

**DECLARATION OF COVENANTS
AND RESTRICTIONS**

BY

SEA PINES PLANTATION COMPANY, INC.

THIS DECLARATION, made this 7th day of September, 1974, by Sea Pines Plantation Company, Inc., a South Carolina Corporation, hereinafter called "Company."

WITNESSETH:

WHEREAS, Company is the owner of certain real property described in Article II of this Declaration and has created a planned community known as Sea Pines Plantation with certain facilities, amenities and services for the use and benefit of property owners within such community and for the use and benefit of the Company, its guests, invitees, licensees, successors, and assigns; and

WHEREAS, the Company desires to provide for the preservation of the values and amenities in Sea Pines Plantation, and for the maintenance and improvement of certain properties and facilities in Sea Pines Plantation; and to this end, desires to subject the real property described in Article II together with such additions as may hereafter be made, to covenants, restrictions, easements, conditions, assessments, affirmative obligations, charges and liens, hereinafter set forth, each and all of which is and hereby declared to be for the benefit of said property and each and every person provided for herein and the Company, its guests, invitees, licensees, successors, and assigns;

NOW THEREFORE, Sea Pines Plantation Company does hereby declare that the covenants contained herein shall be covenants running with the land and shall apply to the real property described in Article II hereof, together with such additions as may hereafter be made, and that said property shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, easements, conditions, assessments, affirmative obligations, charges and liens (hereinafter sometimes referred to as "the Covenants") hereinafter set forth.

ARTICLE I

DEFINITIONS:

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

- A) The "Company" shall mean Sea Pines Plantation Company, Inc., its successors and assigns, and Sea Pines Company, its subsidiaries, joint-venture partnerships and partnerships having an interest in any part of the Properties.
- B) The "Properties" shall mean and refer to the existing property described in Article II hereof, and additions thereto, as are subjected to this Declaration by any supplemental declaration. Said existing Properties are more particularly described by a map of Sea Pines Plantation filed with the Association of Sea Pines Property Owners, Inc. which shall serve as a guide for determining the areas subject to these covenants until the designated areas are platted and filed for record in the Office of the Clerk of Court of Beaufort County, South Carolina. Plats currently available will be filed with these Covenants.
- C) "Participating Property Owners" shall be all those owners of Residential lots, and Family Dwelling Units, except the Company, who execute that certain Agreement, known as the "Advisory Group Agreement", and all owners of Residential lots and Family Dwelling Units who purchase property in Sea Pines Plantation which is subject to the payment of the same or greater dollar amount of the assessments provided for herein.
- D) "Residential Lot" shall mean any unimproved parcel of land located within Sea Pines Plantation which is intended for use as a site for a single family detached dwelling, townhouse, or patio dwelling as shown upon any recorded final subdivision map of any part of Sea Pines Plantation. A parcel of land shall be deemed to be unimproved until construction is started (ground-breaking)
- E) "Family Dwelling Unit" shall mean and refer to any improved property intended for use as a single family dwelling, including any single family detached dwelling, patio house, condominium unit, townhouse unit, cooperative apartment unit, or apartment unit located within Sea Pines Plantation.
- F) "Owner" shall mean and refer to the Owner as shown by the real estate records in the Office of the Clerk of Court of Beaufort County, South Carolina, whether it be one or more persons, firms, associations, corporation, or other legal entities, of fee simple title to any Residential Lot or Family Dwelling Unit, situated within Sea Pines Plantation, other than the Company, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee, or holder of a security deed, its successors or assigns,

unless and until such mortgagee has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure and has held such title for a period of one year; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. In the event that there is recorded in the Office of the Clerk of Court of Beaufort County, South Carolina, a long-term contract of sale covering any lot or parcel of land within Sea Pines Plantation, 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.

- G) "Intended for use" shall mean the use intended for various parcels, other than the Properties made subject to these Covenants, within Sea Pines Plantation as designated on the Master Plans for the Sea Pines Plantation prepared by the Company as the same may be revised from time to time, 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.
- H) "Affiliate" shall mean any corporation more than 50% of the voting stock of which is owned or controlled by the Company and any partnership or joint venture in which the Company has more than a 50% equity interest or an interest in 50% or more of the cash flow from said partnership or joint venture.
- I) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan of the Company for the development of Sea Pines Plantation. Since the concept of the future development of Sea Pines Plantation, other than the Properties made subject to these Covenants, 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.
- J) "Referendum" shall mean and refer to the power of the Participating Property Owners to vote by mailed ballots on certain actions including, without limitation, whether the Participating Property Owners shall accept any offer by the Company to convey to them as a group, or to a Trustee, appointed by a court of competent jurisdiction, any Properties. In the event seventy-five (75%) percent of the votes actually returned to the Company or other properly appointed authority within the specified time shall be in favor of such actions, the action voted upon will be deemed to have been authorized by the Participating Property Owners; and will become effective as an amendment to these Covenants if approved by the Company. A referendum may be called by the Company or shall be called upon the written petition of at least ten percent (10%) of the Participating Property Owners.

When a referendum is called, it shall be conducted by the Company with the assistance of the Participating Property Owners according to the following rules which may be modified or supplemented by the Company and the Sea Pines Plantation Property Owner Advisory Board:

- 1) Notice of the referendum together with ballots shall be mailed to the Participating Property Owners within sixty (60) days after the call.
 - 2) The Participating Property Owners shall have not less than thirty (30) nor more than sixty (60) days from the date of mailing to return their ballots.
 - 3) A Participating Property Owner shall have one vote regardless of the number of Residential Lots and Family Dwelling Units owned. Joint owners of property shall only have one vote.
- K) "Business Land" shall mean property on which the following kinds of facilities have been or shall be constructed, but shall not include land adjacent or contiguous to any such buildings: (1) restaurant and/or bar facilities; (2) warehouse and storage facilities; (3) offices; (4) commercial buildings, including but not limited to retail shops, hotels, mote's, inns, banks, theaters, lounges, but excluding family dwelling units; (5) stable buildings; (6) recreation clubhouses; and (7) tennis courts.
- L) "Sea Pines Plantation" shall mean all the real property with improvements thereon described in Exhibit A.

ARTICLE II

EXISTING PROPERTIES. The existing Properties consists of those tracts or parcels of land, situate, lying and being on Hilton Head Island, Beaufort County, South Carolina, which are shown on a map filed with the Association of Sea Pines Plantation Property Owners, Inc., which shall serve as a guide for determining the areas subject to these Covenants until the designated areas are plated and filed for record in the office of the Clerk of Court of Beaufort County, South Carolina. Plats currently available will be filed with these Covenants.

Said Properties shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, easements, conditions, assessments, affirmative obligations, charges and liens set forth below.

A. The use to which existing Properties shall be devoted and the acreage contained within each category of use are:

1) Roads, Drains and Parking

The term "Drain", when used herein shall mean and refer to any natural or artificial channel, pipe, culvert, trench, or any hollow or open place in the ground located in Sea Pines Plantation designed and intended for the collection and dispersion of water. The term drain shall include, but not be limited to ditches, lagoons, watercourses, waterways, streams or brooks.

The term "Road", when used herein shall mean and refer to any overland passageway of every character within Sea Pines Plantation. The term road shall include, but not be limited to any passageway for vehicles, persons and animals such as a highway, route, bicycle path, bridge, street, nature trails or any improved or unimproved path right of way for the passage of persons or vehicles.

The term "Parking", when used herein shall mean and refer to any area within Sea Pines Plantation capable of being and intended to be used for the parking of any vehicle, including bicycles.

Not less than 357 acres of land within Sea Pines Plantation shall be designated for use as roads, drains, and parking.

2) Utility Easements

"Utility Easements" when used herein shall mean and refer to the rights over, on, under and through land the Company has reserved or others have acquired for the purpose of constructing, maintaining, repairing and utilizing instrumentalities in the furnishing and supplying to owners of property in Sea Pines Plantation and near-by areas of electricity, water, means of communication, sewer services, fuels for heating and cooking, CATV or other similar services customarily supplied by governmental bodies and public utility companies.

Not less the 36 acres of land within Sea Pines Plantation shall be designated for use as utility easements.

3) Community Services

“Community Services” when used herein shall mean land used for education facilities, fire stations and/or community service maintenance facilities.

Not less than 1 5 acres of land within Sea Pines Plantation shall be designated for use as “Community Services” land.

4) Parks and Recreation

The terms “Parks and Recreation”, when used herein shall mean and refer to any piece of ground set aside and maintained within Sea Pines Plantation for the purpose of ornament, pleasure, exercise, amusement, entertainment or recreation.

Not less than 43 acres of land within Sea Pines Plantation shall be designated for use as parks and recreation.

5) Walkways and Breezeways

The terms “Breezeways and Walkways” when used herein shall mean and refer to any passageway designed for walking or the passage of air and the breezes within Sea Pines Plantation. This term shall include, but not be limited to paths, routes, channels, entrances or exits, crosswalks or greenbelts.

Not less than 19 acres of land within Sea Pines Plantation shall be designated for use as walkways and breezeways.

6) Beach Trust Property

Beach Trust Property shall consist of the land located between the front property lines of any ocean front residential lots in Sea Pines Plantation and the Atlantic Ocean. Those areas designated on recorded plats as Beach Trust Property shall remain in an undeveloped condition, free of homes and structures subject to the rights and conditions noted herein.

Not less than 166 acres of land within Sea Pines Plantation shall be designated for use as Beach Trust Property.

7) Conservancy and Open Space

“Conservancy and Open Space” as used herein shall mean lands covered by natural vegetation or water, including lakes, lagoons and areas built up by soil operations. Those areas designated on recorded plats as Conservancy and Open Space areas shall remain in an undeveloped condition, free of homes and commercial structures, and managed in a way designed to preserve a balanced wildlife population consistent with sound conservation practices subject only to the exceptions noted herein. Conservancy and open space areas may include, but shall not be limited to agricultural, horticultural and horse stable areas provided such areas are well planted in trees and shrubs together with pasture and farm land and which can attract birds and provide grazing, for horses, cows, etc.

Not less than 1292 acres of land within Sea Pines Plantation shall be designated for use as conservancy and open space.

Included in the 1292 acres of conservancy and open space areas are 576 acres more or less which have been previously designated as the Sea Pines Forest Preserve. Nothing contained herein is intended to modify or amend in any way any provisions of the Sea Pines Forest Preserve Covenants recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Book 175 at Page 113, which shall remain in full force and effect.

8) Wetland Conservancy Areas

Wetland conservancy areas shall consist of marshland areas below mean high water level. Although there is uncertainty as to whether the Company or the State of South Carolina has title to these areas, all right and interest of the Company in said areas shall be subject to the rights and restrictions contained herein. Those areas designated on recorded plats as wetland conservancy areas shall remain in an undeveloped condition subject only to the exception noted herein.

Not less than 341 acres of land within Sea Pines Plantation shall be designated for use as Wetland Conservancy areas.

A) Rights and Powers of the Company

The Properties described above are restricted to the uses set forth above subject to the following rights and powers of the Company:

- 1) The Company, its successors or assigns, shall have the right to plant trees, plants and shrubs; to provide and insure adequate drainage ways, canals or lagoons; to cut firebreaks; and to utilize controlled burning to prevent build-up of excessive ground "fuel" and underbrush contributing to severe damage from uncontrolled forest fires.
- 2) It is expressly understood and agreed that no residential or commercial structures, either temporary or permanent, shall be erected or caused to be placed on any designated areas described on a recorded plat other than structures in the nature of interpretive centers, observation platforms, comfort stations, and other facilities necessary or appropriate to aid in environmental protection and environmental education.
- 3) Pursuant to its overall program of wildlife conservation and nature study, the right is expressly reserved to the Company, its successors or assigns to erect wildlife feeding stations, to plant patches of cover and food crops for quail, turkeys and other wildlife, to make access trails or paths through designated areas for the purpose of permitting observation and study of wildlife, hiking, horseback riding and biking.
- 4) The Company reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, CATV, gas, sewer, water or other public conveniences or utilities on, in or over the lands in the designated areas, provided further, that the Company may cut drain ways for surface water wherever and whenever such action may appear to the Company to be necessary in order to maintain reasonable standards of health, safety, and appearance. These easements and right expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Company, its successors or assigns reserves the right on the lands in the designated areas to locate wells, pumping station tanks, pollution-control devices, sewage disposal devices, sewage, water, gas and other utility lines and such other facilities as will improve general

environmental and the health conditions on Hilton Head Island.

Such rights may be exercised by any licensee of the Company.

- 5) Minor changes in the boundaries of the various categories of designated areas may be made from time to time as may appear necessary and appropriate to the Company. For purposes of this Declaration, "minor changes" shall be any change or series of changes which do not reduce the total acreage of land in any use category by more than one per cent (1%). The Company reserves the right to relocate areas designated as Roads, Drains, Parking, Utility Easements, Walkways and Breezeways, provided that such relocation does not reduce the total acreage for each designated area specified in this Article.
- 6) This Declaration does in no way grant to the general public the right to enter such designated areas.
- 7) The Company expressly reserves to itself, its successors and assigns, every reasonable use and enjoyment of said designated areas, in a manner not inconsistent with the provisions of this Declaration.
- 8) Where the Company is permitted by these Covenants to correct, repair, clean, preserve, clear out or do any action on the property, entering the property and taking such action shall not be deemed a breach of these Covenants.

B. Other Covenants of the Company

- 1) The golf course lands in Sea Pines Plantation known as the Ocean, Sea Marsh, Harbour Town and Club courses shall remain Open Space, and, in the event that the Company, its successors or assigns, shall seek to convert any of said property from golf courses to other forms of open space, the golf course or courses affected shall first be offered for sale to the Participating Property Owners for use as a golf course or courses. Golf course lands will be surveyed, and upon completion, the Company shall file plats thereof with the Clerk of Court, Beaufort County, South Carolina, as an exhibit to these covenants, provided, however, the Company may make minor changes in golf course land. For purposes of this Declaration, minor changes shall be any change that does not reduce the total acreage of golf course land by more than one per cent (1%).

- 2) The Company will limit the total number of villas, condominium units, townhouse units, cooperative apartment units, or apartment units in Sea Pines Plantation, to Two Thousand, One Hundred (2,100).
- 3) The Company will limit the number of construction starts (i.e.), groundbreakings) of villas, condominium units, townhouse units, cooperative apartment units in Sea Pines Plantation to not more than Two Hundred and Fifty (250) such units per year.
- 4) The Company will limit the total number of family Dwelling Units in Sea Pines Plantation to a maximum of Five Thousand, Eight Hundred and Ninety, (5,890), which shall result, approximately, in an overall density of somewhat more than 1.2 dwelling units per gross acre.
- 5) The Company will limit Business Land in Sea Pines Plantation to One Hundred and Five (105), acres.
- 6) The Company will limit the maximum height of all future buildings in Sea Pines Plantation, to five (5) stories, measured from outside finished grade, but in no event to exceed sixty-two (62), feet from outside finished grade.
- 7) The Company will appoint at least one Participating Property Owner, residing in Sea Pines Plantation, who is not an employee of the Company, and who is selected by the Association of Sea Pines Property Owners, Inc., to the Sea Pines Plantation Company Architectural Review Board.
- 8) The Sea Pines Club Course shall continue to be a private golf course for the exclusive use of owners of property within Sea Pines Plantation who are members of the Sea Pines Club and their guests~ Members of the Sea Pines Club shall have the right to play golf on the Ocean, Sea Marsh and Harbour Town golf courses on an annual greens fee basis, at rates negotiated by the Company and a golf advisory committee elected from the members of the Sea Pines Club with the election conducted by Sea Pines Golf Club, Inc., so long as such courses are under the management of the Company as owner or lessee, and, in the event the Company transfers ownership or management of the Ocean, Sea Marsh or Harbour Town

courses by sale or lease, the sales contract or lease agreement shall provide for annual greens fee paid by such members on such courses and under terms and conditions negotiated by the new management and a golf advisory committee as described herein. In addition, the Company, its successors or assigns, shall, for Participating Property Owners (as herein defined), their successors or assigns hold available for reservation, beginning three (3) days in advance of any requested date of play for foursomes only, the following:

Course	Starting Times
Ocean	3 starting times per hour
Sea Marsh	3 starting times per hour
Harbour Town	2 starting times per hour

The fees to be charged for play by such Participating Property Owners shall be at least five per cent less than like fees charged to resort guests; provided, however, if such aforesaid reservations are not received more than one day in advance of the requested date of play, the Company, reserves the right to make such starting time available to others.

- 9) For a period of one (1) year from the date in which these Covenants are recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, the Company shall defray one-third (1/3) of the costs of resurfacing the roads located within Sea Pines Plantation, which were constructed prior to December, 1962; provided, however, that owners of property with direct ingress and egress to such roads shall agree and provide the funds to defray the remaining two-thirds (2/3) of such costs. Roads affected are described on the map filed with the Association of Sea Pines Property Owners, Inc., but are in general, all or part of the following: Belted Kingfisher, Bald Eagle, Cedar Wax Wing, Green Wing Teal, Seaside Sparrow, Marsh Wren, Grey Widgeon, Piping Plover, Black Skimmer, Snowy Egret, Surf Scoter, West Beach Lagoon Drive, South Beach Lagoon Drive, Spotted Sandpiper, Laughing Gull, Oyster Catcher, Wood Ibis, Green Heron, Sandhill Crane, Ruddy Turnstone, Calibogue Cay Road, North Sea Pines Drive, South Beach Lane, Woodbine Place, Lighthouse Road, and Baynard Cove Road.
- 10) The Company will recognize and meet with, not less than monthly, a representative nine-member Property Owners Advisory Board, elected from among Participating Property Owners, in an election conducted by the Association of Sea Pines Plantation Property Owners, Inc. and the purpose of said Board shall be to advise the Company in matters relating to the Sea Pines Plantation community services such as

priorities for expenditures.

- 11) The Company agrees to modify its present gate entry policy for Sea Pines Plantation by increasing the gate entry fee into Sea Pines Plantation for each passenger vehicle from the existing One Dollar (\$1.00) fee to Three Dollars (\$3.00); provided, however, that the amount of such gate entry fee shall be subject to annual review and modification by the Company. Provided further, that if the Company voluntarily reduces the daily gate entrance fee below One Dollar (\$1.00), then the Company agrees to pay into the community services fund each calendar year, for a period of four years commencing in the year of the reduction, an amount equal to the difference between the amount of all gate fees collected during calendar year 1974 (hereinafter referred to as the "base year") and the amount collected during the calendar year following such reduction. If reduction in the daily gate entry fee below One Dollar (\$1.00) results from or is caused by a court order, a law suit, or governmental or quasi-governmental action including elections or other similar actions or occurrences not within the reasonable control of the Company, then the Company shall not be required to pay the difference between the gate fees collected during the base year and the fees collected during the calendar year following such reduction. Notwithstanding any provision herein to the contrary, the Company shall not be required to pay said difference during any year in which the daily gate entry fee is One Dollar (\$1.00) or more for the entire calendar year.

All gate fees collected by the Company shall be contributed to and used for community services.

ARTICLE III

Community Fund. In order to provide a community fund to maintain, and improve the Properties, provide a fund for pest and insect control, and generally provide a fund for those services important to the maintenance and preservation of an attractive community, and to further maintain the general safety of Sea Pines Plantation, each Participating Property Owner shall pay to the Company, or its authorized agent, beginning with the calendar year 1975 an annual community service assessment as delineated herein

A. Properties not owned by the Company

- 1) Residential Lots: \$110.00 per lot
Property shall be classified for purposes of these Covenants and these Annual Assessments as a Residential Lot when it is platted as a Residential Lot and such plat is recorded in the Office of the Clerk of

Court of Beaufort County, South Carolina.

- 2) Family Dwelling Units: \$180.00 per unit for purposes of these Covenants and these Annual Assessments, any Participating Property Owner who has constructed a Family Dwelling Unit on two (2) or more contiguous Residential Lots shall be assessed only the Assessment for a Family Dwelling Unit.

In determining the amount of the annual Community Services assessment for any current year, the Company may, in its discretion, set an amount different from the immediately preceding year's annual Community Services assessment by as much as the percentage of change in the Consumer price Index All Items & All Groups (1967 = 100) in the immediately preceding calendar year. The maximum amount of each change in annual assessments shall be determined by multiplying the previous year's annual assessment by the percentage change in the Consumer Price Index.

- B) Properties owned by the Company, its successors or assigns, including third parties who acquire lands from the Company.

- 1) The Company, its successor and assigns, shall contribute annually toward funding community services in Sea Pines Plantation one-half (1/2) of one per cent (0.5%) of the Adjusted Gross Resort Revenue which it earned during each immediately preceding fiscal year. For purposes of this Declaration, "Resort Revenue" shall mean all revenues and receipts of every kind, which are derived by the Company from the operation of the Hilton Head Inn and the Seascape Villas and the operation of resort facilities in Sea Pines Plantation, less:

- a) Any amounts collected by the Company on behalf of others, including but not limited to, property owners' part of rental income derived from property located within Sea Pines Plantation and the Seascape Villas, and gratuities and service charges which may be added to said facilities' bills or statements in lieu thereof;
- b) Credits or refunds made by the Company to patrons of said resort facilities;
- c) All amounts and credits received in connection with the operation of said resort facilities by the Company in settlement of claims for damages or claims arising from the ordinary course of trade; and
- d) All taxes directly related to said resort facilities imposed on the

Company by any governmental entity.

The term "resort facilities" as used herein shall include Golf courses, tennis courts, rental boats and slips, restaurants and bars, hotels, motels, inns, rental homes and rental condominiums, retail shops and other similar facilities including commercial facilities of all kinds.

"Adjusted Gross Resort Revenues" for purposes of this Agreement shall be resort revenues, as defined above, multiplied by a fraction, the numerator of which shall be one (1), and the denominator of which shall be one (1) plus the percentage increase of the Consumer Price Index, All Items- All Groups (1967 = 100) over the preceding fiscal year (March 1 to February 28)

This provision for a percentage contribution of Adjusted Gross Resort Revenue shall be a covenant running with all lands in Sea Pines Plantation now owned by Sea Pines Plantation Company which are sold to a third person and used by said third person as Golf Courses, Tennis Courts, Renting Boats and Slips, Restaurants and Bars, Retail stores, Hotels, Motels, Inns or other commercial uses. Any person, partnership or corporation who acquires 'and in Sea Pines Plantation from the Company for one or more of said uses shall be subject to this Covenant and shall be required to contribute annually toward funding Community Services one-half (1/2) of one per cent (0.5%) of its Adjusted Gross Resort Revenue as provided above. Provided, however, that if the Company does not have management responsibilities or does not exercise some control over the management, other than the control imposed by the Company's standard commercial covenants, of any facilities described herein which are sold to third party entities, then said third party entities shall be required to contribute annually toward funding Community Services one per cent (1%) of its Adjusted Gross Resort Revenue as provided herein.

C) Obligations and Rights of the Company

The Company assumes the obligation of furnishing community services in Sea Pines Plantation only to the extent that the costs of such services can be defrayed jointly by the proceeds from the aforesaid community services assessment paid by Participating Property Owners and third party commercial entities, community services assessments made by non-Participating Property Owners under previously recorded deed restrictions, voluntary Property Owner payments, gate entry fees, and by the Company's contribution provided above.

The Company will have the responsibility for administering the funds required to be paid under these Covenants and managing the Properties until such time as the Company turns such responsibility over to participating Property Owners of some other entity. The Company will not charge any fees for its management services which shall consist of the services of the Director of Community Services of Sea Pines Plantation Company, the Chief Executive Officer of the Sea Pines Plantation Company, and the overhead associated with their services. So long as the Company administers the funds it will provide a quarterly accounting to the Advisory Board using the Accounting practices and forms followed by the Company at no charge. If the Advisory Board so requests the Company will engage Independent Certified Public Accountants selected by the Advisory Board to perform such audit, but the expense of such audit shall be paid from the assessments provided for herein.

ARTICLE IV

Date of Commencement of Proration of Annual Assessments

- 1) Notwithstanding anything in the foregoing to the contrary, the annual assessments provided for herein shall commence no earlier than January 1, 1975. Each unimproved lot assessment shall increase to the then prevailing assessment for dwelling units as such time as a dwelling unit is started thereon (i.e. groundbreaking) and such assessment shall be prorated between the unimproved property assessment and the improved property assessment for that calendar year. Condominium units shall be assessed as dwelling units at the time of conveyance to the purchaser thereof.
- 2) Upon the sale of property by the Company to a third party, such purchaser shall only be obligated to pay an assessment amount related to that portion of the assessment year remaining.
- 3) In any instance where assessments, either in whole or in part, are based upon percentage of Gross Revenues, as stated herein, such assessments for the coming year, shall be based upon the revenues produced for the preceding fiscal year, whether for a full year or a fraction of a year.

ARTICLE V

General Provisions

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 Company and

the Participating Property Owners, their respective legal representatives, heirs, successors, and assigns, for a period of twenty-five (25) years from the date this Declaration is recorded. Upon the expiration of said twenty-five (25) 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 with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, this Agreement can be modified, changed or terminated if such change is approved by the Company and by the Participating Property Owners pursuant to a Referendum.

2. ENFORCEMENT

Enforcement of the Covenants 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 failure by any Participating Owner 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. The Association of Sea Pines Property Owners shall be a proper party and shall have legal standing to institute any legal proceeding at law or in equity to seek enforcement of any covenant herein contained, as the representative of the Participating Property Owners.

3. PREVIOUS COVENANTS AND AGREEMENTS

Nothing herein shall be construed so as to modify, diminish or terminate any commitments heretofore made in recorded deed covenants incident to previous land sale contracts, except with respect to the amount and method of payment of the Plantation wide community services assessment or maintenance and security fee. Nothing contained herein shall prevent the creation or use of Owners Associations for maintenance of facilities or areas within Sea Pines Plantation which are maintained by assessments from Property Owners within Limited portions of Sea Pines Plantation and are available for use only by the owners within said limited area.

IN WITNESS WHEREOF, Sea Pines Plantation Company, Inc., has 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.

SEA PINES PLANTATION COMPANY

BY: Joseph B. Fraser, Jr.

Recorded in Deed Book 224, Page 1036

ATTEST:

September 7, 1974