isle of Palms City Council. The Type A, B, C and D Members shall elect a percentage of the Board of Directors equal to the percentage of cumulative maximum number of dwelling units and lots owned by Type A Members; the Type E Members shall elect the remainder. For the purposes of this formula, the number of lots and dwelling units owned by Type A Members and the cumulative maximum number of lots and dwelling units authorized shall be determined by the Board of Directors as of the date on which notice of the meeting of the Members at which the Board of Directors is to be elected is mailed.

It is the intent of this subparagraph (b) that the right to elect a majority of the members of the Board of Directors shall pass from the Company (Type E Member) to the Type A, B, C, and D Members at such times as in excess of one-half (1/2) of the cumulative maximum number of lots and dwelling units authorized in the Property by the Planned Residential Development approved by the Isle of Palms City Council are owned by Type A Members.

Section 5. Members to Have Power of Referendum in Certain Instances. Where specifically provided for herein, The Members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by Referendum including, without limitation, whether the Association shall accept any offer by the Company to convey to the Association any "Purchased Common Properties," as defined herein, the increase of maximum assessments by the Association in excess of that provided for herein, the levy by the Association of any special assessment and the addition or deletion of functions or services which the Association is authorized to perform. In the event fifty-one (51%) percent, or more, of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions therefor. At any time that the A, B, C and D Members have the ability to elect a majority of the Board of Directors, the Members may require a referendum on any action of the Board of Directors by presenting to the secretary of the Board within thirty (30) days of the taking of such action or ratification by the Board of its intent to take such action a petition signed by not less than twenty-five (25%) percent of the Members.

Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association the presence at the meeting of Members or proxies entitled to cast sixty (60%) percent of the total vote of the Membership

shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such meeting shall be the presence of members or proxies entitled to cast twenty-five (25%) per cent of the total vote of the Membership of the Association. In the event the required quorum is not present at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Article III, Section 6, and any other requirements for such "duly called meeting" which may be established by the Bylaws of the Association. This provision shall not apply when the proposed action is the amendment of this Declaration and the quorum requirement established by Article VIII, Section 2 shall govern in that instance. For the purpose of this section, "proper notice" shall be deemed to be given when given each Member not less than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

Section 7. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by Proxy authorized in writing, provided, however, that Proxies shall not be required for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specially provided ballots mailed or delivered to the Association.

Section 8. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the members and a ballot on which each member may vote for or against the motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 6 of this Article III. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON PROPERTIES:

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these covenants, the rules and regulations of the Association, and any fees or charges established by the Association every Type A, B, C, D, and E Member and every guest and tenant of such Type A, B, C, D, and E Member shall have a right of easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every Residential Lot, Family Dwelling Unit, Multiple Family Tract, Public and Commercial Site, Public and Commercial Unit, or Development Unit Parcel.

Employees of the Company shall have access to and enjoyment of the Common Properties subject to rules and regulation and user fees established by the Board of Directors.

A Member's spouse and children who reside with such Member in the Development shall have the same easement of enjoyment hereunder as a Member.

In those instances where a lot or dwelling unit or other property in the Development is owned or occupied as a tenant by two (2) or more persons (who do not have the relationship of spouse, parent, or child, one to the other) or by a corporation, such joint owners and corporations shall annually appoint one (1) person as the "Primary Member." Such Primary Member shall have the same easement of enjoyment in the Common Properties as Members who own or occupy such property singularly. The remaining joint Members or Tenants and the principal officers of such corporation shall be entitled to an easement of enjoyment in the Common Properties by:

- (a) Paying the same user fees as guests of Members, or
- (b) By paying to the Association annually an amount equal to the annual assessment charged against the property in which he or she owns a fractional interest or occupies as a tenant.

Section 2. Members' and Residents' Easements of Enjoyment in Restricted Common Properties. Subject to the provisions of these covenants, the rules and regulations of the Association, and any fees or charges established by the Association, every Type A Member, but not Type B, C, or D Member, and every lessee Resident shall have a right and easement of enjoyment in and to the Restricted Common Properties and such easement shall be appurtenant to and shall pass with the title of every Residential Lot and Family Dwelling Unit. By an affirmative vote of seventy-five (75%) percent of the votes cast at a meeting of the Association called for the purpose of voting on such proposal, "Restricted Common Property" may be changed into an unrestricted "Common Property."

Section 3. Title to Common Properties and Restricted Common Properties. The Company may convey to the Association, at no cost to the Association, by deed or ninety-nine (99) Year lease, or other instruments appropriate to irrevocably convey to the Association the entire beneficial use for ninety-nine (99) years, those parcels of land and facilities described in Section 6 of this Article IV hereof, after the Company has completed improvements thereon, if such be required, such that the facility is functionally complete, the Association, upon such conveyance, shall immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Association's Board of Directors subject to the Declaration of Rights, Restrictions, Affirmative Obligations, and Conditions Applicable to all property in the Development. It is the purpose of this provision to provide that the Association shall be responsible for all maintenance of Common Properties and Restricted Common Properties upon which all improvements made by the Company have been completed, notwithstanding the fact that the Company is not obligated to convey or lease such properties to the Association.

Natural areas, trail areas, etc, shall be conveyed in large or small parcels from time to time after the Company has completed the surveying and platting of all adjacent subdivisions for Residential Lots, Multiple Family Tracts or Public and Commercial Sites which may abut such natural areas, trail areas, etc. The Company covenants for itself, its successors and assigns, that it shall convey by deed to the Association all such properties within two (2) years of notification to the Association, in writing, of its intent to convey such properties, provided, however, that in the case of Common Properties or Restricted Common Properties, upon which improvements are required to be made by the Company, such notification of "intent to convey" shall not be deemed to be made until such time as the improvements have been completed such that the facility is functionally complete.

Such notification will not normally show metes and bounds and, in any event the metes and bounds as shown on plat and deed of Record to the Association shall govern. All said parcels of land may be conveyed to the Association subject to:

(1) All restrictive covenants of Record at the time of conveyance; and

(2) All existing mortgages; and

(3) a reservation by the Company of the right to substitute or add new mortgages thereon, provided however, that in no event shall the Association be obligated to assume the payment of principal or interest on any such mortgages.

The obligation to make payments of principal and interest in accordance with their due dates on all mortgages affecting property conveyed to the Association except mortgages on Purchased Common Properties (as described hereinbelow in Section 4 of this Article IV) shall continue to be the sole obligation of the Company or any Affiliate of the Company as the case may be. Notwithstanding anything in the foregoing to the contrary, the Company shall not be required to convey the above referred to parcels where such conveyance would be prohibited under agreements existing on the date hereof but, in such case, shall be allowed to postpone such conveyance, without penalty, until such time as said prohibition may be nullified.

Section 4. Purchased Common Properties. Subject to the provisions of these covenants, the rules and regulations of the Association, and any charges established by the Association, every Type A Member shall have a right and easement of enjoyment in and to any property now or hereafter designated "Purchased Common Properties" pursuant to this Declaration. "Purchased Common Properties" may not be acquired by the Association unless approved by Referendum of Type A Members and, in the event such approval is obtained, the Company may, at its election, elect to receive in lieu of a cash payment a first mortgage and the Association's promissory note for the purchase of such properties at the then prevailing interest rates for loans on that type property from commercial lending institutions. Except for such Purchased Common Properties the Company may not require the Association to pay for any other type properties conveyed to the Association such as those described in Section 6(a) or (b) of this Article IV.

Section 5. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its By-laws, to borrow money from the Company or any lender for the purpose of improving and/or maintaining the Common properties, Restricted Common Properties and Purchased Common Properties, and providing services authorized herein and in aid thereof to mortgage said properties; and

(b) The right of the Association to assume and pay any liens or encumbrances against the Purchased Common Property at the time of conveyance; and

(c) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosures; and

(d) The right of the Association, to suspend the rights and easements of enjoyment of any Member or Tenant or Guest of any Member for any period during which the payment of any assessment against property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment, and provided that the Association shall not suspend the right to use any roads belonging to the Association subject to the Rules, regulations and fees, if any established by the Association for such use.

(e) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties, Restricted Common Properties and Purchased Common Properties, and any facilities included therein, including the right of the Association, to charge a reasonable toll for the use of any roadways belonging to the Association, provided, however, that such rights of the Association shall not be construed to impair or qualify an Owner's rights of ingress and egress to his property.

(f) The Board of Directors of the Association shall have full discretion to determine the amount of the fee or toll for use of any roadway it may own, provided, however, that such fee or toll shall be limited to an amount which generates sufficient sums to cover the cost of the operation of entry control security stations; to repair, rehabilitate, resurface and otherwise maintain said roadways, to provide for the maintenance and clean-up of right-of-ways; to provide drainage along said roadways; to provide for motorized security patrols and to provide such other roadway maintenance or services as the Association shall deem desirable. The Board of Directors of the Association shall further have the power to place any reasonable restrictions upon the use of the Association's roadways, subject to an Owner's or Resident's right of ingress and egress, including, but not limited to the types and sizes of vehicles permitted to use said roads, the maximum and minimum speeds of vehicles using said roads, all other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. 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 the Properties shall not make such restriction unreasonable. This paragraph (f) establishes a maximum charge restriction of fees which may be charged for road entry and use of roads. The Board of Directors of the Association may supplement, with an allocation of a portion of the receipts from the annual assessment on the property, the funds (if any) received from road use fees or tolls, to carry out the functions and activities as described in this paragraph (f). The right of the Company to reserve, in addition to all other easements reserved by the Company, in all common properties including "Common", "Restricted Common" and "Purchased Common" perpetual easements for installation and maintenance of general utilities and drainage and the right of the Company to subject said property to any other compatible use which in the sole opinion of the Company is necessary for the harmonious development of the properties. The right of the Company to reserve and grant perpetual easements of ingress and egress on and over the roadways to Members and Employees of any club type facility located within the properties and to Guests and Employees of any inn or hotel which may be located within the properties.

(g) The right of the Company or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility or drainage easements on any part of the Common Properties, Restricted Common Properties and Purchased Common Properties.

(h) The right of the Association to give or sell all or any part of the Common Properties and Restricted Common Properties subject to the Planned Residential Development approved by the Isle of Palms City Council including leasehold interest, to any public agency authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such dedication, transfers and determinations as to purposes and conditions shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6, and unless written notice of the meeting and of the proposed agreement and action thereunder is sent to every Member of the Association at least thirty (30) days prior to such meeting. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties or Restricted Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

(i) The rights of reversion of the Lessor of any Common Properties or Restricted Common Properties leased by the Association upon expiration of the lease.

Section 6. The Company may convey to the Association, by deed, ninety-nine (99) year lease or other instruments sufficient to convey to the Association the full beneficial use for ninety-nine (99) years, those properties designated on the Company's Master Plan as "Common Properties" or "Restricted Common Properties", including the properties listed below. Such conveyance shall be subject to all the restrictions and limitations of the various Articles of this Declaration, and any other restrictions and limitations of record and shall include the following:

(a) As Common Properties. There may be conveyed to the Association without charge by the Company.

(1) Any private community roads and rights of way thereof within the properties which connect Residential Lots, Family Dwelling Units, Multiple Family Tracts, and Public and Commercial Sites or Units, and Development Unit Parcels, to public roads or highways.

(2) All bike trails not contained, or designated on the Master Plan, to be contained within a Public and Commercial Site, Multiple Family Tract or Development Unit Parcel.

(3) Open space designated as such on the Company's Master Plan or subdivision plats placed on Record.

(b) As Restricted Common Properties. There may be conveyed to the Association without charge all properties designated by the Company for the exclusive common use and enjoyment of Owners and Tenants of Residential Lots and Family Dwelling Units, their immediate families, guests accompanying such owners, and the Company.

ARTICLE V
COVENANTS FOR ASSESSMENTS

Section 1. Creations of the Lien and Personal Obligations of Assessments. The Company covenants, and each Owner of any Residential Lot, Family Dwelling Unit, Multiple Family Tract, Public and Commercial Site, Public and Commercial Unit, Development Unit Parcel, or Unsubdivided Land, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and pay to the Association: (1) Annual assessments or charges; and (2) Special assessments or charges for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special assessments together with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a Residential Lot, Family Dwelling Unit, Multiple Family Tract, Public and Commercial Site, Public and Commercial Unit, Development Unit Parcel, or any Unsubdivided Land, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The annual assessments levied by the Association shall be used exclusively for the improvement, maintenance, enhancement, enlargement and operation of the Common Properties and Restricted Common Properties, but not Purchased Common Properties, and to provide services which the Association is authorized to provide. In carrying out these duties, the Association may expend funds derived from assessments to make payments of principal and interest as consideration for the conveyance by the Company to the Association of Purchased Common Properties.

In the case of annual operation of Purchased Common Properties, funds necessary for such operation shall not be derived from the assessments levied by the Association but rather from user charges and annual user dues for the particular facility. Such user charges and user dues shall be in addition to and not in lieu of any other assessments herein provided for.

Section 3. Application of "Maximum" Assessment. The annual assessment, as set forth in the schedule hereinbelow, and as is annually increased pursuant to the provisions of subparagraph (i) below, shall be levied by the Association. If, however, the Board of the Association, by majority vote determines that the important and essential functions of the Association may be properly funded by an assessment less than that set out below, it may levy such lesser assessment. Provided, however, so long as the Company is engaged in the development of properties which are subject to the terms of this Declaration, the Association may not reduce assessments below those set out in Section 3 (a) immediately below without the written consent of the Company. The levy of an assessment less than the maximum regular assessment in one year shall not affect the Board's right to levy the maximum assessment in subsequent years. If the Board of Directors shall levy less than the regular assessment for any assessment year and thereafter, during such assessment year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Board may, by majority vote, levy a supplemental assessment. In no event shall the sum of the initial and supplemental regular annual assessments for that year exceed the applicable maximum regular assessments.

If the Board of the Association, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any year by the Maximum Regular Annual Assessment, it may call a Referendum requesting approval of a specified increase in such assessment. Should two-thirds (2/3) of the votes cast in such Referendum be in favor of such Referendum, the proposed increased assessment shall be levied. An increase in assessments in any year pursuant to a Referendum taken shall in no way affect assessments for subsequent years.

(a) The annual assessment shall be the sum calculated in accordance with the following schedule as may be increased in each instance by an inflation adjuster as set forth in this Article V, Section 3 (h) hereinbelow.

<u>Property Type</u>	<u>Maximum Regular Annual Assessment</u>
Residential Lots	\$125.00
Family Dwelling Units	\$250.00
Public and Commercial Units	\$0.15 per square foot
Unsubdivided land, Multiple Family tracts, Public and Commercial Sites and Development Unit Parcels	\$50.00 per acre

(b) Property shall not be classified for purposes of these covenants and these Annual Assessments as a Residential Lot, until the first day of the quarter of the year after all of the following have occurred:

(1) Placing of Record a plat showing such Residential Lot:

(2) Approval by the Office of Interstate Land Sales Registration or successor agencies permitting such Residential Lot to be offered for sale:

(3) The lot has been conveyed by the Company to a purchaser:

(c) For the purpose of calculating the annual assessments on Public and Commercial Units, the area to be included in the determination of the total number of square feet shall be all interior areas within the roof line of a building including open porches but excluding terraces and like areas.

(d) The Annual assessment on the unimproved land shall be billed quarterly commencing on the first day of January of each year. All other property shall be billed annually in January of each year. All assessment bills shall be due and payable ninety (90) days from the date of mailing of same. The Board of Directors may allow monthly or quarterly installment payments of Annual Assessments on improved property.

(e) The Owner of any assessable property which changes from one category to another during an assessment year shall be billed an additional amount for the remaining full quarters of such year to reflect the category change.

(f) For purposes of these assessments and voting rights hereunder, a property will be classed as unimproved land, and not as a Family Dwelling Unit or Public and Commercial Unit until such Unit has been completed for occupancy, and assessment at the improved property rate shall be prorated for the remainder of the full quarters of the year and billed that amount on the first day of the next quarter.

(g) All assessments charged by the Association shall be rounded off to the nearest dollar.

(h) From and after January 1, 1976, the maximum regular annual assessment shall be increased each year by the Board of Directors of the Association by five (5%) per cent per year over the previous year, or the percentage increase between the first month and the last month on an annual assessment period in the Consumer Price Index, U.S. City Average, All Items (1967=100) (hereafter "C.P.I.") issued by the U.S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas" whichever of these two percentage figures is larger. However, the Board of Directors may suspend such automatic increase for any one (1) year at its own discretion.

The Board shall annually increase the "Base Assessment" for Residential Lots and Family Dwelling Units by the larger of the two percentage figures described immediately above, provided, however, the Board may suspend such automatic increase for any year. In the event that the C.P.I. referred to above shall be discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.

(i) Any increase or decrease in the fixed amount of the Maximum Regular Annual Assessment except for the automatic increase in the "Base Assessment" for Residential Lots and Family Dwelling Units shall be made in such a manner that the proportionate increase in such assessment is the same for Owners of Residential Lots, Family Dwelling Units, Multiple Family Tracts, Public and Commercial Sites, Public and Commercial Units, Development Unit Parcels, or Unsubdivided Land.

Any time the actual assessment levied by the Board of Directors of the Association is less than the Maximum Regular Annual Assessment such decrease shall be proportionate among the Owners of Residential Lots, Family Dwelling Units, Multiple Family Tracts, Public and Commercial Sites, Public and Commercial Units, Development Unit Parcels, and Unsubdivided Land. The decrease or increase received by each class of Owners of the various classes of the property may be made disproportionately only by the favorable vote of seventy-five (75%) per cent of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6 hereof, and by seventy-five (75%) per cent of the votes cast at said meeting by the Members of the classes whose proportionate share is being raised.

Section 4. Special Assessments for Improvements and Additions. In addition to the annual regular assessments authorized by Section 3 hereof, the Association may levy special assessments, for the following purposes:

(a) Construction or reconstruction, repair or replacement of capital improvements upon the Common Properties or Restricted Common Properties, but not Purchased Common Properties, including the necessary fixtures and personal property related thereto:

(b) for additions to the Common Properties or Restricted Common Properties:

(c) To provide for the necessary facilities and equipment to offer the services authorized herein:

(d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein.

(e) Such assessment before being charged must have received the assent of a majority of the votes of the Members responding to a mail Referendum within thirty (30) days of mailing. The mail Referendum shall include one statement from the Directors favoring the special assessment and one statement from those Directors opposing the special assessment containing the reasons for those Directors' support and opposition for the assessment. Neither statement shall exceed five pages in length.

This provision shall be interpreted to mean that the Association may make in any one year an annual assessment up to the maximum set forth in Section 3 of this Article plus an additional special assessment. Such special assessment in any one year may not exceed a sum equal to the amount of the maximum regular annual assessment for such year except for emergency or other repairs required as a result of storm, fire, natural disaster or other casualty loss. The fact that the Association has made an annual assessment for an amount up to the permitted maximum shall not affect its right to make a special assessment during the year.

The proportion of each special assessment to be paid by the Owners of the various classifications of assessable property shall be equal to the proportion of the regular assessments made for the assessment year during which such special assessments are approved by the Members.

Section 5. Reserve Funds. The Association may establish reserve funds from its regular annual assessments to be held in reserve in an interest drawing account or investments as a reserve for (a) major rehabilitation or major repairs, (b) for emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss, (c) recurring periodic maintenance, and (d) initial costs of any new service to be performed by the Association.

Section 6. Change in Maximum Amounts of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall apply to any merger or consolidation in which the Association is authorized to participate under Article II, Section 2, hereof, and under the Bylaws of the Association.

Section 7. Quorum for any Action Authorized Under this Article. The quorum required for any action authorized to be taken by the Association Members under this Article shall be as follows:

The first time any meeting of the members of the Association is called to take action under this Article the presence at the meeting of Members or proxies entitled to cast sixty (60%) per cent of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) per cent of the total vote of the membership of the Association.

Section 8. Date of Commencement of Annual Assessments. Due Date. Notwithstanding anything in the foregoing to the contrary, the annual assessments provided for herein shall commence no earlier than May 1, 1977. Persons becoming members subsequent to January 1 of each year shall pay assessments prorated as of the date of initial membership.

Section 9. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the assessment against each Residential Lot, Family Dwelling Unit, Multiple Family Tract, Public and Commercial Site, Public and Commercial Unit, Development Unit Parcel, or Unsubdivided Land, within the assessment schedule as provided hereinabove, and shall at the time, direct the preparation of an index of the properties and assessments applicable thereto which shall be open to inspection by any Member. Written notice of assessment shall thereupon be sent to every Member subject thereto.

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

Section 10. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner, the Lien; Remedies of Association. If the assessment is not paid on or before the past-due date specified in Section 3(d) hereof, then such assessment shall become delinquent and shall (together with interest thereon at the maximum annual rate permitted by law from the due date and cost of collection thereof as hereinafter provided) become a charge and continuing lien on the land and all improvements thereon, against which each such assessment is made, in the hands of the then Owner, his heirs, devisees, personal representative, tenants, and assigns.

If the assessment is not paid within thirty (30) days after the past due date, the Association may bring an action at law against the Owner personally and there shall be added to the amount of such assessment the cost of preparing and filing the Complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee together with the costs of the action.

Section 11. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any deed or mortgage now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to foreclosure, or any other proceeding or deed in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for an assessments accruing after conveyance by the creditor to a subsequent owner, provided, however, that the creditor shall not be liable for assessments until it has held title to the property for more than one (1) year.

Section 12. Exempt Property. The following property, individuals, partnerships or corporations, subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

(a) The grantee in conveyances made for the purpose of granting utility easements:

(b) All Common Properties and Restricted Common Properties as defined in Article 1, Section 1, hereof:

(c) Property which is used for any of the following purposes;

- (1) In the maintenance and service of facilities within Common Properties;
- (2) Places of Worship
- (3) Schools
- (4) Non-profit, governmental, and charitable institutions.
- (5) Water and Sewer Facilities.

Section 13. Annual Statements. The President, Treasurer, or such other officer as may have custody of the funds of the Association shall annually within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association, provided, however, that this requirement shall be construed to apply only to creditors of more than \$1,000.00. Such officer shall furnish to each Member of the Association who may make request therefor in writing, a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to the Member either in person or by mail.

Section 14. Annual Budget. The Board of Directors shall prepare and make available to all Members at least sixty (60) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for the following fiscal year. The financial books of the Association shall be available for inspection by all Members at all reasonable times.

ARTICLE VI FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Common Properties and Restricted Common Properties. The Association shall be authorized to own and/or maintain (subject to the requirements of any Federal, State or Local Governing body of South Carolina) Common Properties and Restricted Common Properties, equipment, furnishings, and improvements devoted to the following uses:

(a) For roads or roadways, and parkways along said roads or roadways throughout the Properties;

(b) For sidewalks, walking paths or trails, bicycle paths, and bridle paths throughout the properties;

(c) For transportation facilities throughout the Properties other than privately owned automobiles, e.g. buses, electric vehicles, etc., paid for by special assessment as provided for in Article V, Section 4 hereof;

(d) For security services including security stations, maintenance building and/or guardhouses;

(e) For providing any of the services which the Association is authorized to offer under Section 3 of this Article.

(f) For purposes set out in deeds or long-term leases by which Common Properties and Restricted Common Properties are conveyed or leased to the Association, provided that such purposes shall be approved by the Members of the Association as set out in Section 5 of this Article;

(g) For lakes, play fields, beaches, marshes, historic parks, wildlife areas, fishing facilities; and

(h) For water and sewage facilities and any other utilities, if not adequately provided by a private utility, Isle of Palms or some other public body.

Section 2. Ownership and Maintenance of Purchased Common Properties. The Association shall be authorized to purchase, own and maintain properties following approval of the Members pursuant to

the requirements of Section 4 of this Article IV hereof. In the event such facilities are purchased from the Company, the purchase price may be paid as hereinbefore provided, and the debt amortized over a period not to exceed twenty (20) years from receipts of regular annual assessments or special assessments. The Association shall not be authorized to maintain Purchased Common Properties from receipts of regular annual assessments or special assessments but shall be authorized to require the payment of user fees, annual user dues, and in the case of persons who are not Owners of property within the Club initiation charges for membership, and the Association shall be authorized and required to maintain Purchased Common Properties from the receipt of such charges. All functions or services which the Association shall be authorized to provide for Purchased Common Properties as may be expressed elsewhere in this Declaration shall be subject to this provision.

Section 3. Services. The Association shall be authorized (unless prohibited by the requirements of any Federal, State or Local governing body) but not required to provide the following services:

(a) Cleanup and maintenance of all roads, roadways, roadway medians, parkways, lakes, beaches, marshes, and other Common Properties and Restricted Common Properties, within the Properties and also all public properties which are located within or in a reasonable proximity to the Properties such that their deterioration would affect the appearance of the Properties as a whole;

(b) Landscaping of roads and parkways, sidewalks and walking paths and any Common Properties or Restricted Common Properties;

(c) Transportation facilities other than privately owned automobiles, e.g. buses, electric vehicles, etc., paid for by special assessment as provided for in Article V, Section 4 hereof;

(d) Lighting of roads, sidewalks and walking paths throughout the Properties;

(e) Security provisions including, but not limited to, the employment of security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Properties and assistance to the Isle of Palms Police Department in the apprehension and prosecution of persons who violate the laws of South Carolina within the Properties;

(f) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local governments;

(g) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this document;

(h) Maintenance of all lakes and lagoons located within the Properties, including the stocking of such lakes and lagoons;

(i) To take any and all actions necessary to enforce all covenants and restrictions affecting the Properties and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Properties;

(j) To set up and operate an architectural review board in the event that the Association is designated by the Company as the agent of the Company for such purpose;

(k) Improvement of fishing available to Members within the Properties;

- (l) To provide day care and child care services;
- (m) To conduct recreation, sport, craft, and cultural programs of interest to Members, their children and guests;
- (n) To provide legal and scientific resources for the improvement of air and water quality within the Properties;
- (o) To maintain water search and rescue boats for the protection and safety of those in the waters located on or adjacent to the Properties;
- (p) To provide safety equipment for storm emergencies;
- (q) To support the operation of transportation services between key points of the Properties and the airports, other public transportation terminals and public centers serving the area surrounding the Properties with special assessment on the resort area as provided for in Article V, Section 4 hereof.
- (r) To construct improvements on Common Properties, or Restricted Common Properties, for use for any of the purposes or as may be required to provide the services as authorized in this Article;
- (s) To provide administrative services including but not limited to legal, accounting and financial; and communication services informing Members of Activities, Notice of Meetings, Referendums, etc., incident to the above listed services;
- (t) To provide liability and hazard insurance covering improvements and activities on the Common Properties, Restricted Common Properties, and Purchased Common Properties;
- (u) To provide water, sewage, and any necessary utility services not provided by a public body, private utility or the Company;
- (v) To provide, conduct, or maintain water pollution and shoreline erosion abatement measures including, without limitation, maintenance and repair of shore revetments and groins;
- (w) To provide any or all of the above listed services to another association or owners of real property under a contract, the terms of which must be approved by the Board Directors.

Section 4. Reduction of Services. During the calendar year of 1977, the Board of Directors of the Association shall define and list a minimum level of services which shall be furnished by the Association. So long as the Company is engaged in the development of properties which are subject to the terms of this Declaration, the Association shall not reduce the level of services it furnishes below such minimum level. Such minimum level of service shall expressly include an obligation of the Association to maintain roadways and drainage facilities in a functional and acceptable condition.

Section 5. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 4 of this Article. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association. Special assessments shall be submitted for referendum as herein provided. Subject to the provisions of Section 4 immediately above, the functions and services which the Association is authorized to carry out or provide

may be added or reduced at any time upon the affirmative vote of fifty-one (51%) percent or more of those voting in a Referendum within Type A, B and C Members conducted by the Board of Directors under the same procedures as for a special assessment. However, in any referendum for the deletion of a service to Type D Members, such Members shall also be entitled to vote.

Section 6. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association which loans shall be used by the Association in performing its authorized functions. The Company may make loans to the Association, subject to approval by the Company of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid. Notwithstanding anything in this Declaration to the contrary, the association shall not be allowed to reduce the limits of the regular annual assessment at any time there are outstanding any amounts due the Company as repayment of any loans made by the Company to the Association.

ARTICLE VII ARCHITECTURAL CONTROL

Section 1. If the Architectural Review function is assigned to the Community Association by the Company the Board shall be composed of at least three (3) but not more than eleven (11) Members, all of whom shall be appointed by the Board of Directors of the Association. At least one (1) Member of the Association other than the officers, employees or agents of the Company shall be a member of the Architectural Review Board at all times.

Section 2. Architectural Review and Approval. No building, wall, fence, swimming pool, or other structure shall be commenced, erected, or maintained upon the Common Properties, Restricted Common Properties, or Purchased Common Properties nor shall any landscaping be done, nor shall any exterior addition to any existing structure or change or alteration therein, be made until the plans and specifications therefor showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location, with the surrounding structures and topography, by the Architectural Review Board. This paragraph shall not apply to any property utilized by a governmental entity or institution.

ARTICLE VIII GENERAL PROVISIONS

Section 1. Duration. The Covenants 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, the Company or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited and this Declaration shall be automatically renewed and extended upon the expiration of each ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial thirty (30) year period or during the last year of any subse-

quent ten (10) year renewal period, three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given each Member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be placed of Record and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments. The Company specifically reserves the right to Amend this Declaration, or any portion hereof, on its own motion, from the date hereof until January 1, 1988, so long as the voting power of existing Members is not diluted thereby, nor the amounts of assessments of such existing Members raised or changed in any manner which would adversely affect such Members. Thereafter, the procedure for amendment shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted), the date that notice of such meeting was given, the total number of votes of members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes necessary to adopt the amendment, and the total number of votes cast in favor of such amendment, and the total number of votes cast against the amendment. Such Addendum shall be placed of Record.

So long as the Company, as the Type E Member, is entitled to elect a majority of the members of the Board of Directors of the Association, no amendment of this Declaration shall be made without the consent of the Company.

The quorum required for any action authorized to be taken by the Association under this Section 2 shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this Section 2 the presence at the meeting of the Members or proxies entitled to cast sixty (60%) per cent of the total vote of the Membership shall constitute a quorum if the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast fifty (50%) per cent of the total vote of the Association.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these covenants; and failure by the Association or any Member or the Company to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 4. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration of Covenants and Restrictions and to construe and interpret its provisions, and its determination, construction or interpretation, shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given that interpretation or construction that will best tend toward the consummation of the general plan of improvements.

Section 5. Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the Bylaws of the Association, unless the terms of this instrument provide otherwise.

Section 7. Notices. Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address appearing on the Association's Membership list. Notice to one or two or more co-owners or co-tenants of a Residential Lot, Family Dwelling Unit, Multiple Family Tract, Public and Commercial Site, Public and Commercial Unit, Development Unit Parcel, or Unsubdivided Land shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 8. Other Agreements. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to and conform with the provisions of:

(a) the Zoning Ordinance of the Isle of Palms, South Carolina and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified,

(b) the Master Plan for the development of the Development as approved by the Isle of Palms City Council as may from time to time hereafter be amended or modified,

(c) all conditions imposed on the Company in connection with the conditional use granted to the Company by such City Council allowing the development of a Planned Residential Development under such Zoning Ordinance of the Isle of Palms as may from time to time hereafter be amended or modified.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Company contemplated under this Declaration, the Company shall not be liable to an Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way reacting to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted, or withheld.

Section 10. Termination of Association. In the event that this Declaration be declared to be void, invalid, illegal, or unenforceable in its entirety, or in such significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Properties, Restricted Common Properties, and Purchased Common Properties belonging to the Association at the time of such adjudication shall revert to the Company, and the Company shall own and operate said Common Properties, Restricted Common Properties and Purchased Common Properties as Trustee for use and benefit of Owners within the Properties as set forth below. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Article VIII, Section 1, all Common Properties, Restricted Common Properties, and Purchased Common Properties owned by the Association at such time shall be transferred to a properly appointed Trustee which Trustee shall own and operate said Common Properties, Restricted Common Properties and Purchased Common Properties for the use and benefit of Owners within the Properties as set forth below:

(a) Each lot or parcel of land located within the Properties shall be subject to an annual assessment which shall be paid by the Owner of each such lot or parcel to the Company or Trustee, whichever becomes the successor in title to the Association. The amount of such annual assessment and its due date shall be determined solely by the Company or the Trustee, as the case may be, but the amount of such annual assessment on any particular lot or parcel shall not exceed that amount actually assessed against that lot or parcel in the last year that assessments were levied by the Association, subject to the adjustment set forth in subparagraph (b) immediately below.

(b) The rate of the minimum and maximum annual assessment which may be charged by the Company or Trustee hereunder on any particular lot or parcel may be automatically increased each year by either five (5%) per cent or the percentage increase between the first month and the last month of the annual assessment period in the Consumer Price Index, U.S. City Average, All Items (1967-100) (hereafter C.P.I.) issued by the U.S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas", whichever of these two percentage figures is larger. The actual amount of such increase in the regular maximum annual assessment on a lot or parcel shall equal the regular maximum annual assessment on such lot or parcel for the previous year multiplied by the larger of the two percentage factors set forth above. If the C.P.I. is discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.

(c) Any past due annual assessment together with interest thereon of the maximum annual rate permitted by law from the due date and all costs of collection including reasonable attorney's fees shall be

a personal obligation of the Owner at the time that annual assessment became past due, and it shall also constitute and become a charge and continuing lien on the lot or parcel of land and all improvements thereon, against which the assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.

(d) The Company, or the Trustee, as the case may be, shall be required to use the funds collected as annual assessments for the operation, maintenance, repair and upkeep of the Company or Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Neither the Company nor the Trustee shall have the obligations to provide for operation, maintenance, repair and up-keep of the Common Properties, Restricted Common Properties, or Purchased Common Properties, once the funds provided by the annual assessment have been exhausted.

(e) The Company shall have the right to convey title to the Common Properties, Restricted Common Properties, and Purchased Common Properties and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby.

(f) The Trustee shall have the power to dispose of the Common Properties, Restricted Common Properties, and Purchased Common Properties free and clear of the limitations imposed hereby; provided, however, that such disposition shall first be approved in writing by fifty-one (51%) per cent of the Owners of Property within the Properties or in the alternative shall be found to be in the best interest of the Owners of property within the Properties of Record. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Common Properties, Restricted Common Properties, or Purchased Common Properties, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and up-keep of such Properties, then for the payment of any obligations distributed among the Owners of Property within the Properties, exclusive of the Trustees, in a proportion equal to the portion that the maximum annual assessment on property owned by a particular Owner bears to the total maximum annual assessment for all property located within the Properties.

IN WITNESS WHEREOF, the Company, and the Association have caused this instrument to be executed the day and year first above written pursuant to a resolution duly and unanimously adopted by its Board of Directors.

Dated this 5th day of April, 1977.

WITNESS:

Ann J. Janssen
MJB

ISLE OF PALMS BEACH AND RACQUET
CLUB COMPANY, INC.

BY: Philip T. Fink PRES.

BY: Francis R. Fink Assistant Sec.

WITNESS:

Ann J. Janssen
MJB

ISLE OF PALMS BEACH AND RACQUET
CLUB COMMUNITY ASSOCIATION

BY: John C. Clark PRES.


BY: Francis R. Fink - Sec. Treas

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me Ann Tomberlin and made oath that (s)he saw the within named ISLE OF PALMS BEACH AND RACQUET CLUB COMPANY, INC. by Henry T. Finch, President and by Frances R. Finch, Assistant Secretary, sign, seal and as the act and deed of the corporation, deliver the within Declaration of Covenants & Restrictions of Isle of Palms Beach and Racquet Club Community Association and that (s)he with Michael J. Burkett witnessed the execution thereof.

SWORN to before me this

5th day of April, 1977.




(SEAL)
Notary Public for South Carolina
My Commission Expires: 12/1/79

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me Ann Tomberlin and made oath that (s)he saw the within named ISLE OF PALMS BEACH AND RACQUET CLUB COMMUNITY ASSOCIATION by Roster C. Clark, President and by Frances R. Finch, Sec. & Treas., sign, seal and as the act and deed of the corporation, deliver the within written Declaration of Covenants & Restrictions of Isle of Palms Beach and Racquet Club Community Association and that (s)he with Michael J. Burkett witnessed the execution thereof.

SWORN to before me this

5th day of April, 1977.



(SEAL)
Notary Public for South Carolina
My Commission Expires: 12/1/79

Filed and recorded April 7, 1977, book B112, page 259, Charleston County, S.C.

COPIES - 5121 242
ISLE OF PALMS BEACH AND RACQUET CLUB COMMUNITY ASSOCIATION

WHEREAS, the property covered hereby is the property of the Isle of Palms Beach and Racquet Club Company, Inc. caused to be placed on record certain restrictions, easements and affirmative obligations as are evidenced by instrument entitled "Declaration of Covenants & Restrictions of Isle of Palms Beach and Racquet Club Community Association", dated April 5, 1977 and duly recorded in Book B-112 at Page 259, R.M.C. Office, Charleston County, S. C.; and

WHEREAS, the property covered thereby was described in Article II, Section 1; and

WHEREAS, it has been the practice to expand the existing properties by reference on individual deeds as delivered by the Isle of Palms Beach and Racquet Club Company, Inc. and it is now the desire of the said Isle of Palms Beach and Racquet Club Company, Inc. to declare the total property at the present time covered by said covenants and restrictions.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the Isle of Palms Beach and Racquet Club Company, Inc. has and by these presents does declare the property described on Exhibit "A" attached hereto to be subject to the terms, conditions, restrictions, limitations and affirmative obligations as set forth in that certain instrument entitled "Declaration of Covenants & Restrictions of Isle of Palms Beach and Racquet Club Community Association", dated April 5, 1977 and duly recorded in Book B-112, Page 259, records, R.M.C. Office, Charleston County, S. C.

The Isle of Palms Beach and Racquet Club Community Association, Inc. hereby acknowledges this Declaration.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed under Seal this 27th day of October, 1981.

WITNESS:

Arnon H. Lunnach
[Signature]

ISLE OF PALMS BEACH AND RACQUET CLUB COMPANY, INC.

BY: *Henry T. [Signature]* President
BY: *Frank W. [Signature]* Secretary

STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON)

PERSONALLY appeared Sharon S. Sherrod and made oath that (s)he saw the within named Isle of Palms Beach and Racquet Club Company, Inc., by Henry T. Finch, its President, and Frank W. Brunley, its Secretary, sign, seal and, as its act and deed, deliver the within written Declaration of Properties, and that (s)he with Michael J. Burkett witnessed the execution thereof.

SWORN to before me this
17th day of February, 1981.

[Signature] (SEAL)
Notary Public for South Carolina
My Commission Expires: 1/31/89

STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON)

PERSONALLY appeared Sharon S. Sherrod and made oath that (s)he saw the within named Isle of Palms Beach and Racquet Club Community Association, Inc., by Foster C. Clark, its President, sign, seal and, as its act and deed, deliver the within written Declaration of Properties, and that (s)he with Michael J. Burkett witnessed the execution thereof.

SWORN to before me this
17th day of February, 1981.

[Signature] (SEAL)
Notary Public for South Carolina
My Commission Expires: 1/31/89

BK Y122PG367

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

AMENDMENT TO
COVENANTS AND RESTRICTIONS OF ISLE OF PALMS
BEACH AND RACQUET CLUB COMMUNITY
ASSOCIATION Recorded in the R.M.C. Office for
Charleston County, April 7, 1977, Book B112, Page 259
Property of Isle of Palms Beach and Racquet Club.

Pursuant to the right accorded the Company to amend this Declaration by Section 2 of Article VIII,
the Company does hereby amend Paragraph (f) of Section 5 of Article IV by adding the following sentence:

"The Company is authorized, from time to time, without further amendment of this Declaration,
to grant temporary licenses of ingress and egress on and over the roadways to such persons as
it deems to have legitimate business thereon."

Dated this 18th day of September, 1980.

WITNESS:

Lorrina B. Stewart
John W. Lynch

ISLE OF PALMS BEACH AND RACQUET
CLUB COMPANY, INC.

BY:

Henry T. Finch
Henry T. Finch, President

BY:

Frances R. Finch
Frances R. Finch, Asst. Sec.

State of South Carolina)
County of Charleston)

PROBATE

PERSONALLY appeared before me Lorrina B. Stewart and made oath that (s)he saw the within named
ISLE OF PALMS BEACH AND RACQUET CLUB COMPANY, INC., by Henry T. Finch, President, and by
Frances R. Finch, Assistant Secretary, sign, seal and as the act and deed of the corporation, deliver the
within Amendment to Covenants and Restrictions of Isle of Palms Beach and Racquet Club Community
Association and that (s)he with John W. Lynch witness the execution thereof.

Lorrina B. Stewart

SWORN to before me this
18th day of September, 1980

C. Allen Tucker (SEAL)
Notary Public for South Carolina
My Commission Expires: 4-12-86

NR138 - 120

(BKR 138 Pg. 129)

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON) SUPPLEMENTAL DECLARATION OF COVENANTS AND
RESTRICTIONS OF THE ISLE OF PALMS BEACH AND
RACQUET CLUB COMMUNITY ASSOCIATION

THIS Supplemental Declaration made this 12TH day of July, 1984 by Wild Dunes Associates, a South Carolina General Partnership, hereinafter referred to as "Company", and by Isle of Palms Beach and Racquet Club Community Association, Inc., hereinafter referred to as "Association".

W I T N E S S E T H:

WHEREAS, the Isle of Palms Beach and Racquet Club Company, Inc., by instrument dated April 5, 1977 made certain properties on the Isle of Palms, Charleston County, South Carolina, subject to certain Covenants and Restrictions, said instrument being recorded in the R.M.C. Office for Charleston County, South Carolina in Book B-112 at Page 259, as amended by instrument dated September 18, 1980 and duly recorded in Book Y-123 at Page 367; and

WHEREAS, Wild Dunes Associates is the successor to the Isle of Palms Beach and Racquet Club Company, Inc., as the Declarant by virtue of that certain Deed in Liquidation dated the first day of March, 1984 and duly recorded in the R.M.C. Office for Charleston County in Book L-135 at Page 98; and

WHEREAS, the Company has acquired title to the property which is the subject of this Declaration and desires to subject said properties to the Covenants and Restrictions of Isle of Palms Beach and Racquet Club Community Association in accordance with subsection (a), Section 2, Article II, of the above described Declaration.

NOW, THEREFORE, the Company desiring to provide for the preservation of values and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of the Covenants and Restrictions declares that the real property hereinbelow described, pursuant to Article II of "Declaration of Covenants and Restrictions of the Isle of Palms Beach and Racquet Club Community Association", dated April 5, 1977 and recorded in Book B-112 at Page 259, records, R.M.C. Office, Charleston County, South Carolina, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied, and used subject to the covenants, restrictions, conditions, easements, changes, assessments, affirmative obligations and liens as are set forth in the above described Declaration, together with the amendment thereto, dated September 18, 1980 and recorded in Book Y-123 at Page 357.

The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to those Covenants is described as follows:

EXA 138 130

ALL those certain pieces, parcels or tracts of land situate, lying and being on Waterway Island on the Isle of Palms, South Carolina, known as Lots 1 through 57 inclusive, Parcels "A" and "B", and Waterway Island Drive all as is shown on a plat entitled "Conditional Plat of Lots 1-58, Tract F, Block A, Prepared for Wild Dunes Associates, City of Isle of Palms, Charleston County, South Carolina" dated April 24, 1984, prepared by Curtis W. Lybrand, Jr., C.E. and L.S., said plat being recorded in the R.M.C. Office for Charleston County in Plat Book BA at page 40, all being shown more particularly according to said plat.

IN WITNESS WHEREOF, The Company and the Association have caused this instrument to be executed the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

WILD DUNES ASSOCIATES, a South
Carolina General Partnership

W. Foster Gilliland

By: David Henry Lucas (SEAL)
David Henry Lucas, its Partner

Henry B. H. H. H.

ISLE OF PALMS BEACH AND RACQUET
CLUB COMMUNITY ASSOCIATION, INC.

W. Foster Baird

By: Hester & Clark (SEAL)
its President

Henry B. Perkins

By: Lawrence E. McKay (SEAL)
its Secretary

SKR138 E 131

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

Personally appeared before me Henry B. Fishburne, Jr. and made oath that he/she saw the within named Wild Dunes Associate, a South Carolina General Partnership, by David Henry Lucas, its partner, sign, seal and as its act and deed, deliver the within written instrument, and that he/she with W. Foster Gaillard witnessed the execution thereof.

Henry B. Fishburne, Jr.

SWORN to before me this
12th day of July,
1984.

Elizabeth H. Powell (SEAL)
Notary Public for South Carolina
My Commission Expires: 1/3/94

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me Henry B. Fishburne, Jr. an made oath that he/she saw the within named Isle of Palms Beach and Racquet Club Community Association, Inc.; by the above named, sign, seal and, as its act and deed, deliver the within written instrument, and that he/she with W. Foster Gaillard .. witnessed the execution thereof.

Henry B. Fishburne, Jr.

SWORN to before me this
12th day of July,
1984.

Elizabeth H. Powell
Notary Public for South Carolina
My Commission Expires: 1/3/94

FISHBURNE & GAILLARD
ATTORNEYS AT LAW
P. O. BOX 669
CHARLESTON, S. C. 29402

BKR138 E 132

FILED, INDEXED & RECORDED

1984 JUL 12 PM 4:30

ROBERT H. KING
REGISTERED DEEDS CONVEYANCE
CHARLESTON COUNTY, S.C.



STATE OF SOUTH CAROLINA) AMENDMENT TO COVENANTS AND RESTRICTIONS OF
) WILD DUNES COMMUNITY ASSOCIATION, INC.
 COUNTY OF CHARLESTON) (formerly Isle of Palms Beach and Racquet
 Club Community Association, Inc.,) *

WHEREAS, Isle of Palms Beach and Racquet Club Company, Inc., and its successors and assigns has the right pursuant to Article VIII, Section 2, to amend the Declaration of Covenants and Restrictions dated April 5, 1977, and recorded in the RMC Office for Charleston County in Book B112 at page 259, on its own Motion until January 1, 1988; and

WHEREAS, Wild Dunes Associates is the successor of Isle of Palms Beach and Racquet Club Company, Inc.; and

WHEREAS, Wild Dunes Associates desires to amend the said Covenants and Restrictions as hereinafter stated; and

WHEREAS, Isle of Palms Beach and Racquet Club Community Association, Inc., changed its name to Wild Dunes Community Association, Inc.,

NOW, KNOW ALL MEN BY THESE PRESENTS that Wild Dunes Associates does hereby amend the Declaration of Covenants and Restrictions dated April 5, 1977, and recorded in the RMC Office for Charleston County in Book B112 at page 259, in the following particulars:

1. ARTICLE III, SECTION 6, shall be amended by deleting the first sentence of the second paragraph and inserting the following:

"The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association the presence at the meeting of members or proxies entitled to cast fifty (50%) percent of the total vote of the membership shall constitute a quorum."

2. ARTICLE IV, SECTION 5, Paragraph (h) is amended by adding the following paragraph thereto:

"Notwithstanding the provisions of the above paragraph or any other provisions of the Covenants and Restrictions or the By-Laws of the Association, the Board of Directors of the Association shall have the power and authority to sell, transfer or convey portions of Common Properties and Restricted Common Properties without a vote of the Members of the Association in order to: (a) correct errors or mistakes in deeds or easements to or from the Association and the Company; or (b) to divest the Association of properties which are not necessary for the functions and services which the Association is authorized to carry out and deliver. An affirmative vote of a majority of the Board of Directors shall be necessary to approve and authorize any such sale, transfer or conveyance."

3. ARTICLE V, SECTION 3, Paragraph (d) shall be amended so that it reads as follows:

"The Annual assessment on the unimproved land shall be billed quarterly commencing on the first day of January of

*Wild Dunes (Formerly) Isle of Palms Beach and Racquet Club

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each year. All other properties shall be billed annually in January of each year. All assessment bills shall be due and payable thirty (30) days from the date of mailing of same. The Board of Directors may allow monthly or quarterly installment payments of annual assessments on improved property."

4. ARTICLE V, SECTION 7, the first sentence of the second paragraph shall be amended to read as follows:

"The first time any meeting of the Members of the Association is called to take action under this Article the presence at the meeting of Members or proxies entitled to cast fifty (50%) percent of the total vote of the memberships shall constitute a quorum."

IN WITNESS WHEREOF, Wild Dunes Associates by its duly authorized Partner has hereunto set its Hand and Seal this 28th day of October, 1986.

WITNESSED:

WILD DUNES ASSOCIATES, a South
Carolina General Partnership

BY: [Signature] (SEAL)
ITS: PARTNER

[Signature]
[Signature]
STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON)

PERSONALLY appeared the undersigned witness who, on oath, says that s/he saw the within named WILD DUNES ASSOCIATES, a South Carolina General Partnership, by its duly authorized Partner, sign, seal and as its act and deed deliver the within written AMENDMENT TO COVENANTS AND RESTRICTIONS OF WILD DUNES COMMUNITY ASSOCIATION, INC., and that s/he with the other witness above subscribed witnessed the execution thereof.

SWORN to BEFORE me this 28th
day of October, 1986

[Signature] (L.S.)
NOTARY PUBLIC FOR SOUTH CAROLINA
MY COMMISSION EXPIRES: 6-27-89

[Signature]

RETURN TO BUIST, MOORE, SMYTH
& MCGEE (H.S.)
ATTORNEY'S INITIALS

3K L 159-8857

Amend Act. 400

FILED. INDEXED & RECORDED

1986 OCT 31 AM 10:20
CERTIFICATE CANCELLED

ROBERT H. KING
REGISTER MESNE CONVEYANCE
CHARLESTON COUNTY, S.C.

0.4. 12/17

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FILED. INDEXED & RECORDED

L159-855

1986 NOV 17 PM 2:29

ROBERT N. KING
REGISTER MESNE CONVEYANCE
CHARLESTON COUNTY, S.C.

6

STATE OF SOUTH CAROLINA) Addendum to Declaration of Covenants and
COUNTY OF CHARLESTON) Restrictions of Wild Dunes Community
) Association, Inc. (Formerly Isle of Palms Beach
And Racquet Club Community Association, Inc.)

WHEREAS, the Declaration of Covenants and Restrictions** of Wild Dunes Community Association, Inc. (the "Association") dated April 5, 1977 and recorded in Book B-112, Page 259, RMC Office for Charleston County (the "Covenants") provides the method for amending the Covenants in Article VIII, Section 2; and . **Isle of Palms Beach and Racquet Club

WHEREAS, on August 20, 1998 Notice of a Special Meeting of the Association was given to the Association members calling for a Special Meeting of Members on September 26, 1998 (the "Special Meeting"); and

WHEREAS, at the Special Meeting, Article III, Section 6 of the Covenants was amended; and

WHEREAS, pursuant to Article VIII, Section 2 of the Covenants this Addendum is being executed and recorded to evidence on the public records the change to the Covenants.

NOW, THEREFORE, Article III, Section 6 of the Covenants is and the same has been amended so that Article III, Section 6 shall hereafter read as follows:

Section 6. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association the presence at the meeting of Members or proxies entitled to cast thirty percent (30%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast Fifteen Percent (15%) of the total vote of the Membership of the Association. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Article III, Section 6, and any other requirements for such "duly called meeting" which may be

3KE 315FG229

established by the By-Laws of the Association. This provision shall not apply when the proposed action is the amendment of this Declaration and the quorum requirements established by Article VIII, Section 2 shall govern in that instance. For the purpose of this Section, "proper notice" shall be deemed to be given when given each Member not less than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

The effective date of the Amendment is November 26, 1998 which is sixty (60) days after the Special Meeting. The Notice of the Special Meeting was given on August 20, 1998. The total number of votes of members of the Association as of the date of the Special Meeting was 4219 and the total number of votes required to constitute a quorum at the Special Meeting was 2531. The number of votes present in person or by proxy at the Special Meeting was 3472. The total number of votes necessary to adopt the Amendment was 2556. The total number of votes cast in favor of the Amendment was 3,407, and the total number of votes cast against the Amendment was 0.

IN WITNESS WHEREOF, the undersigned President and Secretary of the Association has hereunto set their hands and seals this 10th day of November, 1998.

WITNESSES:

WILD DUNES COMMUNITY
ASSOCIATION, INC.

Kimberly A. Atkeson
Cynthia K. Murray
Cynthia K. Murray

By: Bradley Johnston
Bradley Johnston
Its: President

Kimberly A. Atkeson
Cynthia K. Murray
Cynthia K. Murray

By: Sandra M. Briggs
Sandra M. Briggs
Its: Secretary

STATE OF South Carolina)

COUNTY OF Charleston)

DE 31586230

The foregoing instrument was acknowledged before me this 11th day of November, 1998
by Wild Dunes Community Association, Inc. by Bradley Johnston, its President.

Cynthia W. Rivers

Notary Public for

My Commission Expires: 10-10-99

STATE OF South Carolina)

COUNTY OF Charleston)

The foregoing instrument was acknowledged before me this 11th day of November, 1998
by Wild Dunes Community Association, Inc. by Sandra M. Briggs, its Secretary.

Cynthia W. Rivers

Notary Public for

My Commission Expires: 10-10-99

RETURN TO:
Krawcheck & Davidson, L. L. C.
9 State Street
Charleston, SC 29401

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CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

STATE OF SOUTH CAROLINA)
)
 COUNTY OF CHARLESTON) ADDENDUM TO AMEND THE COVENANTS AND
) RESTRICTIONS OF WILD DUNES COMMUNITY
) ASSOCIATION, INC.

At a Special Meeting of the Members of Wild Dunes Community Association, Inc. on October 13th 2001, duly called and held pursuant to notice, at which a quorum was present, Article V, Section 5, of the Covenants and Restrictions of Wild Dunes Community Association, Inc. (formerly Isle of Palms Beach and Racquet Club Community Association, Inc.) dated April 5, 1977 and recorded in the RMC Office for Charleston County in Book B-112, Page 259 was amended to read as follows:

Reserve Funds:

- (a) The Association may establish reserve funds from its Annual Assessments and/or the Contribution to Reserves fees as described in subsection (b) below, to be held in reserve in an interest bearing account or otherwise invested, as a reserve fund for:
 - (1) Major rehabilitation or major repairs of infrastructure owned or leased by the Association;
 - (2) For emergency and other repairs as a result of storm, fire, natural disaster, or other casualty loss;
 - (3) Recurring periodic maintenance; and
 - (4) Initial costs of any new service to be performed by the Association.
- (b) Upon each transfer (as hereinafter defined) of any property subject both to the terms of these Covenants and the jurisdiction of the Association, the Association shall be paid a contribution to reserves fee ("Contribution to Reserves Fee") equal to .50% (.0050) of the gross purchase price for such property up to \$5,000,000.00. The Contribution to Reserves Fee shall be equal to .25% as to that portion of the gross purchase price which is greater than \$5,000,000.00 up to \$15,000,000.00. No Contribution to Reserves Fees shall be paid on that portion of the gross purchase price in excess of \$15,000,000.00. With regard to any sale of all or a portion of property used for commercial purposes in which the property may be conveyed by separate transfer documents, the transfer fee shall be calculated based on the consolidated purchase price.
- (c) For purposes of these Covenants, the aforesaid Contribution to Reserves Fee shall not be considered an Annual or Special Assessment, and shall be specifically excluded from all calculations related thereto.

- (d) For purposes hereof a "transfer" shall be deemed to occur upon the execution of a deed instrument or other similar writing whereby any property or an interest therein, is sold, granted, conveyed or otherwise transferred.

The Contribution to Reserves Fee shall be paid to the Association at, or prior to, the time the deed, instrument, or other document evidencing the transfer of the property, or an interest therein, is recorded in the RMC Office for Charleston County, South Carolina, but in no event no later than thirty (30) days after the date said deed instrument or other document evidencing the transfer, is recorded in Charleston County, South Carolina.

- (e) Payment of the Contribution to Reserves Fee shall be the liability of the purchaser or grantee of the property. In the event there is more than one grantee, all of such grantees shall be jointly and severally liable for the Contribution to Reserves Fee. Any agreement between the grantee and the grantor or any other person with regard to the allocation of the responsibility of the payment of said fee shall not affect the liability of the grantee to the Association.

- (f) The above described Contribution to Reserves Fee shall not apply to the following or applicable portion of:

- (1) A transfer effected pursuant to a court order; or
- (2) A transfer when the grantee of such property is the United States of America or State of South Carolina or any of their political subdivisions or departments and such grantee is to utilize the property for a public purpose; or
- (3) A transfer which, without additional consideration, confirms, corrects, modifies, or supplements a transfer previously made; or
- (4) A transfer made as a gift without consideration, if the grantee shall have been at the time of transfer the spouse, lineal descendant, or lineal ancestor of the grantor, by blood or adoptions; or
- (5) A transfer to the trustee(s) of a trust in exchange for a beneficial interest received by the grantor in such trust to the beneficiary or beneficiaries of the trust; or
- (6) A transfer by operation of law without actual consideration, including, but not limited to, a transfer occurring by virtue of the death or bankruptcy of an owner of a property or an interest therein; or
- (7) A transfer to any charitable organization or any religious organization provided that the property or interest therein so transferred will be held by the charitable or religious organization solely for its public, charitable or religious purposes. For purposes hereof, a charitable organization shall be limited to a charitable organization as defined in Section 33-55-20, South Carolina, Code of Laws, 1976 (as amended); or

- (8) A transfer made pursuant to a court ordered mortgage foreclosure sale or to the mortgagee in lieu of foreclosing a mortgage; or
- (9) A transfer to an escrow agent, trustee or qualified intermediary pursuant to a "like kind exchange" in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended; or
- (10) A transfer of a property or interest therein which is exempt from assessment pursuant to Section 12 of this Article V.
- (11) A transfer of a property or interest therein by the Association or to the Association.
- (12) A transfer of property to a corporation, a partnership, or a trust in order to become, or as a stockholder, partner, or trust beneficiary of the entity provided no consideration is paid for the transfer other than stock in the corporation, interest in the partnership, beneficiary interest in the trust or the increase in value in such stock or interest held by the grantor; or
- (13) A transfer of property from a corporation, a partnership, or a trust to a stockholder, partner, or trust beneficiary of the entity, provided no consideration is paid.
- (14) A transfer of property to or from a family partnership or from a family trust provided no consideration is paid for the transfer.
- (15) A transfer of property held in the name of a corporation, limited liability company, partnership, or any similar entity between said owner and any related or affiliated entities.

Any party claiming to be exempt from payment of the Contributions to Reserves Fee to the Association shall submit to the Association a copy of the deed, or other affidavit signed under oath and penalty of perjury by the grantee attesting the basis upon which the transfer is claimed to be exempt from the herein described Contribution to Reserves Fee; in whole or in part, and the name and mailing address of the grantee.

The Association may require the grantor and/or grantee to the property or interest therein which is transferred to provide the Association with copies of documentation associated with the transfer such as a copy of an executed closing statement, the applicable contract of sale and/or the deed or other instrument evidencing the transfer.

- (g) In the event a Contribution to Reserves Fee is not paid to the Association when due, a delinquent payment fee not to exceed five percent (5%) of the unpaid amount per month from the due date and each month thereafter until paid shall be added to the Contribution to Reserves Fee so long as any portion thereof remains unpaid. The aforesaid delinquent

payment fee shall be established from time to time, by the Association's Board of Directors. Additionally, if the Contribution to Reserves Fee is not paid to the Association when due, the amount of such fee plus the above described delinquent payment fee and all costs of collection thereof including, but not limited to, reasonable attorney's fees, as hereinafter provided, shall be a charge and continuing lien on the property transferred in the hands of the then Owner, his or her heirs, devisees, personal representatives, tenants, successor and/or assigns. If the Contribution to Reserves Fee is not paid to the Association when due, the Association may bring an action at law against the Owner personally obligated to pay the same for such fee (including any delinquent payment fee, costs and reasonable attorney's fee of any such action) and/or foreclose the lien for such fee (including any delinquent payment fee, costs and reasonable attorney's fee of any such action).

Notwithstanding the establishment of the above described lien or any unpaid Contributions to Reserves Fee together with any delinquent payment fee and costs of collection, said lien shall be subordinate to the lien of any purchase money mortgage placed upon the property in connection with or arising out of the transfer upon which the unpaid Contribution to Reserves Fee is based.

The Contribution to Reserves Fee shall be effective as to property transfers on and after a date to be determined by the Board of Directors.

Article VIII, Section 2 of the Covenants and Restrictions require that this Addendum contain the following information:

- (i) The Board of Directors has determined that the effective date of this amendment is January 1, 2002, and property transfers recorded in the public records on or after January 1, 2002 shall be subject to the Contribution to Reserves Fee.
- (ii) Notice of the Special Meeting was given on September 7, 2001.
- (iii) The total number of votes of Members of the Association was 4,389.
- (iv) The total number of votes required to constitute a quorum at the meeting was 2,634.
- (v) The total number of votes necessary to adopt the Amendment was 2,069.
- (vi) The total number of votes cast in favor of such Amendment was 2,467.
- (vii) The total number of votes cast against the Amendment was 291.

BK K 387PG046

IN WITNESS whereof, Wild Dunes Community Association, Inc. has caused this Addendum to be executed by Robert F. Sheridan, its President and Larry A. Pierson, its Secretary, this 31st day of October, 2001.

WITNESSES:

WILD DUNES COMMUNITY ASSOCIATION, INC.

David Kynorick
Jessie L. Landry

By: Robert F. Sheridan
Robert F. Sheridan
Its: President

WILD DUNES COMMUNITY ASSOCIATION, INC.

David Kynorick
Jessie L. Landry

By: Larry A. Pierson
Larry A. Pierson
Its: Secretary

STATE OF South Carolina)
COUNTY OF Charleston)

The foregoing instrument was acknowledged before me this 31st day of October, 2001, by Wild Dunes Community Association, Inc., by Robert F. Sheridan, its President.

Pearl H. Mazyck
Notary Public for South Carolina
My Commission Expires: July 9, 2003

STATE OF South Carolina)
COUNTY OF Charleston)

The foregoing instrument was acknowledged before me this 31st day of October, 2001, by Wild Dunes Community Association, Inc., by Larry A. Pierson, its Secretary.

Pearl H. Mazyck
Notary Public for South Carolina
My Commission Expires: July 9, 2003

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Krawcheck & Davidson, L.L.C.
9 State Street
Charleston, SC 29401

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CHARLE L. BRAND
REGISTER
CHARLESTON COUNTY SC

STATE OF SOUTH CAROLINA) Addendum to Amend the Covenants and
) Restrictions of Wild Dunes Community
COUNTY OF CHARLESTON) Association, Inc.

At a Special Meeting of the Members of Wild Dunes Community Association, Inc. on May 19, 2018 duly called and held pursuant to notice, at which a quorum was present, Article V of the Covenants and Restrictions of Wild Dunes Community Association, Inc. (formerly Isle of Palms Beach and Racquet Club Community Association, Inc.) dated April 5, 1977 and recorded in the ROD Office for Charleston County in Book B-112, Page 259 and amended by Addendum dated October 31, 2001 and recorded in the Charleston County ROD Office in Book K-387, Page 042, was further amended as follows:

1. Section 3 is amended by the addition of subsection (j) which shall read as follows:

(j) The maximum regular annual assessment may not exceed the regular annual assessment approved by the Board of Directors of the Association for the previous year, plus the amount calculated in accordance with the applicable percentage in subsection (h) above, unless approved by the Owners by Referendum.

2. Section 5, Subsection (a) is amended by the addition of item (5) which shall read as follows:

(5) Beach maintenance and renourishment in a Beach Maintenance Fund.

3. Section 5, subsection (b) is amended so that it shall read as follows:

(b) Upon each transfer (as hereinafter defined) of any property subject both to the terms of these Covenants and the jurisdiction of the Association, the Association shall be paid a contribution to reserves fee ("Contribution to Reserves Fee) equal to 1% of the gross purchase price for such property up to \$5,000,000.00. The Contribution to Reserves Fee shall be equal to .25% as to that portion of the gross purchase price which is greater than \$5,000,000.00 up to \$15,000,000.00. No Contribution to Reserves Fee shall be paid on that portion of the gross purchase price in excess of \$15,000,000.00. With regard to any sale of all or a portion of property used for commercial purposes in which the property may be conveyed by separate transfer documents, the Contribution to Reserves Fee shall be calculated based on the consolidated purchase price.

One-half (50%) of the Contribution to Reserves Fee collected after the effective date of this Amendment shall be held in the Beach Maintenance Fund to be used in the discretion of the Board of Directors for the maintenance and renourishment of the beach adjacent to Wild Dunes. If the amount in the Beach Maintenance Fund exceeds \$6,000,000.00, the Board may use all or any portion of the excess funds for the purposes mentioned in Subsection (a) (1) through (5) above.

4. Article VIII. Section 2 of the Covenants and Restrictions require that this Addendum contain the following information:

- (i) The effective date of this amendment is July 19, 2018.
- (ii) Notice of the Special Meeting was given on April 19, 2018.
- (iii) The total number of votes of Members of the Association as of the date of the Special Meeting was 4992. There were 3,026 votes present in person or by proxy at the meeting.
- (iv) The total number of votes required to constitute a quorum at the meeting was 2995.
- (v) The total number of votes necessary to adopt the Amendment was 2270.
- (vi) The total number of votes cast in favor of the Amendment was 2787.
- (vii) The total number of votes cast against the Amendment was 239.

IN WITNESS WHEREOF, Wild Dunes Community Association, Inc. has caused this Addendum to be executed by Scott McKenzie, its President and Donna Smith, its Secretary this 20th day of June, 2018.

WITNESSES:

WILD DUNES COMMUNITY ASSOCIATON,
INC.

Paul Kynash
Carolyn A. Foti

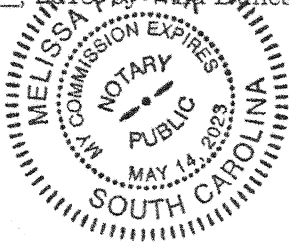
By: Scott McKenzie
Scott McKenzie
Its: President

Paul Kynash
Carolyn A. Foti

By: Donna Smith
Donna Smith
Its: Secretary

STATE OF South Carolina)
COUNTY OF Charleston)

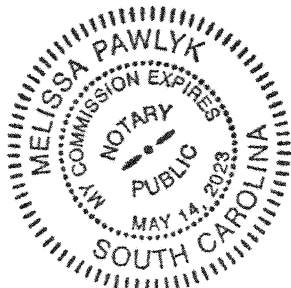
The foregoing instrument was acknowledged before me this 20th day of June, 2018, by Wild Dunes Community Association, Inc. by Scott McKenzie, its President.



Melissa Pawlyk
Notary Public for South Carolina
My Commission Expires: May 14, 2023

STATE OF South Carolina)
COUNTY OF Charleston)

The foregoing instrument was acknowledged before me this 20th day of June, 2018, by Wild Dunes Community Association, Inc. by Donna Smith, its Secretary.



Melissa Pawlyk
Notary Public for South Carolina
My Commission Expires: May 14, 2023

After recording return to:

RETURN TO:

Krawcheck & Davidson
9 State Street
Charleston, SC 29401



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STATE OF SOUTH CAROLINA) AMENDMENT TO THE DECLARATION
) OF COVENANTS AND RESTRICTIONS OF
) WILD DUNES COMMUNITY ASSOCIATION,
) INC.
) (Original Book/Page: B-112/259)
)
) (Formerly Isle of Palms Beach and Racquet
COUNTY OF CHARLESTON) Club Community Association, Inc.)

THIS AMENDMENT TO THE DECLARATION OF COVENANTS AND RESTRICTIONS FOR WILD DUNES COMMUNITY ASSOCIATION, INC. (the "Amendment") is hereby made on this 7 day of March, 2020 by Wild Dunes Community Association, Inc. (the "Association").

WITNESSETH

WHEREAS, the Declaration of Covenants and Restrictions for Wild Dunes Community Association, Inc. (formerly Isle of Palms Beach and Racquet Club Community Association, Inc.) are recorded in Book B-112 at Page 259 in the Charleston County, South Carolina Register of Deeds Office, as subsequently amended, and collectively referred to herein as the "Declaration".

WHEREAS, the ByLaws of Wild Dunes Community Association, Inc. are recorded in Book 812, Page 855 in the Charleston County, South Carolina Register of Deeds Office and referred to herein as the "ByLaws".

WHEREAS, pursuant to Article VIII, Section 2 of the Declaration, the Association has approved certain amendments to the Declaration, as expressly set forth herein.

WHEREAS, pursuant to Article VIII, Section 2 of the Declaration, the following information is hereby set forth: (1) the date that notice of the meeting at which this Amendment was approved was given on January 17, 2020; (2) the total number of votes of members of the

Association is 5,006; (3) the total number of votes required to constitute a quorum at a meeting of the Association is 3,004; (4) the total number of votes necessary to adopt the Amendment to Article III, Section 9, Article VIII, Section 2 and Article VIII, Section 2.2 was 2,679 and to adopt the Amendment to Article VIII, Section 1 was 3,215; (5) the total number of votes cast in favor of this Amendment was 3,554, (6) the total number of votes cast against this Amendment was 18, and (7) this Amendment was approved by the Members of the Classes whose voting rights are affected hereby.

NOW, THEREFORE, the Declaration is hereby amended as follows:

1. Article III is hereby amended to add a new Section 9 which shall read as follows:

Section 9. Member Voting Cap. Notwithstanding anything in the Declaration and/or the ByLaws to the contrary, for the purposes of voting for or against any proposed matter that requires a vote of the Members of the Association, including any amendments to the Declaration, in the event that: (i) the aggregate number of votes held by all Class C members exceeds Twenty Percent (20%) of the total votes in the Association and/or (ii) the aggregate number of votes from any class, a combination of or all classes held by any Member exceeds Twenty Percent (20%) of the total votes in the Association, (collectively the "Member Voting Cap") then the votes that are cast by such Members or Member in the same manner (e.g., either "for" or "against" a proposed Amendment to the Declaration) that exceed the Member Voting Cap shall be deemed to have not been cast and shall not be counted. Further, for purposes of determining the quorum required for any such vote, the aggregate number of votes held by any such Members or Member that exceeds the Member Voting Cap shall be deemed not to exist for purposes of computing the total number of votes in the Association. In the event the provisions of this Section 9 are determined to violate the provisions of the South Carolina Nonprofit Corporation Act (S.C. Code Ann. Section 33-31-101 et seq., as amended)(the "Act") with regard to the manner in which member's votes are allowed to be cast and/or counted, then this Section 9 shall be considered a voting agreement pursuant to S.C. Code Ann. Section 33-31-730, and unless this Section 9 is amended to provide otherwise, then the voting agreement shall be deemed to automatically renew on each ten (10) year anniversary of the effective date of this Amendment that established this Section 9.

All references to voting in this Section 9 shall include without limitation all methods of voting by Members, such as voting at a meeting, voting by Referendum, and/or voting by written ballots (including electronic ballots).

Notwithstanding the forgoing and/or anything to the contrary in this Declaration and/or the Act, the Member Voting Cap shall be applicable to Members and also their Affiliates, both separately and in the aggregate, and for purposes of the Member Voting Cap only, the term "Affiliate" means, as to the Member in question, any person or entity that directly or indirectly controls, is controlled by or is under common control with, the Member in question, and the term "control" means possession, directly or indirectly, of the power to direct or cause the

direction of the management of an entity whether through ownership of voting interests, by contract or otherwise. Notwithstanding the foregoing, the appointment by a Member of a proxy shall not: (i) be deemed to create an affiliation with such proxy unless such proxy satisfies the definition of an "Affiliate" contained above, or (ii) be deemed to be an aggregation of votes for purposes of the Member Voting Cap.

2. Article VIII, Section 1 is hereby deleted in its entirety and replaced with the following:

Section 1. Duration. The Covenants 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, the Company or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period, this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited and this Declaration shall be automatically renewed and extended upon the expiration of each ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration, if during the last year of the initial thirty (30) year period or during the last year of any subsequent ten (10) year renewal period, ninety percent (90%) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered setting forth the fact that such a proposal will be considered, shall be given each Member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be placed of record and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration. Further amendment of this Article VIII, Section 1 shall require ninety percent (90%) of the votes cast in favor of the amendment at a duly held meeting of the Association.

3. Article VIII, Section 2 is hereby deleted in its entirety and replaced with the following:

Section 2. Amendments. All proposed amendments to this Declaration shall be submitted to a vote of the Members at a duly called meeting of the Association with a quorum, and any such proposed amendment shall be deemed approved if at least two-thirds (2/3) of the votes cast at such meeting vote in favor of such proposed amendment. Notice of any proposed amendment shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an amendment to this Declaration which shall set forth the amendment and the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted), and such amendment shall be recorded in the Office of the Register of Deeds for Charleston County.

Notwithstanding anything in this Declaration and/or the Bylaws to the contrary, the quorum required for the Association to amend this Declaration shall be as follows: The first time any meeting of the Members of the Association is called to take action under this Section 2 the presence at the meeting of the Members or proxies entitled to cast sixty (60%) per cent of the total vote of the Membership shall constitute a quorum, and if the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast fifty (50%) per cent of the total vote of the Association.

Notwithstanding the foregoing and/or anything to the contrary herein, in lieu of a meeting of the Association, this Declaration may be amended by approval of the Members of the Association by written ballots in accordance with S.C. Code Ann. Section 33-31-708.

4. Article VIII is hereby amended to add a new Section 2.2 which shall read as follows:

Section 2.2 Notwithstanding anything to the contrary in this Declaration (i) this Declaration shall not be amended in any manner to modify the voting rights of any Member and/or Members and/or modify membership quorum requirements without approval by a majority of the total votes of the Members in the Association, and (ii) notwithstanding the foregoing sentence, class voting by Members shall be permitted for any member vote regarding modification of voting rights of any Member and/or Members.

5. Except as expressly set forth herein, the Declaration shall remain unmodified and in full force and effect.

6. If any provision in this Amendment conflicts with the other provisions of the Declaration, the terms and conditions of this Amendment shall control.
7. The effective date of this Amendment shall be May 15, 2020.

IN WITNESS WHEREOF, the undersigned has executed this Amendment to the Declaration of Covenants and Restrictions for Wild Dunes Community Association, Inc. on the date first written above.

IN THE PRESENCE OF:

Daniel Kynash
Witness 1

Henry Trachsel
Witness 2

WILD DUNES COMMUNITY
ASSOCIATION, INC.
A South Carolina Nonprofit Corporation

By: [Signature], President

By: Arlene Southland, Secretary

State of South Carolina)

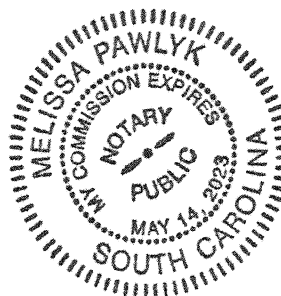
County of Charleston) ACKNOWLEDGMENT

I, Melissa Pawlyk, the undersigned Notary Public for the State of South Carolina, do hereby certify that Murray Small, as President and Arlene Southland as Secretary of Wild Dunes Community Association, Inc., personally appeared before me this date and acknowledged the execution of the foregoing instrument on behalf of the nonprofit corporation.

Sworn to before me this 16th day of June, 2020.

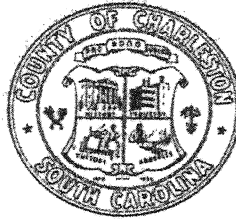
Melissa Pawlyk
Notary Public for South Carolina

My Commission Expires: May 14, 2023



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**Filed By:**

KRAWCHECK & DAVIDSON

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Time: 4:28:21 PM

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Amend/Misc

Michael Miller, Register
Charleston County, SC

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WILD DUNES COMM ETC

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