

RESOLUTION # II

AMENDED AND RESTATED

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

**OF THE INDIGO RUN COMMUNITY OWNERS'
ASSOCIATION, INC.**

AMENDMENT #1 – JULY 21/2007

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SCHEDULE OF EXHIBITS

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<u>Exhibit “A”:</u>	Description of the Property _____	
<u>Exhibit “B”:</u>	Description of the Additional Property _____	
<u>Exhibit “C”:</u>	Description of the IRAC Portion of Sunningdale Park _____	
<u>Exhibit “D”:</u>	Description of the Golden Bear Golf Course _____	
<u>Exhibit “E”:</u>	Description of the Golf Club at Indigo Run _____	
<u>Exhibit “F”:</u>	Architectural Standards for Recreational Facilities _____	

**AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF THE
INDIGO RUN COMMUNITY OWNERS' ASSOCIATION, INC.**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE INDIGO RUN COMMUNITY OWNERS' ASSOCIATION, INC. (the "Restated Declaration") is made this ____ day of _____, 2002, by INDIGO RUN COMMUNITY OWNERS' ASSOCIATION, INC., a South Carolina nonprofit corporation (the "Association").

WITNESSETH:

WHEREAS, Indigo Run is a planned unit development community on Hilton Head Island in Beaufort County, South Carolina;

WHEREAS, the initial developer of Indigo Run was The Hilton Head Company, Inc., a Delaware corporation (the "Company") and, as such, the Company executed that certain Declaration of Covenants, Conditions and Restrictions for Indigo Run Plantation (the "Original Declaration") which was Recorded in Book 418 at Page 1716;

WHEREAS, as a result of the execution and recording of the Original Declaration, the Company was the "Declarant" thereunder;

WHEREAS, the rights of the Declarant were subsequently assigned to Indigo Run Limited Partnership, a South Carolina limited partnership (the "Partnership") by that certain Assignment of Rights of Declarant Under Master Declaration of Covenants for Indigo Run Plantation Recorded in Book 581 at Page 1307 and re-recorded in Book 588 at Page 2399;

WHEREAS, there have been numerous amendments to the Original Declaration which have been recorded as follows:

<u>Recording Dates</u>	<u>Book/Page</u>
4/25/89	527/1974
10/21/92	605/1660
9/24/92	608/271
10/28/92	610/1219
11/5/92	611/555
4/29/93	624/420
7/13/93	637/2265
8/31/93	643/1137
2/4/94	682/1314
3/21/94	692/81
4/13/94	696/2197
5/24/94	706/2012

8/5/94	722/2450
8/19/94	725/1629
12/1/94	745/2141 (as rerec. 767/621)
3/22/95	766/1798
8/15/95	796/923
11/29/95	819/277
7/30/96	877/130
3/11/97	927/218
3/28/97	931/574
7/17/97	959/1110
8/26/97	968/2184
9/29/97	977/1398
1/14/98	1005/2393
2/27/98	1018/1098
10/9/98	1094/1074
11/19/98	1108/1972
12/23/98	1120/852
4/8/99	1157/1245
10/29/99	1228/379
10/29/99	1228/386
10/29/99	1228/412
12/17/99	1242/1416
3/1/2000	1270/2267
8/15/2001	1459/147
12/6/2001	1508/300
12/6/2001	1508/306
12/6/2001	1508/328
12/6/2001	1508/335
12/6/2001	1508/340

WHEREAS, on December 14, 1999, at the annual meeting of the Indigo Run Owners Association, Inc. (the "Predecessor Association"), the members of the Predecessor Association voted to empower a transition committee to incorporate as the Association and to negotiate on behalf of the Predecessor Association details of the relinquishment of control of the Board of Directors of the Predecessor Association and related issues;

WHEREAS, on December 14, 2000, at the annual meeting of the Predecessor Association, the members of the Predecessor Association voted to empower the Association to succeed the Predecessor Association as the association of property owners within Indigo Run upon the relinquishment of control of the Board of Directors of the Predecessor Association;

WHEREAS, on October 1, 2001, the Partnership assigned its rights as Declarant under the Original Declaration by that certain Assignment of Declarant Rights Under the Declaration of Covenants, Conditions and Restrictions for Indigo Run Plantation and Declaration of Covenants, Conditions and Restrictions for Single-Family Lots Indigo Run Plantation which was Recorded in Book 1508 at Page 350;

WHEREAS, the Original Declaration provides certain methods of amending the Original Declaration and the Board of Directions of the Association determined that it is in the best interest of the Association to execute and record the Restated Declaration;

WHEREAS, pursuant to Section 12.03 of the Original Declaration, the Original Declaration may be amended by the Association by an affirmative vote by the Owners, as defined herein, holding at least two-thirds (2/3rds) of the total votes in the Association at a duly called meeting of the Association;

WHEREAS, a duly called meeting was held on December __, 2002 and, of the total number of votes in the Association (____), _____
(____) votes were in favor of the Restated Declaration, _____
____ (____) votes were in opposition and _____
(____) votes were abstaining;

WHEREAS, the affirmative votes are in excess of the required two-thirds affirmative vote required for passage and this Restated Declaration shall be effective as of the date of recording the same in the aforesaid records.

NOW, THEREFORE, the Association hereby declares that the Original Declaration and all amendments thereto are hereby replaced by this Restated Declaration and hereby declares that all of the property described on **Exhibit "A"** and such additions thereto as may hereinafter be made is and shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the following easements, restrictions, covenants, charges, liens, and conditions, which are for the purpose of protecting the value and desirability of and which shall touch, concern and run with title to the real property subjected to this Restated Declaration and which shall be binding upon and inure to the benefit of all parties having any right, title, or interest in the described properties or any portion thereof, and their respective heirs, successors, successors-in-title, and assigns.

ARTICLE I

DEFINITIONS

1.01 Definitions. When used in this Restated Declaration, unless the context shall prohibit or otherwise require, the following words, shall have all the following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

(a) "ARB" shall mean and refer to the architectural review board for the Property as provided in Article X herein.

(b) "Additional Property" shall mean and refer to the real property described in **Exhibit "B"** and all improvements thereon.

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

(d) "Architectural Guidelines" shall mean and refer to the guidelines for the construction of improvements within the Property as more fully set forth in Article X.

(e) "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Indigo Run Community Owners' Association, Inc., as amended from time to time.

(f) "Association" shall mean and refer to Indigo Run Community Owners' Association, Inc., a South Carolina nonprofit corporation.

(g) "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

(h) "By-Laws of the Association" or the "By-Laws" shall mean and refer to the By-Laws of Indigo Run Community Owners' Association, Inc. which govern the administration and operation of the Association, as the same may be amended from time to time.

(i) "Common Area(s)" shall mean and refer to all real and personal property owned by the Association. Such real property may include but shall not be limited to roads, driveways, walkways, rights-of-ways, open spaces (landscaped and natural), lagoons, recreational areas and such other common areas which have been or may be designated as constituting Common Areas within the Property, together with such improvements thereon as may be necessary for the maintenance and upkeep of such areas. The Association may designate additional real property located within the Property as Common Areas by the Recording of a supplement to the Restated Declaration so designating such additional real property being designated as Common Areas. Other types of real property used for other than those particular land uses described above may be designated as Common Areas by the Association, provided that the designation of such other types of real property as Common Areas is approved by the members of the Association as described hereinabove, but the expense of maintenance and upkeep thereof shall be paid by Special Assessments as provided in Article V hereof. Nothing contained herein shall limit the type of personal property which may be owned by the Association as Common Areas.

(j) "Common Expenses" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Restated Declaration.

(k) "Development" shall mean and refer to the Property and all improvements located or constructed thereon.

(l) "Dwelling" shall mean and refer to any improved property intended for use as a single-family detached dwelling or as a townhouse or condominium unit whether detached or attached, located within the Development.

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

(n) "Governing Documents" shall mean and refer to this Restated Declaration, the By-Laws, the Rules and Regulations, the Architectural Guidelines and the resolutions adopted by the Board of Directors.

(o) "IRAC" shall mean and refer to Indigo Run Asset Corp., a South Carolina corporation, the owner of The Golden Bear Club, The Golf Club at Indigo Run and the IRAC Portion of Sunningdale Park, and its successors and assigns

(p) "IRAC Access Easement" shall mean and refer to that certain Access Easement Agreement between the Association and IRAC which was Recorded in Book ____ at Page ____.

(q) "IRAC Portion of Sunningdale Park" shall mean and refer to that portion of a recreational area within the property known as Sunningdale Park, which is owned by IRAC and which is more fully described on Exhibit "C" attached hereto. This definition of "IRAC Portion of Sunningdale Park" shall be modified in the future to properly account for any portion of the property that may be conveyed by IRAC to the Association.

(r) "Lease" shall mean and refer to any lease, sublease, or rental contract, whether oral or written.

(s) "Limited Common Area(s)" shall mean and refer to all real and personal property now or hereafter designated in writing by the Association as Limited Common Areas. Such real property may include, but shall not be limited to, roads, driveways, walkways, right-of-ways, open spaces (landscaped and natural), lagoons, recreational facilities and such other areas which have been or may be designated by the Association as constituting Limited Common Areas within the Property, together with such improvements thereon as may be necessary for the maintenance and upkeep of such areas.

(t) "Lot" shall mean and refer to any unimproved portion of the Property upon which it is intended that a single Dwelling shall be constructed. A parcel of land shall be deemed unimproved and thus considered to be a Lot, rather than a Dwelling, until the improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such parcel and the improvements

thereon shall collectively be considered to be a Dwelling for purposes of this Restated Declaration.

(u) "Mortgage" shall mean and refer to a mortgage, security deed, deed of trust, installment land sales contract, or other similar security instrument granting, creating, or conveying a lien upon, a security interest in, or a security title to a Lot or Dwelling.

(v) "Mortgagee" shall mean and refer to the holder of a Mortgage.

(w) "Neighborhood" shall mean and refer to a group of Lots or Dwellings, or both, designated as a separate Neighborhood pursuant to Section 8.04 herein for the purpose of sharing Limited Common Areas, owning common property not deemed as Common Areas and/or receiving other benefits or services from the Association which are not provided to all Lots and Dwellings. The existing properties considered to be Neighborhoods presently include The Golf Club Community, River Club, Broad Pointe, The Owners Club, and the Berwick Green communities.

(x) "Neighborhood Assessments" shall mean and refer to assessments levied against Lots and Dwellings in a particular Neighborhood to fund Neighborhood Expenses.

(y) "Neighborhood Association" shall mean and refer to a condominium association or other owners association having jurisdiction over any Neighborhood concurrent with, but subject to, the jurisdiction of the Association.

(z) "Neighborhood Expenses" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of a Neighborhood, together with all funds lawfully assessed for the creation or maintenance of reserves. Neighborhood Expenses may be incurred by the Association or by the Neighborhood Association as provided in Section 9.12 herein.

(aa) "Occupant" shall mean and refer to any person, including, without limitation, any Owner or any guest, invitee, lessee, tenant, or family member of an Owner, occupying or otherwise using a Dwelling within the Development.

(bb) "Owner" shall mean and refer to one or more persons who or which own fee simple title to any Lot or Dwelling or Recreational Facility excluding, however, those persons having such an interest under a Mortgage. In the event that there is Recorded any installment land sales contract covering any Lot or Dwelling or Recreational Facility, the Owners of such Lot, Dwelling or Recreational Facility shall be the purchaser under said contract and not the fee simple title holder. An installment land sales contract shall be an instrument whereby the purchaser is required to make payment for a Lot or Dwelling or Recreational Facility for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to such Lot or

Dwelling or Recreational Facility until all such payments are made, although the purchaser is given use of such Lot or Dwelling or Recreational Facility.

(cc) "Person" shall mean and refer to a natural person, corporation, partnership, association, trust, or other legal entity, or any combination thereof.

(dd) "Property" shall mean and refer to those tracts or parcels of land described in **Exhibit "A"**, together with all improvements thereon.

(ee) "Record" "Recording", or "Recorded" shall mean the filing of a legal instrument in the Office of the Register of Deeds for Beaufort County, South Carolina, or such other place as may be designated as the official location for recording deeds, plats and similar documents affecting title to real estate in Beaufort County.

(ff) "Recreational Amenities" shall include all improvements established as Common Areas for the benefit and enjoyment of the Owners or any guest, invitee, lessee, tenant or family member of an Owner.

(gg) "Recreational Facilities" shall mean The Golden Bear Golf Club and related facilities, The Golf Club at Indigo Run and related facilities and the IRAC Portion of Sunningdale Park.

(hh) "Restated Declaration" shall mean and refer to this Amended and Restated Declaration of Covenants, Conditions and Restrictions of the Indigo Run Community Owners' Association, Inc. and all amendments thereof as Recorded.

(ii) "Rules and Regulations" shall mean and refer to the rules and regulations established by the Board of Directors as more fully described in Article XII herein.

(jj) "Special Assessment" shall mean and refer to assessments levied in accordance with Section 9.04.

(kk) "Specific Assessment" shall mean and refer to assessments levied in accordance with Section 9.05.

(ll) "The Golden Bear Golf Course" shall mean and refer to the Recreational Facility known as The Golden Bear Club and related facilities as more fully described on **Exhibit "D"** attached hereto.

(mm) "The Golf Club at Indigo Run" shall mean and refer to the Recreational Facility known as The Golf Club at Indigo Run and related facilities as more fully described on **Exhibit "E"** attached hereto.

ARTICLE II

THE COMMUNITY

2.01 Purpose. The Association intends by the Recording of this Restated Declaration to establish the general plan of governance structure and a flexible system of standards and procedures for the administration, maintenance and preservation of Indigo Run.

2.02 Binding Effect. The Property shall be owned, conveyed and used subject to all of the provisions of this Restated Declaration, which shall run with the title to the property and portions thereof. This Restated Declaration shall be binding upon all Persons having any right, title or interest in any portion of the Property, their heirs, successors, successors-in-title and assigns.

2.03 Board of Directors. The Board of Directors shall manage the affairs of the Association and shall have all powers and duties necessary for the administration of the Development in accordance with the express provisions of the Bylaws and other Governing Documents.

2.04 Appointments to Board of Directors. At least one (1) member of the Board of Directors shall be chosen by the Owner(s) of the Recreational Facilities.

2.05 Governing Documents. The diagram below identifies the Governing Documents and their respective functions:

GOVERNING DOCUMENTS

Articles of Incorporation _____ (filed with Secretary of State)	Establish the Association as a non-profit corporation under South Carolina law
Bylaws _____ (the Board of Directors adopts)	Govern the Association's internal affairs, such as voting, elections, meetings, etc.
Restated Declaration _____ (recorded in Public Records)	Creates obligations which are binding upon the Association and all present and future Owners of property in Indigo Run
Supplemental Declaration _____ (recorded in Public Records)	Adds property to Indigo Run; may create easements and impose additional obligations or restrictions on such property

Architectural Guidelines _____ (Board adopts)	Establish architectural standards and guidelines for improvements and modifications to Dwellings, including structures, landscaping and other items on Dwellings
Restrictions and Rules _____ (Board adopts)	Govern use of property, activities and conduct within Indigo Run
Board Resolutions _____ (Board adopts)	Establish rules, policies and procedures for internal governance and Association activities, regulate operation and use of Common Area

2.06 Additional Property. The Board of Directors shall have the unilateral right from time to time to subject portions of the Additional Property (**Exhibit “B”**) to the provisions of this Restated Declaration; provided, such portions of the Additional Property shall not be subjected to this Restated Declaration without the express consent of (by deed or written agreement) the Owner of the Additional Property in question. Such annexation shall be accomplished by filing a supplement to this Declaration and having such supplement Recorded.

2.07 Other Additions or Deletions to the Property. Further additions or deletions to the Property, other than additions from the properties identified in **Exhibit “B”** hereto, may be made upon the Board receiving, at a duly noticed meeting of the Association, approval by affirmative vote of a majority of the total votes of the Association. In the case of an addition of property, the Association shall record an addendum to this Restated Declaration with respect to the property to be added, which shall extend the operation and effect of this document to such additional property.

ARTICLE III

PROPERTY RIGHTS

3.01 Owners of Lots or Dwellings. Each Lot and Dwelling shall for all purposes constitute real property which, subject to the provisions of this Restated Declaration, may be conveyed, transferred, and encumbered the same as any other real property. Each Owner shall be entitled to the exclusive ownership and possession of his Lot or Dwelling, subject to the provisions of this Restated Declaration, including without limitation, the provisions of this Article III. The ownership of each Lot and Dwelling shall include, and there shall pass with each Lot and Dwelling as an appurtenance thereto, whether or not separately described, membership in the Association. Each Owner shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically pass to the successor-in-title to his Lot or Dwelling.

3.02 Owner's Easements of Enjoyment. Subject to the provisions of this Restated Declaration and the Rules and Regulations, fees, and charges from time to time established by the Board of Directors in accordance with the By-Laws and the terms hereof, every Owner, his family, tenants, and guests shall have a non-exclusive right, privilege, and easement of use and enjoyment in and to the Common Areas, such easement to be appurtenant to and to pass and run with title to each Lot and Dwelling, subject to the following provisions:

(a) The right of the Association to borrow money (i) for the purpose of improving the Development, or any portion thereof, (ii) for acquiring additional Common Areas, (iii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Development, or (iv) for providing the services authorized herein, and, subject to the provisions of Section 8.02 hereof, to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association shall be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

(b) The right of the Association to grant and accept easements as provided in Section 3.05 hereof and to dedicate or transfer fee simple title to all or any portion of the Common Areas to any public agency or authority, governmental authority, body politic, public service district, public or private utility, or other person, provided that any such transfer of the simple title must be approved by a majority of those present in person or by proxy at a duly held meeting of the Association.

(c) The rights and easements reserved in Section 3.03 hereof for the benefit of the Association, its directors, officers, agents, and employees.

3.03 Access.

(a) All Owners, by accepting title to Lots, Dwellings, Recreational Amenities, or other improvements conveyed subject to this Restated Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such Lot, Dwelling, Recreational Amenity, or other improvements and acknowledge and agree that their means of access and ingress and egress to their Lots and Dwellings shall be limited to roads, sidewalks, walkways, trails, and waterways located within the Development, provided that pedestrian and vehicular access for Owners, and their guests, and invitees to and from all Lots and Dwellings shall be provided at all times. The Association shall have the right within its sole discretion without the additional consent of any Owners to and from time to time relocate and change the direction, width and orientation of the above-referenced roads, sidewalks, walkways, trails and waterways located within the Development, provided, however, that such relocated roads, sidewalks, walkways, trails and waterways shall provide a convenient and adequate means of access to the Lots or Dwellings of Owners within the Development. There is reserved unto the Association, its successors and assigns, the right and privilege, but not the obligation: (i) to maintain guarded or electronically-monitored gates controlling vehicular access to and from the

Development, and (ii) to require payment of toll charges for use of roads within the Development by permitted commercial traffic or by members of the general public, which tolls shall be set at a reasonable amount to maintain the roads and provide security. The Association reserves the right to restrict access over all the roads within the Development as it deems fit, so long as Owners possess an adequate and convenient means of access to Lots and Dwellings located in the Development.

(b) The Owners of the Recreational Facilities, by accepting title to Recreational Facilities conveyed subject to this Restated Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such Recreational Facilities and acknowledge and agree that their means of access and ingress and egress to the Recreational Facilities shall be limited to roads, sidewalks, walkways, trails, and waterways located within the Development, provided that pedestrian and vehicular access for such Owners, and their members, guests, and invitees to and from the Recreational Facilities shall be provided at all times. The Association shall have the right within its sole discretion without the additional consent of any Owners to from time to time relocate and change the direction, width and orientation of the above-referenced roads, sidewalks, walkways, trails and waterways located within the Development, provided, however, that such relocated roads, sidewalks, walkways, trails and waterways shall provide a convenient and adequate means of access to the Recreational Facilities within the Development. There is reserved unto the Association, its successors and assigns, the right and privilege, but not the obligation: (i) to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Development, and (ii) to require payment of toll charges for use of roads within the Development by permitted commercial traffic or by members of the general public, which tolls shall be set at a reasonable amount to maintain the roads and provide security. The Association reserves the right to restrict access over all the roads within the Development as it deems fit, so long as Owners of the Recreational Facilities and their members, guests and invitees possess an adequate and convenient means of access to the Recreational Facilities and so long as Owners of Lots and Dwellings and their members, guests and invitees possess an adequate and convenient means of access to the Lots and Dwellings.

(c) Nothing in this Restated Declaration shall in any way imply or be construed to infer any rights, including access to or use of the Development, to members of the general public.

(d) Subject to the terms of this Restated Declaration and subject to the terms of agreements between the Owner or Owners of the Recreational Facilities and the Association, the Recreational Facilities may be owned and operated by the Owner of the Recreational Facilities, its successors and assigns, as an on-going business enterprise for profit in such a manner as the Owner of the Recreational Facilities, its successors and assigns, in its sole discretion, may determine.

(e) Nothing contained in this Section 3.03 shall be construed as a limitation on the rights and obligations set forth in the IRAC Access Easement recorded in Book ____ at Page ____, the Partnership Access Easement recorded in Book ____ at Page ____, the Real Estate Access Easement recorded in Book ____ at Page ____, the Melrose Access

Easement recorded in Book ____ at Page ____, and the Cart Path Easement recorded in Book ____ at Page ____.

3.04 Changes in Boundaries; Additions to Designated Common Areas. The Association expressly reserves for itself and its successors and assigns, the right to change and realign the boundaries of the designated Common Areas.

3.05 Easements for Utilities. There is hereby reserved for the benefit of the Association, and its successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from any public authority or agency, public service district, public or private utility, or other person, upon, over, under, and across (i) all of the Common Areas, (ii) all of the Limited Common Areas, (iii) all designated Recreational Amenities, and (iv) all land located along the interior of and within ten (10') feet of each boundary of all Lots and all Dwellings, such lands to be bounded by the exterior boundaries of such Lots and Dwellings and by lines in the interior of such Lots and Dwellings which are exactly ten (10') feet from such exterior boundaries, for the purpose of installing, replacing, repairing, maintaining, and using all utilities, including, but not limited to storm sewers and drainage systems and electrical, gas, telephone, cable television, water, sewer, advanced water treatment, and irrigation lines. Such easements may be granted or accepted by the Association, its successors or assigns. To the extent practicable, all utility lines and facilities serving the Development and located therein shall be located underground. By virtue of any such easement, it shall be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Development so encumbered, (i) to maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove trees, bushes, or shrubbery, (iii) to grade, excavate, or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

3.06 Easements for Walks, Trails and Signs. There is hereby reserved for the benefit of the Association, and its successors and assigns, the alienable, transferable, and perpetual right and easement upon, over, and across all land located along the interior of and within ten (10') feet of each boundary located adjacent to streets and roads for all Recreational Amenities and all Lots and all Dwellings, such lands to be bounded by such exterior boundaries adjacent to streets and roads and by lines in the interior of such Lots and Dwellings and Recreational Amenities which are exactly ten (10') feet from such exterior boundaries, for the installation, maintenance, and use of sidewalks, jogging trails, bike paths, golf cart paths, traffic directional signs, and related improvements.

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

3.08 Easements for Additional Property. There is hereby reserved in Association, and its successors and assigns, for the benefit of and as an appurtenance to the Additional Property and as a burden upon the Property, perpetual, non-exclusive rights and easements for (i) pedestrian and vehicular, and boating access, ingress, egress, parking, and docking over, across, within, and on all roads, sidewalks, trails and parking facilities which may from time to time be located within the Property or within easements serving the Property, (ii) the installation, maintenance, repair, replacement, and use within the Property and those portions of Lots, Dwellings, and Recreational Amenities encumbered pursuant to Section 3.05 hereof, of utility facilities and distribution lines, including, without limitation, drainage systems, storm sewers, and electrical, gas, telephone, water and sewer, and (iii) drainage and discharge of surface water onto and across the Property, provided that such drainage and discharge shall not materially damage or affect the Development or any improvements from time to time located thereon.

3.09 Maintenance Easement. Subject to the terms of Section 5.03(b) hereof, there is hereby reserved for the benefit of the Association, and its agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement to enter upon any Lot and upon unimproved portions of any Dwelling or Recreational Amenity for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the Development, provided that such easements shall not impose any duty or obligation upon the Association to perform any such actions. Furthermore, there is hereby reserved for the benefit of the Association, and its agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement, but not the obligation, to enter upon any unimproved portions of Lots, Dwellings or Recreational Amenities which are located within thirty (30) feet from the water's edge of any lagoon, water course, and waterway (natural or man-made), pond, or other body of water within the Development, for the purpose of mowing such area and keeping the same clear and free from unsightly growth and trash, as well as for the purpose of maintaining such bodies of water, such maintenance to include, without limitation, dredging and the maintenance of reasonable water quality standards.

3.10 Environmental Easement. There is hereby reserved for the benefit of the Association, and its agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement on, over, and across all Lots and all unimproved portions of Dwellings and Recreational Amenities for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, procedures from time to time promulgated or instituted by the Board of Directors or by any governmental entity, such easement to include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides and herbicides.

3.11 Wells and Lagoons. Except as provided in this Section 3.11, the pumping of water from any well, lagoon, pond, lake or other body of water within the Property for any purpose other than fire fighting is prohibited. Provided, however, nothing contained herein shall prohibit the Owner or Owners of the Recreational Facilities from utilizing for irrigation water from existing wells or wells to be constructed in the future, lagoons, ponds, lakes or other bodies of water that are located within or along any boundary line of the Recreational Facilities in such amounts as shall be determined necessary, in the sole discretion of the Owner or Owners of the Recreational Facilities to maintain the Recreational Facilities. Provided, further, nothing

contained herein shall prohibit the Association from utilizing water from lagoons, ponds, lakes or other bodies of water that are within the Common Areas for irrigation of the Common Areas. However, should there be a shortage of water in the lagoons, ponds, lakes or other bodies of water, the Owner or Owners of the Recreational Facilities shall have priority use of such water for irrigation purposes.

3.12 Maintenance of Property Abutting the Recreational Facilities. There is hereby reserved unto the Owner or Owners of the Recreational Facilities, their respective agents, employees, successors and assigns, a perpetual, non-exclusive right and easement over and across each Lot and all unimproved portions of each Dwelling, which is adjacent to the golf holes within the Recreational Facilities, including the fairways and greens of such golf holes. The reserved right and easement shall permit, but shall not obligate, such Owners, their respective agents, employees, successors and assigns, to enter upon such Lot or Dwelling to maintain or landscape the area encumbered by such easement, such maintenance and landscaping shall include planting of grass, watering and application of fertilizer, mowing and the removal of underbrush, stumps, trash or debris and trees of less than six (6") inches in diameter at the level of four (4') feet above ground level. The area encumbered by this easement shall be limited to that portion of such Lots or Dwellings within thirty (30') feet of the boundary lines of such Lots or Dwellings which are adjacent to such golf holes, including fairways and greens; provided, however, that the entire Lot and all unimproved portions of such Dwelling shall be subject to such easement until the landscaping plan for such Lot or Dwelling has been improved and implemented pursuant to Section 10.06 hereof. This easement shall include an easement for the creation of noise related to the normal maintenance of the Recreational Facilities, including, but not limited to, the operation of mowing and spraying equipment. The easements reserved herein may be utilized daily from thirty (30) minutes prior to sun up to thirty (30) minutes after sun down.

3.13 Entry by Golfers. Each Lot, Dwelling and Recreational Amenity adjacent to a golf fairway or green shall be subject to the right and easement on the part of registered golf course players and their caddies to enter upon such Lot and upon the unimproved portions of such Dwelling or Recreational Amenity to remove a ball, with such entering not being deemed to be a trespass. Furthermore, golf course players or their caddies shall not be entitled to enter on any such Lots or Dwellings with a golf cart or other vehicle, nor to spend an unreasonable amount of time on any such Lot or Dwelling, or in any way commit a nuisance while on any such Lot or Dwelling.

3.14 Encroachments. The construction of any docks, wharves, bulkheads, boat slips, boat houses or other improvements adjacent to or encroaching upon any pond, lagoon or other body of water within the Development is prohibited unless otherwise permitted by the Board of Directors and approved by the ARB.

3.15 No Partition. There shall be no judicial partition of the Development or any part thereof, nor shall any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless the Development has been removed from the provisions of this Restated Declaration.

3.16 Noise Easements. There is hereby reserved unto the Owner or Owners of the Recreational Facilities, their respective agents, employees, successors and assigns, a perpetual, non-exclusive right and easement over any abutting property for the creation of noise related to the normal maintenance of the Recreational Facilities, including, but not limited to, the operation of mowing and spraying equipment. Likewise, there is hereby reserved unto the Owners of Lots, Dwellings, Common Areas and Recreational Amenities a perpetual, non-exclusive right and easement over any abutting property for the creation of noise related to the normal maintenance of Lots, Dwellings, Common Areas and Recreational Facilities, including, but not limited to, the operation of mowing and blowing equipment. The easements reserved herein may be utilized daily from thirty (30) minutes prior to sun up to thirty (30) minutes after sun down.

3.17 Mutual Easement Agreement. In addition to those easement rights granted to the Association and the Owner or Owners of the Recreational Facilities elsewhere in this Restated Declaration, the Association and the Owner or Owners of the Recreational Facilities have entered into a Mutual Easement Agreement whereby they have mutually agreed to grant additional easements as may be required to assure the satisfactory maintenance and operation of their respective properties located within the Development.

ARTICLE IV

MEMBERSHIP

4.01 Membership.

- (a) Owners of Lots and Dwellings. Every Owner shall have a membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Dwelling, and ownership of a Lot or Dwelling shall be the sole qualification for such membership. In the event that fee title to a Lot or Dwelling is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto shall automatically pass to such transferee. The foregoing is not intended to include Mortgagees or any other persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate or otherwise affect an Owner's membership in the Association. Where a mortgagee or other person holding an interest in a Dwelling or Lot as security for the performance of an obligation acquires title to such Lot or Dwelling through a foreclosure proceeding or the issuance of a deed in lieu of foreclosure, such mortgagee or other transferee shall be deemed to have a membership in the Association upon acquiring title to such Lot or Dwelling. Notwithstanding any of the foregoing to the contrary, no Owner, whether one or more persons, shall have more than one membership per Lot or Dwelling. In the event of multiple Owners of a Lot or Dwelling, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote and to hold an office in the Association, may be exercised by a member, but in no event shall more than one vote be cast or more than one office held for each Lot or

Dwelling, and further provided that a member casting a vote or holding an office with respect to his Lot or Dwelling shall not be entitled to cast an additional vote or to hold an additional office for the Lot upon which his residential unit is located. When more than one person holds an interest in any Lot or Dwelling, the vote for such Lot or Dwelling shall be exercised as those Owners of such Lot or Dwelling themselves determine and notify the Secretary or an Assistant Secretary of the Association prior to any meeting. In the absence of such notice, the vote appurtenant to such Lot or Dwelling shall be suspended in the event more than one person seeks to exercise it. Such a suspended vote shall be counted for the purpose of calculating a quorum, but such a suspended vote shall not be cast with regard to voting matters of the Association until the persons owning such Lot or Dwelling determine how such vote shall be cast and so advise the Secretary or Assistant Secretary of the Association. The voting weight appurtenant to each Lot or Dwelling is equal and each Lot or Dwelling shall have one vote. Such voting weight shall continue to be equally apportioned upon the addition of all or a portion of the Additional Property to the Development, and each Lot or Dwelling therein shall have one vote. Each Owner, by acceptance of a deed or other conveyance for a Lot or Dwelling, consents and agrees to the dilution of his voting interest in the Association by virtue of the submission from time to time of the Additional Property or any portion thereof to the terms of this Restated Declaration as provided herein.

(b) Owners of Recreational Facilities.

(i) The Owner or Owners of the Recreational Facilities shall be members of the Association. One membership is hereby assigned to each of The Golden Bear Golf Course, The Golf Club at Indigo Run and the IRAC Portion of Sunningdale Park. Such membership shall be appurtenant to and may not be separated from ownership of the Recreational Facilities and ownership of the Recreational Facilities shall be the sole qualification for such membership. In the event that fee title to any portion of the Recreational Facilities is transferred or otherwise conveyed, the membership in the Association, which is appurtenant thereto, shall automatically pass to such transferee. The foregoing is not intended to include mortgagees or any persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate or otherwise effect an owner's membership in the Association. Where a mortgagee or other person holding an interest in the Recreational Facilities or portions thereof as security for the performance of an obligation, acquires title to the Recreational Facilities or any portion thereof through a foreclosure proceeding or the issuance of a deed in lieu of foreclosure, such mortgagee or other transferee shall be deemed to have a membership in the Association upon acquiring title to the same.

(ii) When a vote of the members of the Association is required by this Restated Declaration or by the By-Laws of the Association, the owners of each portion of the Recreational Facilities shall be assigned a number of votes for such Owner's membership as set forth hereinbelow:

(a) The Owner of The Golden Bear Golf Course shall have fifty-six (56) votes.

(b) The Owner of The Golf Club at Indigo Run shall have twenty-four (24) votes; and

(c) The Owner of the IRAC Portion of Sunningdale Park shall have ten (10) votes.

ARTICLE V

MAINTENANCE

5.01 Responsibilities of Owners. Unless: (i) specifically identified herein; (ii) specifically provided for in a Neighborhood declaration as being the responsibility of the Association or a Neighborhood Association; (iii) specifically agreed upon by the Association and a Neighborhood Association, all maintenance and repair of Lots, Dwellings, and Recreational Amenities, together with all other improvements thereon or therein and all lawns, landscaping, and grounds on and within a Lot, Dwelling, or Recreational Amenity shall be the responsibility of the Owner of such Lot, Dwelling, or Recreational Amenity. Unless otherwise provided in the appropriate Neighborhood declaration, the maintenance and repair of common areas located within Neighborhoods (including all landscaping and grounds and all recreational facilities and amenities and other improvements located within such Neighborhood) shall be the responsibility of the Neighborhood Association for such Neighborhood. Provided, however, as set forth in Section ____, Owners within some Neighborhoods may request that the Association maintain such common areas on behalf of the Neighborhood. Each Owner shall be responsible for maintaining his or its Lot, Dwelling, or Recreational Amenity, as the case may be, in a neat, clean, and sanitary condition, and such responsibility shall include the maintenance and care of all exterior surfaces of all Dwellings, buildings, and other structures and all lawns, trees, shrubs, hedges, grass, and other landscaping. As provided in Section 5.03(b) hereof, each Owner shall also be obligated to pay for the costs incurred by the Association for repairing, replacing, maintaining, or cleaning any item which is the responsibility of such Owner, but which responsibility such Owner fails or refuses to discharge. No Owner shall: (i) decorate, change, or otherwise alter the appearance of any portion of the exterior of a Dwelling, building or other improvement or the landscaping, grounds, or other improvements within a Lot unless such decoration, change, or alteration is made in accordance with the Architectural Guidelines or is first approved, in writing, by the ARB as provided in Article X hereof, or (ii) do any work which, in the reasonable opinion of the ARB, would jeopardize the soundness and safety of the Development, reduce the value thereof, or impair any easement or hereditaments thereto, without in every such case obtaining the written approval of the ARB and the Owners and Mortgagees of the Lots, Dwellings, or Recreational Amenities directly affected thereby or benefiting from such easement or hereditament.

5.02 Responsibilities of Owners of Golf Facilities. The Owner or Owners of the golf facilities shall maintain each portion of the Recreational Facilities at a maintenance level materially comparable to the maintenance level of comparable facilities in the greater Hilton Head Island area with similar dues, charges, fees, facilities, soil, environmental laws, ordinances or codes or other circumstances beyond the Owner or Owners of the Recreational Facilities control; provided, however, when determining comparable facilities, public facilities shall only be compared against other public facilities with similar charges, dues, fees, facilities, soil, environmental conditions and usage rights and private facilities will only be compared against other private facilities with similar dues, charges, dues, fees, facilities, soil, environmental conditions and usage rights. Should the Owner or Owners of the Recreational Facilities fail to maintain the Recreational Facilities as provided herein and should traditional, legal or equitable remedies not result in prompt compliance with the maintenance standards, the Association, as a last resort, shall have the right to seek an order from a court of competent jurisdiction to enter the Recreational Facilities to perform the necessary maintenance.

5.03 Association's Responsibility.

(a) Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair all portions of the Common Areas or Limited Common Areas, which responsibility shall include the maintenance, repair, and replacement of: (i) any Recreational Amenities conveyed to the Association and designated as Common Area or Limited Common Area, (ii) all roads, walks, trails, harbors, lagoons, ponds, parking lots, landscaping, landscaped areas, and other improvements situated within the Common Areas or Limited Common Areas or within the easements described in Section 3.04 hereof, (iii) such security systems and utility lines, pipes, plumbing, wires, conduits, and related systems which are a part of the Common Areas or Limited Common Areas and which are not maintained by a public authority, public service district, public or private utility, or other person. The Association shall not be liable for injury or damage to any person or property: (A) caused by weather conditions or by any Owner or any other person not acting as either an agent or employee of the Association, (B) resulting from any rain or other surface water which may leak or flow from any portion of the Common Areas or Limited Common Areas, or (C) caused by a pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is not that of the Association, becoming out of repair, nor shall the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of the Common Areas or Limited Common Areas or any other portion of the Property. No diminution or abatement of assessments, fees, or charges shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Restated Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental

authority, the obligation to pay such assessments, fees, and charges being a separate and independent covenant on the part of each Owner.

(b) In the event that the Association or the Board of Directors determines that: (i) any Owner or Neighborhood Association has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair, or replacement of items for which he or it is responsible hereunder, or (ii) the need for maintenance, cleaning, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his family, tenants, guests, or invitees, and is not covered or paid for by insurance in whole or in part, then, in either event, the Association, except in the event of an emergency situation, may give such Owner or Neighborhood Association written notice of the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement, at the sole cost and expense of such Owner or Neighborhood Association, as the case may be, and setting forth with reasonable particularity the maintenance, cleaning, repairs, or replacement deemed necessary. Except in the event of emergency situations, such Owner or Neighborhood Association, as the case may be, shall have fifteen (15) days within which to complete the same in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen (15) day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner or Neighborhood Association to comply with the provisions hereof after such notice, the Association may provide (but shall not have the obligation to so provide) any such maintenance, cleaning, repair, or replacement at the sole cost and expense of such Owner or Neighborhood Association, as the case may be, and said cost shall be added to and become a part of the assessment to which such Owner and his Lot, Dwelling, or Recreational Amenity are subject and shall become a lien against such Lot, Dwelling, or Recreational Amenity, or, in the case of a Neighborhood Association, shall be added to and become a part of the assessments for all Owners within such Neighborhood Association and shall become a lien against such Owners' Lots or Dwellings. In the event that the Association undertakes such maintenance, cleaning, repair, or replacement, the Owner or Neighborhood Association shall promptly reimburse the Association on demand for the Association's costs and expenses.

ARTICLE VI

INSURANCE AND CASUALTY LOSSES

6.01 Insurance.

(a) The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Areas against loss or damage by fire or

other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

(b) The Board or its duly authorized agents shall have the authority to and shall obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its members, its directors and officers, or any of its agents. Such public liability policy shall provide such coverages as are determined to be necessary by the Board of Directors.

(c) The Board or its duly authorized agents shall have the authority and may obtain: (i) worker's compensation insurance to the extent necessary to comply with any applicable laws, and (ii) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

(d) All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for each of the Owners and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development shall be vested in the Board of Directors; provided, however, that no mortgagee or other security holder of the Common Areas having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law and to the extent that such provisions are available, the Association shall make commercially reasonable efforts to secure insurance policies with the provisions hereinafter set forth.

(i) All policies shall be written with a company licensed to do business in the State of South Carolina and holding a rating of A-XI or better in such financial categories as established by Best's Insurance Reports, if such report is available or, if not available, its equivalent rating or the best rating possible.

(ii) All property insurance policies shall be for the benefit of the Owners and their Mortgagees as their interests may appear.

(iii) All policies shall contain a waiver of the insurer's right to cancel without first giving thirty (30) days' prior written notice of such cancellation to the Association and to any Mortgagee to which a mortgagee endorsement has been issued.

(iv) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees, and all policies shall contain a provision that the "other insurance" clauses in such

policies exclude from consideration policies obtained by individual Owners or their Mortgagees.

(v) All policies shall contain a waiver of subrogation by the insurer as to any claims against the Association, the Association's directors and officers, the Owners, and their respective families, servants, agents, tenants, guests, and invitees, including, without limitation, the Association's manager.

(vi) All policies shall contain a provision that no policy may be canceled, invalidated, or suspended on account of the conduct of one or more of the individual Owners, or their respective families, servants, agents, employees, tenants, guests, and invitees, or on account of the acts of any director, officer, employee, or agent of the Association or of its manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

(vii) All liability insurance shall contain cross-liability endorsements to cover liability of the Association to an individual Owner.

(e) It shall be the individual responsibility of each Owner of a Lot or Dwelling at his own expense to provide, as he sees fit, public liability, property damage, title, and other insurance with respect to his own Lot and Dwelling.

(f) It shall be the individual responsibility of each Owner of a Recreational Facility at his own expense to provide public liability, property damage, title, and other insurance with respect to that Recreational Facility. The Board of Directors may require Owners of Recreational Facilities to carry public liability and property damage insurance for the respective Recreational Amenities and to furnish copies or certificates thereof to the Association in an amount previously agreed upon by the Association and Owners of the Recreational Facilities.

(g) To the extent that the Association provides service to a Neighborhood, the Board shall require the Owners within such Neighborhood or the Neighborhood Association to provide public liability insurance with respect to the Limited Common Areas and common property within the Neighborhood that are not deemed Common Areas. Such public liability policies shall provide such coverages as agreed to by the Board and the applicable Neighborhood. Such policies shall provide the Association as an additional insured.

6.02 Damage or Destruction to Common Areas. Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article VI, means repairing or restoring the

damaged property to substantially the same condition in which it existed prior to the fire or other casualty. Unless within sixty (60) days following any damage or destruction to all or a part of the Common Areas, at least seventy-five percent (75%) of the total vote of the Association, shall otherwise agree, the Association shall restore or replace such damaged Common Areas. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 9.04 hereof, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost of repair or reconstruction. Such a Special Assessment shall be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and assessments shall be disbursed by the Association in payment for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association. If it is determined that the damage or destruction for which the insurance proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by fire or other casualty shall be cleared and the Common Areas left in a clean, orderly, safe, and sightly condition.

6.03 Damage or Destruction to Lots, Dwellings, Recreational Amenities, or Limited Common Areas. Subject to any agreement between the Association and Neighborhood Association, in the event of damage or destruction by fire or other casualty to any Lots, Dwellings, Recreational Amenities, or Limited Common Areas, and in the further event that either the Owner of such Lot, Dwelling or Recreational Amenity or the Neighborhood Association responsible for the repair and replacement thereof, as the case may be, elects not to repair or rebuild the damaged or destroyed Lot, Dwelling, Recreational Amenity or Limited Common Area, such Owner or Neighborhood Association making such election shall promptly clear away the ruins and debris of any damaged improvements of vegetation and leave such Lot, Dwelling, Recreational Amenity, or Limited Common Area in a clean, orderly, safe, and sightly condition. Should such Owner or Neighborhood Association elect to repair or rebuild such Lot, Dwelling, Recreational Amenity or other improvements, such Owner or Neighborhood Association shall repair or rebuild such Lot, Dwelling, Recreational Amenity, or other improvements to substantially the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions, and provisions of this Restated Declaration (including, without limitation, Article X hereof). All such work or repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion.

ARTICLE VII

CONDEMNATION

Whenever all or any part of the Common Areas of the Development shall be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board, the award or proceeds made or collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed as deemed appropriate by the Board.

ARTICLE VIII

ADMINISTRATION

8.01 Common Areas. The Association, subject to the rights of the Owners set forth in this Restated Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in a good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions thereof. Further, the Association, subject to the rights and duties of the Owners set forth in this Restated Declaration, may assume responsibility, by agreement with the owner(s) thereof, for the management and maintenance of designated Limited Common Areas and all improvements thereon, including furnishings and equipment related thereto. The scope of the Association's responsibilities beyond standard maintenance and repair and the allocation of any funding, including funding of capital reserves, shall be set by agreement with the owner of the so designated Limited Common Areas. Except to the extent otherwise required by the provisions of the South Carolina Code of Laws relating to nonprofit corporations, the Governing Documents, the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the officers of the Association, without any further consent or action on the part of the Owners.

8.02 Duties and Powers. The duties and powers of the Association shall be those set forth in the provisions of the South Carolina Code of Laws relating to nonprofit corporations, the Governing Documents, together with those reasonably implied to effect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the South Carolina Code of Laws, this Restated Declaration, the By-Laws, the Articles of Incorporation, the Rules and Regulations and resolutions of the Board of Directors, in that order, shall prevail, and each Owner of a Lot, Dwelling, or Recreational Amenity, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association may exercise any other right or privilege given to it expressly by this Restated Declaration or by law, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Such powers of the Association shall include, but shall not be limited to, the power to purchase or otherwise receive title to one or more Lots, Dwellings, Recreational Amenities or Common Areas or Limited Common Areas and to hold, lease, mortgage, sell, and convey the same. Such duties may include, but shall not

be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to Lots, Dwellings, and Recreational Amenities, to furnish trash collections, water, sewer, and/or security service for the Common Areas or Limited Common Areas and/or the Lots, Dwellings and Recreational Amenities.

8.03 Agreements. All agreements and actions lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Development or the privilege of possession and enjoyment of any part of the Development; and in performing its responsibilities hereunder, the Association, through its Board of Directors, shall have the authority to delegate to persons of its choice such duties of the Association as may be determined by the Board of Directors. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of the Development, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. All costs and expenses incident to the employment of a manager shall be a Common Expense. During the term of such management agreement, such manager may, if authorized by the Board of Directors, exercise all of the powers and shall be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers, or members of the Association by this Restated Declaration or the By-Laws. Such manager may be an individual, corporation, or other legal entity, as the Board of Directors shall determine, and may be bonded in such a manner as the Board of Directors may require, with the cost of acquiring any such bond to be a Common Expense. In addition, the Association may pay for, and the Board of Directors may hire and contract for, such legal, accounting and other professional services as are necessary or desirable in connection with the operation of the Development or the enforcement of this Restated Declaration, the By-Laws, or the rules and regulations of the Association.

8.04 Neighborhood Agreements. Each Neighborhood Association has its own governing board as established by previously recorded covenants and restrictions running with and encumbering the lands comprising each Neighborhood. The Board of Directors is empowered to recognize portions of such property (i.e. common properties, road rights-of-way, and open space areas owned by the Neighborhood Association) as Neighborhoods pursuant to agreements with such Neighborhood Associations for the maintenance and repair of such properties contained in such Neighborhood, the procedures for which are set forth in more detail in Section 9.12 of this Restated Declaration. Nothing contained in this Restated Declaration, or in any agreements formed with any such Neighborhood, shall in any way alter or amend the covenants, restrictions, obligations, rights, powers or duties set forth in those recorded covenants and restrictions running with and encumbering the lands comprising each Neighborhood.

8.05 Management Agreement. The Board of Directors of the Association is empowered to select and employ the entity or individual to act as manager of the Association and the Development.

8.06 Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire and hold tangible and intangible personal property and real property and may dispose of the same by sale or otherwise. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, shall be held by and for the benefit of the Association. The shares of the Owners in the funds and assets of the Association cannot be individually assigned, hypothecated, or transferred in any manner, except to the extent that a transfer of the ownership of a Lot, Dwelling, or Recreational Facilities also transfers the membership in the Association which is an appurtenance to such Lot, Dwelling or Recreational Facilities.

8.07 Rules and Regulations. As provided in Article XII hereof, the Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Lots, Dwellings, Recreational Amenities, and Common Areas, which rules and regulations shall be consistent with the rights and duties established by this Restated Declaration.

ARTICLE IX

ASSESSMENTS

9.01 Purpose of Assessments. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the Development, and maintaining the Development and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors.

9.02 Creation of Lien and Personal Obligation of Assessments and Fees. Each Owner of a Lot or Dwelling or Owners of Recreational Facilities, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay the Association: (a) Annual Assessment to be established and collected as provided in Section 9.03 thereof, (b) Special Assessments to be established and collected as provided in section 9.04 hereof, (c) Specific Assessments against any particular Lot or Dwelling or Owners of Recreational Facilities which are established pursuant to the terms of the Restated Declaration, including, but not limited to, fines as may be imposed against such Lot or Dwelling or Owners of Recreational Facilities in accordance with Article XII hereof, and (d) Property Transfer Fees to be established and collected as provided in Section 9.06 hereof. Any such assessments and fees, together with late charges, simple interest at the maximum rate allowable by law per annum, and court costs and attorneys' fees incurred to enforce or collect such assessments, shall be equitable charge and a continuing lien upon the Lot or Dwelling or Recreational Facilities, the Owner of which is responsible for payment. Each Owner shall be personally liable for assessments coming due while he is the Owner of Lot or Dwelling or Recreational Facilities, and his grantee shall take title to such Lot or Dwelling or Recreational Facilities subject to the equitable charge and continuing lien therefore, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefore; provided, however, the lien for unpaid assessments or fees shall not apply to the holder

of any first priority Mortgage who takes title to a Lot or Dwelling or Owners of Recreational Facility through foreclosure or through conveyance of a deed in lieu of foreclosure or to any purchaser of such Lot or Dwelling or Recreational Facility at such foreclosure sale. In the event of co-ownership of any Lot or Dwelling or Recreational Facility, all of such co-Owners shall be jointly and severally liable for the entire amount of such assessments and fees. Except for the Property Transfer Fees, assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, provided that unless otherwise provided by the Board, the Annual Assessments shall be paid in advance at the beginning of the fiscal year of the Association.

9.03 Computation of Annual Assessments.

(a) It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming year, such budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The Board shall cause a copy of the budget and the proposed total of the Annual Assessments to be levied against Lots, Dwellings, and Recreational Facilities or portions thereof for the following year to be delivered to each Owner at least fifteen (15) days prior to such meeting. The budget and the Annual Assessments shall become effective unless disapproved at the annual meeting by a vote of a majority of the votes of the Owners who are voting in person or by proxy at such meeting. Notwithstanding the foregoing, in the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and Annual Assessments in effect for the then current year shall be increased in proportion by the greater of either ten (10%) percent of the budget and assessments for the previous year or by the percentage increase, if any, over the previous year's Consumer Price Index (all Urban Consumers, United States City Average, All Items 1967=100), or its successor index, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the Association for the approval of a Special Assessment as provided in Section 9.04 hereof. The Common Expenses to be funded by the Annual Assessments may include, but shall not necessarily be limited to, the following:

(i) management fees and expenses of administration, including legal and accounting fees;

(ii) utility charges for utilities serving the Common Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided or paid by the Association;

(iii) the cost of any policies of insurance purchased for the benefit of all the Owners and the Association as required or permitted by this Restated Declaration, including fire, flood, and other hazard coverage, public liability

coverage, and such other insurance coverage as the Board of Directors determines to be in the interests of the Association and the Owners;

(iv) the expenses of maintenance, operation, and repair of those portions of the Common Areas which are the responsibility of the Association under the provisions of this Restated Declaration;

(v) the expenses of maintenance, operation, and repair of other amenities and facilities serving the Development, the maintenance, operation, and repair of which the Board from time to time determines to be in the best interest of the Association;

(vi) the expenses of the ARB which are not defrayed by plan review charges;

(vii) *ad valorem* real and personal property taxes assessed and levied against the Common Areas;

(viii) the expenses for conducting recreational, cultural, or other related programs for the benefit of the Owners and their families, tenants, guests, and invitees;

(ix) such other expenses as may be determined from time to time by the Board of Directors of the Association to be Common Expenses, including, without limitation, taxes and governmental charges not separately assessed against Lots, Dwellings, or Neighborhoods;

(x) the expenses of maintenance, operation, repair and reconstruction of any and all roadways, pathways, trails, lagoons, waterways and landscaped areas within the Property and Additional Property which have not been designated as Common Areas and conveyed to the Association including described or designated Limited Common Areas, for such portions thereof as the Association may have agreed to operate, maintain and/or repair pursuant to an agreement with the owner thereof;

(xi) all expenses associated with the acquisition and employment of individuals or entities supplying security services to the Association on behalf of the Owners of Lots or Dwellings and Recreational Facilities or portions thereof within the Development; and

(xii) the establishment and maintenance of a reasonable reserve fund or funds: (a) for maintenance, repair, and replacement of those portions of the Common Areas which are the responsibility of the Association and which must be maintained, repaired, or replaced on a periodic basis, (b) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (c) arising from unpaid assessments or liens, as well as from

emergency expenditures and other matters, all as may be authorized from time to time by the Board of Directors.

(b) The total Annual Assessments shall be divided among the Lots, Dwellings, and Recreational Facilities and portions thereof as hereinafter provided.

(i) The Owner of each Dwelling in the Property shall pay Annual Assessments which, beginning in 2003, shall be NINE HUNDRED FOUR AND NO/100 DOLLARS (\$904.00). The Annual Assessments for each Dwelling may thereafter be increased in proportion by the greater of either ten (10%) percent of the assessments for the previous year or by the percentage increase, if any, over the previous year's Consumer Price Index as defined in Section 9.03(a).

(ii) The Owner of each Lot in the Property shall pay assessments in an amount equal to eighty-five (85%) percent of the Annual Assessment for each Dwelling Unit. For purposes of these assessments hereunder, a property will be classified as a Lot and not as a Dwelling Unit, until the slab or foundation is in place, and the assessment as a Dwelling Unit shall begin on the first day of the fiscal year thereafter.

(iii) The Owner or Owners of each portion of the Recreational Facilities shall pay Annual Assessments to the Association as follows:

(a) As to The Golden Bear Golf Course, the amount obtained by multiplying the Annual Assessment for any given year for a Dwelling by fifty-one (51);

(b) As to The Golf Club at Indigo Run, the amount obtained by multiplying the Annual Assessment by any given year for a Dwelling by forty-five (45); and

(c) As to Sunningdale Park, the amount obtained by multiplying the Annual Assessment for any given year for a Dwelling by the amount obtained by dividing the total acreage within the IRAC Portion of Sunningdale Park by four (4).

9.04 Special Assessments. In addition to the Annual Assessments authorized above, the Association, acting through its Board of Directors, may levy, in any assessment year, Special Assessments for Common Expenses, applicable to that year only, provided that except as otherwise permitted in Sections 6.02 and 7.01 hereof, any such Special Assessment must be approved by a majority of the votes of the Owners who are voting in person or by proxy at a meeting duly called for this purpose in accordance with the provisions of Section 9.06 hereof. The Board of Directors may make such Special Assessments payable in installments over a period which may, in the Board's discretion, extend in excess of the fiscal year in which adopted.

Such Special Assessments are to be prorated among the Lots, Dwellings, and Recreational Facilities as provided with respect to Annual Assessments.

9.05 Specific Assessments. Any expenses of the Association occasioned by the conduct of less than all of the Owners or by the family, tenants, agents, guests, or invitees of any Owner shall be specially assessed against such Owners and their respective Lots and/or Dwellings. The Specific Assessments provided for in this Section 9.05 shall be levied by the Board of Directors and the amount and due date of such assessment so levied by the Board shall be as specified by the Board.

9.06 The Board shall have the authority, on behalf of the Association, to establish and collect a fee upon each transfer of title to a Lot or Dwelling, which fee shall be payable to the Association at the closing of the transfer. Such fee shall be the obligation of the purchaser and shall be secured by the Association's lien for assessments under Section 9.02. An Owner shall notify the Association's Secretary or other authorized agent of a pending transfer of such Owner's Lot or Dwelling at least fourteen (14) days prior to the transfer. Such notice shall include the name of the purchaser, the date of title transfer, and such other information as the Board may reasonably require.

(b) The Board shall have the sole discretion to determine the amount and method of determining any such transfer fee; provided, however, such transfer fee shall not exceed two (2) times the Annual Assessment established for the calendar year of such transfer.

(c) The Property Transfer Fees shall be used for the maintenance of capital reserve funds; emergency and capital expenditures as authorized by the Board.

(d) Notwithstanding the above, no transfer fee shall be levied upon transfer of title to a Lot or Dwelling;

(i) By a co-Owner to any Person who was a co-Owner immediately prior to such transfer;

(ii) To the Owner's estate, surviving spouse or child upon the death of the Owner;

(iii) To a member of the Owner's immediate family where no consideration or nominal consideration is received; provided, that upon any subsequent transfer, the transfer fee shall become due;

(iv) To an entity (corporation, partnership, trust, etc.) wholly owned by the seller; provided, that upon any subsequent transfer, the transfer fee shall become due;

(v) To an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage;

(vi) To the Association upon foreclosure of lien for assessments pursuant to Section 9.09.

9.07 Notice of Meeting and Quorum. Written notice of the annual meeting of the Association, as well as any other meeting called for the purpose of taking any action authorized under Sections 9.03, 9.04 and 9.05 hereof, shall be sent to all members not less than fifteen (15) days nor more than forty-five (45) days in advance of such meetings. With respect to annual meetings, the presence of members or proxies entitled to cast over one-half (1/2) of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be the presence in person or by proxy of members having one-third (1/3) of the total votes of the Association. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

9.08 Liens. All sums assessed or charged against any Lot, Dwelling, or Recreational Facilities pursuant to this Restated Declaration, together with court costs, reasonable attorneys' fees, late charges, and interest as provided herein, shall be secured by an equitable charge and continuing lien on such Lot, Dwelling, or Recreational Facilities in favor of the Association. Furthermore, all charges which are charged to an Owner, his family, tenants, or guests with respect to his use or the use by his family, tenants, or guests of those recreational facilities owned by the Association and designated as Common Areas shall be the personal obligation of such Owner and shall be an equitable charge and continuing lien against the Lot, Dwelling, or Recreational Facilities of such Owner. Such liens shall be superior to all other liens and encumbrances on such Lot, Dwelling, or Recreational Facilities except only for: (i) liens of ad valorem taxes, and (ii) liens for all sums unpaid on a first priority Mortgage and all amounts advanced pursuant to any such Mortgage and secured thereby in accordance with the terms of such instrument. Notwithstanding the foregoing to the contrary, the subordination of assessments and charges to the lien of such Mortgages shall only apply to such assessments and charges which have become due and payable prior to a foreclosure. All other persons acquiring liens or encumbrances on any Lot, Dwelling, or Recreational Facilities after this Restated Declaration has been recorded shall be deemed to consent that such liens or encumbrances shall be inferior to such future liens for assessments and charges as provided herein, whether or not such prior consent shall be specifically set forth in the instruments creating such liens or encumbrances.

9.09 Effect of Nonpayment; Remedies of the Association. Any Assessments or charge of an Owner or any portions thereof that are not paid when due shall be delinquent. Any assessment or charge delinquent for a period of more than fifteen (15) days after the date when due shall incur a late charge in an amount as may be determined by the Board from time to time and shall also commence to accrue interest at the rate as may be determined by the Board. A lien and equitable charge as herein provided for each assessment or charge shall attach simultaneously as the same shall become due and payable, and if an assessment or charge has not been paid within thirty (30) days, the entire unpaid balance of the assessment or charge may be accelerated at the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such assessment or charge shall include the late charge established by the Board, interest on the principal amount due at a rate established by the Board. All costs of

collection (including reasonable attorneys' fees and court costs), and any other amounts provided or permitted hereunder or by law. In the event that the assessment or charge remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. The equitable charge and lien provided for in this Article shall be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Lot, Dwelling, or Recreational Facilities vests in the Association and its agents the right and power to bring all actions against them personally for the collection of such assessments and charges as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The Association shall have the power to bid on the Lot, Dwelling, or Recreational Facilities at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the assessments and charges provided for herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot, Dwelling, or Recreational Facilities, and an Owner shall remain personally liable for assessments, charges, interest, and late charges which accrue prior to a sale, transfer, or other conveyance of his Lot, Dwelling, or Recreational Facilities.

9.10 Certificate. The Treasurer, any Assistant Treasurer, or the manager of the Association shall, within twenty (20) days of a written request and upon payment of such fee as is from time to time determined by the Board of Directors, furnish to any Owner or such Owner's Mortgagee which requests the same, a certificate in writing signed by said Treasurer, Assistant Treasurer, or manager setting forth whether the assessments and charges for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, accrued interest, and other penalty charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any assessments and charges stated therein to have been paid.

9.11 Date of Commencement of Annual Assessments. The Annual Assessments provided for herein shall commence as to each Lot, Dwelling, and Recreational Facility on the day on which such Lot, Dwelling, or Recreational Facility is submitted to this Restated Declaration and shall be due and payable in such manner and on such schedule as the Board of Directors may provide. Annual Assessments and any outstanding Special Assessments shall be adjusted for such Lot, Dwelling, or Recreational Facility according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such Lot, Dwelling, or Recreational Facility is first conveyed. Annual and Special Assessments for Lots, Dwellings, and Recreational Facilities in portions of the Additional Property hereafter submitted to the terms of this Restated Declaration shall commence with respect to each such Lot, Dwelling, and Recreational Facility on the day of the recording of the amendment to the Restated Declaration so submitting such parcels, and Annual and Special Assessments for each such Lot, Dwelling, and Recreational Facility shall be adjusted according to the number of months then remaining in the fiscal year of the Association and the number of days then remaining in the month in which such assessments commence.

9.12 Budgeting and Allocating Neighborhood Expenses. In the event that the Association enters into a Neighborhood Agreement in accordance with the provisions of Section

8.04 of this Restated Declaration, the following provisions shall apply to the budgeting and Allocating of Neighborhood Assessments:

(a) At least sixty (60) days before the beginning of each fiscal year, the Board may prepare a separate budget covering the estimated Neighborhood Expenses for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. Each such budget shall include any costs for additional services or a higher level of services which the Owners in such Neighborhood have approved pursuant to Section 9.12 and any contribution to be made to a reserve fund. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots and Dwellings, and the amount required to be generated through the levy of Neighborhood Assessments against the Lots and Dwellings in such Neighborhood.

(b) The Association is hereby authorized to collect and administer Neighborhood Assessments equally against all Lots and Dwellings in the Neighborhood which are subject to assessment under Section 9.12 to fund Neighborhood Expenses; provided, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular Dwellings shall be collected and administered on each of the benefited Dwellings in proportion to the benefit received.

(c) Unless specifically provided for in restrictive covenants encumbering a Neighborhood, the Board shall cause a copy of the Neighborhood budget and notice of the amount of the Neighborhood Assessment for the coming year to be delivered to each Owner in the Neighborhood at least thirty (30) days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved at a meeting of the Neighborhood by Owners of a majority of the Lots and Dwellings in the Neighborhood to which the Neighborhood Assessment applies. However, there shall be no obligation to call a meeting for the purpose of considering the budget except on petition of Owners of at least ten (10%) percent of the Lots and Dwellings in such Neighborhood. This right to disapprove shall only apply to those line items in the Neighborhood budget which are attributable to services requested by the Neighborhood.

ARTICLE X

ARCHITECTURAL STANDARDS

10.01 Purpose. In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and aesthetically pleasing design for the Development, and to protect and promote the value of the Development, the Lots, Dwellings, the Recreational Amenities, and all improvements located therein or thereon shall be subject to the restrictions set forth in this Article X. Except for the Owner or Owners of the Recreational Facilities, every

grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, agrees to be bound by all of the provisions of this Article X.

10.02 ARB. The Board of Directors has established the ARB, which shall always consist of not less than three members that are Owners. The number of members of the ARB may increase at the discretion of the Board of Directors provided Owners always represent a majority of the members. The term(s) that each member serves on the ARB shall be established by the Board of Directors. Any member may be removed with or without cause by the Board at any time by written notice to such appointee, and a successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member. The ARB shall elect a chairman and he, or in his absence, the vice chairman, shall be the presiding officer at its meetings. The ARB shall meet at least once in each calendar month, as well as upon call of the chairman, and all meetings shall be held at such places as may be designated by the chairman. A majority of the members shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present in person at a meeting of the ARB shall constitute a quorum for the transaction of business, and affirmative vote of a majority of those present in person or by proxy at a meeting of the ARB shall constitute the action of the ARB on any matter before it. The ARB is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, attorneys, and/or other professionals in order to advise and assist the ARB in performing its functions set forth herein. Each member of the ARB may be paid a stipend or honorarium as from time to time determined by the Board. The ARB is hereby empowered to establish and promulgate architectural and landscaping policies and procedures which must be adhered to by all Owners of Lots and Dwellings, with the exception of the Association, in undertaking any improvement within any Lot, Dwelling, or Common Area.

10.03 Permitted Improvements. No improvements of any nature whatsoever shall be constructed, altered, added to, or maintained upon any part of the Development, except: (i) for Dwellings and other improvements which are constructed by the Association, (ii) such improvements as are approved by the ARB in accordance with this Article X, (iii) improvements which pursuant to this Article X do not require the consent of the ARB, or (iv) improvements made in accordance with the Rules and Regulations or the Architectural Guidelines.

10.04 Construction of Improvements.

(a) All buildings, structures, or other improvements (excepting sidewalks and driveways) on or with respect to any Lot or Dwelling shall be located only within the set-back lines specified on the plats thereof recorded at the time of submission of said Lots or Dwellings to this Restated Declaration, provided that the ARB shall be empowered to grant variances with respect to such set-back lines. To assure that Dwellings and other structures will be located so that the maximum view, privacy, and breeze will be available to each Dwelling or structure, Dwellings and structures will be located with regard to the topography of each Lot and Dwelling, taking into consideration the location of trees and vegetation and other aesthetic and environmental considerations, as well as the precise site and location of any other Dwellings or structures within the Development.

(b) No construction of improvements on any Lots or Dwellings shall be undertaken or conducted on any day or days as prohibited in the Rules and Regulations, except for: (i) emergency situations involving the potential loss, injury, or damage to persons or property, and (ii) as otherwise permitted by the ARB.

(c) Subject to the Architectural Guidelines and the Rules and Regulations, the ARB, in its sole discretion, may require that any Owner, contractor and/or subcontractor for any planned improvements within the Development post payment and/or performance bonds with the ARB to assure that such Owner, contractor or subcontractor shall satisfactorily complete such improvements, such payment on bonds to be in the name of the Association and to be in form and amount satisfactory to the ARB. The exterior of any improvement permitted by this Restated Declaration shall be completed within eighteen (18) months after the construction of same shall have been commenced, except where the ARB allows for an extension of time because such completion with such time is impossible or would result in great hardship to the Owner or builder thereof due to strikes, national emergencies, fires, floods, lightning, earthquakes, or other casualties. In the event that such improvements or landscaping are not completed within the provided periods, the ARB shall be entitled to collect on or enforce any payment or performance bonds required hereunder so as to ensure the proper completion of any such improvements. Furthermore, the ARB shall be entitled to retain any sums so held in escrow as a penalty for such failure to complete, and such sums shall be remitted to and shall be the property of the Association. Any such sums so held in such escrow shall, at the discretion of the ARB, be invested so as to earn interest, and any interest earned thereon shall be for the benefit of the Association.

(d) Dwellings may not be temporarily or permanently occupied until a certificate of occupancy has been issued by the Town of Hilton Head Island and a similar certificate of occupancy has been issued by the ARB or the Owner has posted a bond in an amount to be determined by the Board to insure timely completion of construction. No temporary house, shack, tent, barn, or other outbuilding shall be permitted on any Lot or Dwelling at any time, except for temporary structures for social functions as may be permitted by Rules and Regulations, nor shall any stable, poultry house or yard, or other similar yard structure be constructed or allowed to remain on any Lot or Dwelling. During the continuance of construction, the Owner shall require its contractors to maintain the Lot or Dwelling in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuse containers. Upon completion of construction, the Owner shall cause its contractors to immediately remove all equipment, tools, and construction material and debris from the Lot or Dwelling on which such construction has been completed.

10.05 Architectural Approval. To preserve the architectural and aesthetic appearance of the Development, no construction of improvements of any nature whatsoever shall be commenced or maintained by any Owner, other than the Owner or Owners of the Recreational Facilities, with respect to the construction or exterior of any Dwelling or with respect to any other portion of the Development, including, without limitation, the construction or installation of sidewalks, driveways, parking lots, mail boxes, decks, patios, courtyards, swimming pools,

swimming pool enclosures, tennis courts, greenhouses, playhouses, awnings, walls, fences, docks, wharves, bulkheads, boat slips, boathouses, exterior lights, garages, guest or servants' quarters, or other outbuildings, nor shall any exterior addition to or change or alteration therein be made (including, without limitation, painting or staining of any exterior surface), unless and until three (3) copies of the plans and specifications and related data (including, if required by the ARB, a survey showing the location of trees of six (6) inches in diameter at a height of four (4) feet and other significant vegetation on such Lot or Dwelling) showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to: (i) the harmony of external design; (ii) location; (iii) quality of design, workmanship and materials; and (iv) appearance in relation to surrounding structures and topography by the ARB. At least one copy of such plans, specifications, and related data so submitted shall be retained in the records of the ARB, and one copy shall be returned to the Owner marked "approved" or "disapproved". The ARB shall establish a fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms hereof and as authorized by the Board. Notwithstanding the foregoing, an Owner may make interior improvements and alterations within his Dwelling and a Neighborhood Association may make interior improvements or alterations within any building or structures which it owns or maintains, without the necessity of approval or review by the ARB. The ARB shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable to the Association. In connection with approval rights and to maintain community aesthetics and to prevent excessive drainage or surface water run-off, the ARB shall have the right to establish a maximum percentage of a Lot which may be covered by Dwellings, buildings, structures, or other improvements, which standards shall be promulgated on the basis of aesthetics, topography, percolation rate of the soil types and conditions, vegetation cover, and other pertinent factors. Following approval of any plans and specifications by the ARB, representatives of the ARB shall have the right during reasonable hours to enter upon and inspect any Lot, Dwelling, or other improvements with respect to which construction is underway to determine whether or not the plans and specifications therefor have been approved and are being complied with. In the event the ARB shall determine that such plans and specifications have not been approved or are not being complied with, the ARB shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In the event the ARB fails to approve or disapprove in writing any proposed plans and specifications within sixty (60) days after such plans and specifications shall have been submitted, such plans and specifications will be deemed to have been expressly approved. Upon approval of plans and specifications, no further approval under this Article X shall be required with respect thereto, unless such construction has not substantially commenced within sixty (60) days of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. Refusal of approval of plans and specifications may be based by the ARB upon any ground which is consistent with the objects and purposes of this Restated Declaration, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

10.06 Landscaping Approval. To preserve the aesthetic appearance of the Development, no landscaping, grading, excavation, or filling of any nature whatsoever shall be

implemented and installed by any Owner or Neighborhood Association, other than the Owner or Owners of the Recreational Facilities, unless and until the plans therefor have been submitted to and approved in writing by the ARB. The provisions of Section 10.05 hereof regarding time for approval of plans, right to inspect, right to enjoin and/or require removal, etc. shall also be applicable to any proposed landscaping, clearing, grading, excavation, or filling. Such plans shall include a grading plan and calculation of the ratio of the area to be covered by grass lawns versus the area to be left in a natural state, and the ARB shall be entitled to promulgate standards with respect to such ratios. Such landscape and grading plans shall be reviewed and approved with consideration to the harmony of the proposed landscape design to the environmental character in the surrounding area, integration of any structures and proposed landscaping to the character and nature of the surrounding area, the preservation of natural drainage patterns, the visual impact to surrounding areas and the establishment of adequate and sufficient shading and buffering with regard to the individual Lot or Dwelling to the surrounding area. In addition to the provisions of Section 11.10 hereof, the landscaping plan for any Lots or Dwellings adjacent to Recreational Facilities within the Property shall, for that portion of such Lot, Dwelling, or Recreational Amenity which is within thirty (30) feet of the boundary of any such Recreational Facilities, be in general conformity with the overall landscaping plan of such Recreational Facilities. Unless located within five (5) feet of a building or a recreational or parking facility, no trees, shrubs, bushes, or other vegetation having a trunk diameter of six (6) inches or more at a point of four (4) feet above ground level; shall be cut, removed or mutilated by any Owner or Neighborhood Association without obtaining the prior approval of the ARB, provided that dead or diseased trees which are inspected and certified as dead or diseased by the ARB or its representatives, as well as other dead or diseased shrubs, bushes, or other vegetation shall be cut and removed promptly from any Lot or Dwelling by the Owner of such Lot or Dwelling. If any Owner removes such a tree without the approval of the ARB as herein provided, the Owner shall replace the same with a tree or trees of comparable value based upon the Architectural Guidelines. In the event the Owner fails within thirty (30) days to satisfactorily replace the tree or trees, the Association shall have the right to enter such Owner's Lot or Dwelling for the purpose of replacing the tree or trees. The Owner shall be responsible for all costs associated with replacing the tree or trees and such costs shall constitute a Specific Assessment.

Notwithstanding any of the foregoing, nothing herein shall be interpreted so as to prohibit the Owner of any portion of the Recreational Facilities located within the Property from tree-cutting, pruning, removing vegetation, planting trees, shrubs, grasses or other vegetation, mowing, landscaping or changing any contour to the golf course as the Owner deems necessary for the proper landscaping, maintenance, and up-keep of said Recreational Facilities and said Recreational Facilities are hereby exempted from these landscape provisions.

All of the landscaping of Lots and Dwellings must be completed within time periods provided in the Rules and Regulations and Architectural Guidelines.

10.07 Approval Not a Guarantee. No approval of plans and specifications and no publication of architectural standards shall be construed as representing or implying that such plans, specifications, or standards will, if followed, result in properly designed improvements. Such approvals and standards shall in no event be construed as representing or guaranteeing that any Dwelling or other improvement built in accordance therewith will be built in a good and

workmanlike manner. Neither the Association nor the ARB shall be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Article X, nor any defects in construction undertaken pursuant to such plans and specifications.

10.08 Architectural Review of Recreational Facilities.

(a) In order to preserve the natural setting and beauty of the Development, to preserve a harmonious and aesthetically pleasing design for the Development, and to protect and promote the value of the Development, the Lots, Dwellings, the Recreational Facilities, Neighborhoods, and all improvements located therein or thereon, the Owner or Owners of the Recreational Facilities shall be bound to the provisions of this Section 10.08. Every grantee of any interest in the Recreational Facilities, by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Section 10.08.

(b) Should the Owner or Owners of the Recreational Facilities desire to construct any new exterior improvements or remodel existing exterior improvements to the Recreational Facilities, plans and specifications for such improvements shall be submitted to the ARB for review and approval. Such plans and specifications shall show the nature, color, type, slope, height, materials and location of such improvements. Provided that such improvements are consistent with the architectural standards attached hereto as Exhibit "F", the approval by the ARB shall not be unreasonably withheld. Additionally, any change to the standards set forth on Exhibit "F" shall only be effective upon the written consent of the Owner or Owners of the Recreational Facilities.

ARTICLE XI

USE RESTRICTIONS

11.01 Service Yards. All service areas, exterior utility equipment, loading docks, trash and garbage disposal containers and receptacles and other service areas shall be screened so as to not be visible from any public or private right-of-way or any portion of the Common Area. All utility and mechanical equipment and roof embellishments shall be screened so as not to be visible from any public or private right-of-way or any portion of the Common Area.

11.02 Use of Lots and Dwellings. Each Lot and Dwelling shall be used for single-family residential purposes only. The utilization of any Dwelling or other structure, or any portion thereof, as an office by an Owner or tenant thereof shall be considered to be a violation of this Restated Declaration where such utilization of a Dwelling as an office creates any type of regular customer, client, or employee vehicular or pedestrian traffic to and from any such Dwelling. Additionally, no Lot or Dwelling or structure constructed on a Lot, or any portion thereof, shall be used for business storage. The lease or rental of any Dwelling or structure within the Property for a period of more than six (6) consecutive months shall not be considered to be a violation of this Restated Declaration so long as the lease of any such Dwelling or

structure is undertaken in full compliance with the Rules and Regulations as may be promulgated and published from time to time by the Board. All leases of any Dwellings or structures within the Property shall be in writing, and prior to the commencement of any such lease, the Owner of such Dwelling or structure shall provide the Secretary of the Association and any managing agent of the Association with copies of such lease. All lessees or tenants of Dwellings or structures within the Property shall in all respects be subject to the terms and conditions of this Restated Declaration.

11.03 Exterior Appearance. Except with regard to maintenance yards within the Common Areas, boundary lines of the Development, or as may be otherwise permitted by the Association or the ARB, chain link fences are not allowed within the Development. Further, no foil or other reflective materials shall be used on any windows for sunscreens, blinds, shades, or other purpose, and all window treatments for all Dwellings within the Development shall conform to rules and regulations established by the ARB. No window-mounted heating or air-conditioning units shall be permitted within the Development. Except within screened service yards, outside clotheslines or other outside facilities for drying or airing clothes are specifically prohibited and shall not be erected, placed, or maintained, nor shall any clothing, rugs, or other item be hung on any railing, fence, hedge, or wall.

11.04 Signs. Except as may be required by legal proceedings, no signs or advertising posters of any kind shall be maintained or permitted within any windows or on the exterior of any improvements located within the Development, without the express written permission of the Board. The approval of any signs and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by the ARB and may be arbitrarily withheld. In addition, the Board of Directors, on behalf of the Association, shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas and within those easement areas established in Section 3.06 hereof.

11.05 Unauthorized Signs. Any signs or posters displayed within the Development in violation of Section 11.04 may be reviewed by the Association and the Association shall have the right to enter upon the premises where such signs or posters are displayed for the purpose of removing the unauthorized sign or poster without it being deemed a trespass.

11.06 Antennas and Transmitters. No exterior radio antenna, television antenna, or other antenna of any type shall be erected or maintained on a Lot or Dwelling. Satellite dishes of 24" or less may be allowed with the approval of the ARB and subject to provisions of the Rules and Regulations or the Architectural Guidelines relative to placement and screening of such satellite dishes. No electronic or radio transmitters of any kind other than garage door openers or cordless telephones shall be operated on any Lot or Dwelling except as may be approved by the Board. In its determinations for approval or non-approval of the installation of antennas and transmitters, the ARB shall consider state and federal regulations that may apply to the devices in question.

11.07 Water Wells and Septic Tanks. Subject to the terms of Section 3.11 hereof, no private water wells may be drilled or maintained on any Lot, Dwelling or Recreational Amenity.

Furthermore, no septic tanks or similar sewage facilities may be installed or maintained on any Lot, Dwelling or Recreational Amenity.

11.08 Pets. No animals, livestock, birds, or poultry of any kind shall be raised, bred, or kept by any Owner upon any portion of the Development, except as provided in Rules and Regulations adopted by the Association, through its board of Directors. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance.

11.09 Nuisances. No rubbish or debris of any kind shall be dumped, placed, or permitted to accumulate upon any portion of the Development, nor shall any nuisance or odors be permitted to exist or operate upon or arise from the Development, so as to render any portion thereof unsanitary, unsightly, offensive, or detrimental to persons using or occupying any other portions of the Development. Noxious or offensive activities shall not be carried on in any Lot, Dwelling, Recreational Amenity, Common Areas, or Limited Common Areas which could cause disorderly, unsightly, or unkempt conditions, or which could cause embarrassment, discomfort, annoyance, or nuisance to the occupants of other portions of the Development or which could result in a cancellation of any insurance for any portion of the Development, or which would be in violation of any law or governmental code or regulation. Any waste, garbage, or refuse materials produced or occurring as a result from the permitted activities conducted within any portion of the Property shall be stored, processed and transported away from the Property in a safe, neat, clean, efficient, healthy and sanitary manner. Any and all streets, roadways, driveways, and right-of-ways, including Common Areas and Limited Common Areas, shall be kept and maintained in a clean, safe, neat and efficient manner. All such streets, driveways, walkways, and right-of-ways shall be kept reasonably clean and free of leaves, limbs, excess sand and soil and any and all other types of debris.

11.10 Golf Course Areas. Owners of Lots and Dwellings adjacent to all golf course fairways and greens that are part of the Recreational Facilities, as well as their families, tenants, guests, invitees and pets, shall be obligated to refrain from any actions which would distract the playing qualities of the golf courses that are part of the Recreational Facilities. Such prohibited activities shall include, but not be limited to, permitting dogs or other pets to interfere with golf course play due to their loud barking or other actions, running or walking on the fairways, picking up balls, or like interference with play.

The Owner or Owners of the Recreational Facilities shall be allowed to provide parking on the shoulders of the road right-of-ways which are within the boundaries of the Recreational Facilities for tournaments and special events that are held on the Recreational Facilities without the payment of any fee, fine, charge or other cost.

11.11 Motor Vehicles, Trailers, Boats, Etc. Each Owner shall provide for parking of automobiles off streets and roads within the Development prior to occupancy of the Dwellings owned or maintained by such Owner. Subject to the terms of Section 11.09 hereof and subject to the Rules and Regulations, there shall be no outside storage or overnight parking upon any Lot, Dwelling, or Recreational Amenity or within any portion of the Common Areas (other than areas provided therefor within the Common Areas, if any) of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than standard size or compact pick-up trucks),

camper, motorized camper or trailer, boat or other watercraft (other than in boat slips, boathouses, or other docking facilities), boat trailer, or any other related forms of transportation devices. Commercial vehicles are also prohibited from outside storage or parking, unless such vehicles are cars, standard size vans, or standard or compact size pick-up trucks, and such vehicles are parked or stored within adequately screened areas as determined by the ARB. Furthermore, although not expressly prohibited hereby, the Board of Directors may at any time prohibit mobile homes, motor homes, campers, trailers of any kind, motorcycles, motorized bicycles, motorized go-carts, and other similar vehicles, or any of them, from being kept, placed, stored, maintained, or operated upon any portion of the Development if in the opinion of the Board of Directors such prohibition shall be in the best interest of the Development. No Owners or other occupants of any portion of the Development shall repair or restore any vehicle of any kind upon or within any Lot or Dwelling or within any portion of the Common Areas, except (i) within enclosed garages or workshops, or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility.

11.12 Repurchase Option. Subject to the provisions of Sections 13.03 and 13.04 hereof, the Association hereby reserves unto itself and its successors and assigns the right and option to purchase any Lot or Dwelling within the Development which is offered for sale by the Owner thereof, such option to be at the price and on the terms and conditions of any bona fide offer for such Lot or Dwelling which is acceptable to such Owner and which is made in writing to such Owner by a third party. Upon the receipt of any such offer by an Owner, such Owner shall promptly submit a copy of the same to the Association, and the Association shall have a period of thirty (30) days from and after the presentation of such offer to the Association in which to exercise its purchase option by giving such Owner written notice of such exercise. If the Association fails to respond or to exercise such purchase option within said thirty (30) day period, the Association shall be deemed to have waived such purchase option. If the Association declines to exercise such option, the Association shall execute an instrument evidencing its waiver of its repurchase option, which instrument shall be in recordable form. In the event that the Association does not exercise its purchase option and such sale to a third party is not consummated on such terms within six (6) months of the date in which the offer is transmitted to the Association, the terms and limitations of this Section 11.12 shall again be imposed upon any sale by such Owner. If the Association shall elect to purchase such Lot or Dwelling, the transaction shall be consummated within sixty (60) days following delivery of written notice by the Association to such Owner of the Association's decision to so purchase such Lot or Dwelling.

11.13 Conflicts. Various Lots and Dwellings located within the Property have been subjected to that certain Declaration of Covenants, Conditions and Restrictions Single Family Lots Indigo Run Plantation dated May 2, 1985 and recorded in Book 418 at Page 1796, as amended (the "Single Family Lot Covenants"). Certain provisions of this Article 11 of this Restated Declaration have been amended and may be in conflict with the covenants, restrictions and conditions of the Single Family Lot Covenants. In the event of any such conflict, the specific provisions of Article 11 of this Restated Declaration shall prevail. This is in accord with Paragraph 17 of the Single Family Lot Covenants.

ARTICLE XII

RULE MAKING

12.01 Rules and Regulations. Subject to the provisions hereof, the Board of Directors may establish the Rules and Regulations concerning the use of Lots, Dwellings, and the Common Areas and facilities located thereon. In particular but without limitation, the Board of Directors may promulgate from time to time Rules and Regulations which shall govern activities which may, in the judgment of the Board of Directors, be environmentally hazardous, such as application of fertilizers, pesticides, and other chemicals. Copies of the Rules and Regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of the Rules and Regulations and amendments thereto. Such Rules and Regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants, and agents, until and unless any such rule or regulation be specifically overruled, canceled, or modified by the Board of Directors or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the total votes in the Association. Provided, however, in the event that any Rules and Regulations established pursuant to this Section 12.01 materially or adversely alters or changes the Owner's or Owners' of the Recreational Facilities right to use and enjoyment of the Recreational Facilities or adversely effects the title thereto, such rules and regulations shall be valid only upon the written consent thereto by the Owner or Owners of the Recreational Facilities, which consent shall not be unreasonably withheld.

12.02 Protection of Owners. Except as may be set forth in this Restated Declaration, all Rules and Regulations shall comply with the following provisions:

(a) Similarly situated Owners shall be treated similarly; however, where Neighborhood Associations have promulgated their own rules and regulations concerning Neighborhood owned common properties (e.g. roads, open space, recreational amenities) that Neighborhood's rules and regulations shall control over those established by the Association's Board of Directors.

(b) No rule shall interfere with the activities carried on within the confines of Dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Dwellings, that generate excessive noise or traffic, that create unsightly conditions visible outside the Dwelling, or that create an unreasonable source of annoyance.

(c) No rule shall alter the allocation of financial burdens among the Lots and Dwellings or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the

Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article IX.

(d) No rule shall prohibit leasing or transfer of any Dwelling, or require consent of the Association or Board for leasing or transfer of any Dwelling; provided, the Association or the Board may require a minimum lease term of not less than six (6) months. The Association may require that Owners include specific language in the leases for their Dwellings or that such Owners use lease forms that have been approved by the Association.

(e) No rule shall require an Owner to dispose of personal property that was in or on a Dwelling prior to the adoption of such rule if such personal property was in compliance with all rules previously in force. This exemption shall apply only during the period of such Owner's ownership of the Dwelling, and shall not apply to subsequent Owners who take title to the Dwelling after adoption of the rule.

12.03 Authority and Enforcement. Subject to the provisions of Section 12.04 hereof, upon the violation of this Restated Declaration, the By-Laws, or any Rules and Regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments or charges, the Board shall have the power (i) to impose reasonable monetary fines which shall constitute an equitable charge and a continuing lien upon the Lot or Dwelling, the Owners, occupants, or guests of which are guilty of such violation, (ii) to suspend an Owner's right to vote in the Association, or (iii) to suspend an Owner's right (and the right of such Owner's family, guests, and tenants and of the co-Owners of such Owner and their respective families, guests, and tenants) to use any of the Common Areas, and the Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants or by his co-Owners or the family, guests, or tenants of his co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days. The fines levied and assessed as provided for in this Section 12.03 herein shall be a lien upon the applicable Lot or Dwelling in the same manner as that provided for in Section 9.08 herein. The effect of the non-payment of such fines and the remedies of the Association to enforce collection thereof shall be the same as those provisions provided for in Section 9.09 herein.

12.04 Procedure. Except with respect to the failure to pay assessments or charges, the Board shall not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other occupant of the Development for violations of this Restated Declaration, the By-Laws, or the Rules and Regulations of the Association, unless and until the following procedure is followed:

(a) Written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violation specifying:

- (i) The alleged violation;
- (ii) The action required to abate the violation; and

(iii) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Restated Declaration, the By-Laws, or the Rules and Regulations of the Association may result in the imposition of sanctions after notice and hearing.

(b) Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice of a hearing to be held by the Board in executive session. The notice shall contain:

(i) The nature of the alleged violation;

(ii) The time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;

(iii) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his behalf; and

(iv) The proposed sanction to be imposed.

(c) The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Any sanctions and fines levied by the Board of Directors according to the terms and provisions of this Article XII shall be established by a majority vote of the Directors present at the above-referenced hearing. No such hearing shall be undertaken with less than a duly constituted quorum of the Board of Directors. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director, or other individual who delivered such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

The procedures set forth in this Section 12.04 may be modified from time to time through changes to the Rules and Regulations. If there are any conflicts in the procedure outlined herein and the procedure set forth in the Rules and Regulations, the terms of the Rules and Regulations shall prevail.

ARTICLE XIII

GENERAL PROVISIONS

13.01 Amendments. Amendments to this Restated Declaration shall be proposed and adopted in the following manner:

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

(b) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board of Directors or by members of the Association. Such amendment must be approved by Owners holding at least two-thirds (2/3) of the total votes in the Association or fifty-one (51%) percent of the total votes in the Association for any amendment to any provision contained in Article XI; provided, however, that any amendment which materially and adversely affects the security title and interest of any Mortgagee must be approved by such Mortgagee.

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

(d) In the event that any amendment proposed under the provisions of this Section 13.01 materially or adversely alters or changes any Owner's right to the use and enjoyment of any Recreational Facilities as set forth in this Restated Declaration or adversely affects the title to any Recreational Facilities, such amendment shall be valid only upon the written consent thereto by the then existing Owners of the Recreational Facilities affected thereby, which consent may be withheld for any reason. Further, no Amendment under the provisions of this Section 13.01 may be utilized to alter the terms of any separate written agreement(s) then in effect between the Association and any Owner of any Lot, Dwelling, Recreational Facilities, or the Common Areas without the Association first obtaining the written consent thereto by the then existing Owners affected thereby.

13.02 Enforcement. Each Owner shall comply strictly with the By-Laws and the Rules and Regulations of the Association adopted pursuant to this Restated Declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in this Restated Declaration and in the deed or other instrument of conveyance to his Lot, Dwelling, or Recreational Facilities, if any. Failure to comply with any of the same shall be grounds for imposing fines, for suspending voting rights or rights of use in

and to the Common Areas, or for instituting an action to recover sums due, for damages, and/or for injunctive relief, such actions to be maintainable by the Board of Directors on behalf of the Association, or, in a proper case, by an aggrieved Owner. Should the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the violating Owner. Inasmuch as the Rules and Regulations of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and that the Association, or any aggrieved Owner, in addition to all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or any threatened violation or breach. No delay, failure, or omission on the part of the Association, or any aggrieved Owner in exercising any right, power, or remedy herein provided shall be construed as an acquiescence thereto or shall be deemed a waiver of the right to enforce such right, power, or remedy thereafter as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against the Association for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, by any person of the provisions of this Restated Declaration, the By-Laws, or the Rules and Regulations of the Association, however long continued. Provided, however, in the event that any amendment to the By-Laws as described herein materially or adversely alters or changes the Owner's or Owners' of the Recreational Facilities right to use and enjoyment of the Recreational Facilities or adversely effects the title thereto, such amendment shall be valid only upon the written consent thereto by the Owner or Owners of the Recreational Facilities, which consent shall not be unreasonably withheld.

13.03 Duration. The provisions of this Restated Declaration shall run with and bind title to the Property, shall be binding upon and inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, legal representatives, successors, and assigns, and shall be and remain in effect for a period of thirty (30) years from and after the date of the recording of this Restated Declaration, provided that rights and easements which are stated herein to have a longer duration shall have such longer duration. Upon the expiration of said thirty (30) year period, this Restated Declaration shall be automatically renewed for successive ten (10) year periods. The number of ten (10) year renewal periods shall be unlimited, with this Restated 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, that there shall be no renewal or extension of this Restated Declaration, if, during the last year of an initial thirty (30) year period or the last year of any ten (10) year renewal period, seventy-five percent (75%) of the total votes of the Association are cast in favor of terminating this Restated Declaration at the end of the then current term. In the event that the Association votes to terminate this Restated Declaration, an instrument evidencing such termination shall be filed of Record, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any Property, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Restated Declaration shall run with and bind title to the Property as provided hereby.

13.04 Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Restated Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Mrs. Rose Kennedy, mother of former U.S. President John Fitzgerald Kennedy.

13.05 Interpretation. In all cases, the provisions set forth or provided for in this Restated Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Board of Directors will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Restated Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive. The effective date of this Restated Declaration shall be the date of its filing for Record. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer. This Restated Declaration shall be construed under and in accordance with the laws of the State of South Carolina.

13.06 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

13.07 Severability. Whenever possible, each provision of this Restated Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Restated Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Restated Declaration are declared to be severable.

13.08 Rights of Third Parties. This Restated Declaration shall be Recorded for the benefit of the Owners, and their Mortgagees as herein provided, and by such Recording, no adjoining property owner or third party shall have any right, title or interest whatsoever in the Development, except as provided herein, or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of Mortgagees as herein provided, the Owners shall have the right to extend, modify, amend, or otherwise change the provisions of this Restated Declaration without the consent, permission, or approval of any adjoining owner or third party.

13.09 No Trespass. Whenever the Association, the ARB, and their respective successors, assigns, agents, or employees are permitted by this Restated Declaration to enter upon or correct, repair, clean, maintain, preserve, or do any other action within any portion of the Development, the entering thereon and the taking of such action shall not be deemed to be trespass.

13.10 Notices. Notices required hereunder shall be in writing and shall be delivered by hand or sent by United States Mail, postage prepaid. All notices to Owners shall be delivered or sent to such addresses as have been designated, at the addresses of such Owners' respective Lots or Dwellings or Owner or Owners of the Recreational Facilities. All notices to the Association shall be delivered to Indigo Run Community Owners' Association, Inc., 103 Indigo Run Drive, Hilton Head Island, South Carolina 29926, or to any such updated address as the Association may provide in writing to the Owners. Notices to Mortgagees shall be delivered or sent to such addresses as such Mortgagees specify in writing to the Association.

IN WITNESS WHEREOF, duly authorized officers of the undersigned Association have executed this Restated Declaration under seal, this ____ day of _____, 2002.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

ASSOCIATION:

INDIGO RUN COMMUNITY OWNERS'
ASSOCIATION, INC., a South Carolina
nonprofit corporation

By: _____
Its: _____

Attest: _____
Its: _____

ACKNOWLEDGEMENT

Witness my hand and seal this ____ day of _____, 2002.

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AMENDMENT #1 – JULY 21/2007

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT

FIRST AMENDMENT TO THE
AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF THE INDIGO RUN COMMUNITY
OWNERS ASSOCIATION, INC.

THIS FIRST AMENDMENT TO THE AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE INDIGO RUN COMMUNITY OWNERS ASSOCIATION, INC. is made this 21 day of July, 2007, by INDIGO RUN COMMUNITY OWNERS ASSOCIATION, INC., a South Carolina nonprofit corporation (the “Association”) and shall have an effective date of October 1, 2007.

WITNESSETH:

WHEREAS, Indigo Run is a planned unit development community on Hilton Head Island in Beaufort County, South Carolina;

WHEREAS, the original Declaration of Covenants, Conditions, and Restrictions for Indigo Run Plantation as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Book 418 at Page 1716 (the “Original Declaration”) was amended and restated in that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions of the Indigo Run Community Owners Association, INC. as recorded in the Office of the Register of Deeds of Beaufort County, South Carolina in Book 2025 at Page 1779 (the “Amended and Restated Declaration”).

WHEREAS, pursuant to Section 13.01 (b) the Amended and Restated Declaration may be amended by the Association by an affirmative vote by the Owners, as defined therein, holding at least two-thirds (2/3) of the total votes in the Association at a duly called meeting of the Association;

WHEREAS, a Special Meeting of the membership of the Association to be held for the purpose of amending certain provisions of Article IX of the Amended and Restated Declaration, duly noticed in accordance with the provisions of Section 9.07 of the Amended and Restated Declaration, was held on July 21, 2007 and, of the total number of votes in (1092) the Association, 773 votes were in favor of the amendment (Proposal #1), 133 votes were in opposition and 186 votes were abstaining;

WHEREAS, the affirmative votes are in excess of the required two-thirds (2/3) affirmative vote required for passage and this Restated Declaration shall be effective as of the date recording the same in the aforesaid records.

NOW, THEREFORE, the Association, by its duly elected President and Secretary, hereby declares that the provisions of Article IX of the Amended and Restated are amended as follows:

1. Section 9.02 of the Amended and Restated Declaration is amended to state the following:

9.02 Creation of Lien and Personal Obligation of Assessments and Fees. Each Owner of a Lot or Dwelling or Owners of Recreational Facilities, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay the Association: (a) Annual Assessment to be established and collected as provided in Section 9.03 thereof, (b) Special Assessments to be established and collected as provided in section 9.04 hereof, (c) Specific Assessments against any particular Lot or Dwelling or Owners of Recreational Facilities which are established pursuant to the terms of the Restated Declaration, including, but not limited to, fines as may be imposed against such Lot or Dwelling or Owners of Recreational Facilities in accordance with Article XII hereof, and (d) Property Transfer Fees to be established and collected as provided in Section 9.06 hereof. Any such assessments and fees, together with late charges, simple interest at the maximum rate allowable by law per annum, and court costs and attorneys' fees incurred to enforce or collect such assessments, shall be equitable charge and a continuing lien upon the Lot or Dwelling or Recreational Facilities, the Owner of which is responsible for payment. Each Owner shall be personally liable for assessments coming due while he is the Owner of Lot or Dwelling or Recreational Facilities, and his grantee shall take title to such Lot or Dwelling or Recreational Facilities subject to the equitable charge and continuing lien therefore, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefore; provided, however, the lien for unpaid assessments or fees shall not apply to the holder of any first priority Mortgage who takes title to a Lot or Dwelling or Owners of Recreational Facility through foreclosure or through conveyance of a deed in lieu of foreclosure or to any purchaser of such Lot or Dwelling or Recreational Facility at such foreclosure sale. In the event of co-ownership of any Lot or Dwelling or Recreational Facility, all of such co-Owners shall be jointly and severally liable for the entire amount of such assessments and fees. Except for the Property Transfer Fees, assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, provided that unless otherwise provided by the Board, the Annual Assessments shall be paid in advance at the beginning of the fiscal year of the Association.

2. Section 9.06 of the Amended and Restated Declaration is amended to state the following:

(a) The Board shall have the authority, on behalf of the Association, to establish and collect a fee upon each transfer of title to a Lot or Dwelling, which fee shall be payable to the Association at the closing of the transfer. Such fee shall be the obligation of the purchaser and shall be secured by the Association's lien for assessments under Section 9.02. An Owner shall notify the Association's Secretary or other authorized agent of a pending transfer of such Owner's Lot or Dwelling at least fourteen (14) days prior to the transfer. Such notice shall include the name of the purchaser, the date of title transfer, and such other information as the Board may reasonably require.

(b) The Board shall have the sole discretion to determine the amount and method of determining any such transfer fee; provided, however, such transfer fee shall not exceed two (2) times the Annual Assessment established for the calendar year of such transfer.

(c) The Property Transfer Fees shall be used for the maintenance of capital reserve funds; emergency and capital expenditures as authorized by the Board.

(d) Notwithstanding the above, no transfer fee shall be levied upon transfer of title to a Lot or Dwelling;

(i) By a co-Owner to any Person who was a co-Owner immediately prior to such transfer;

(ii) To the Owner's estate, surviving spouse or child upon the death of the Owner;

(iii) To a member of the Owner's immediate family where no consideration or nominal consideration is received; provided, that upon any subsequent transfer, the transfer fee shall become due;

(iv) To an entity (corporation, partnership, trust, etc.) wholly owned by the seller; provided, that upon any subsequent transfer, the transfer fee shall become due;

(v) To an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage;

(vi) To the Association upon foreclosure of lien for assessments pursuant to Section 9.09.

Except as amended, modified or changed hereinabove, the Amended and Restated Declaration described above is reaffirmed hereby and shall remain in full force and effect.