

THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE UNIFORM ARBITRATION ACT, SECTION 15-48-10, ET SEQ., CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

COVENANTS AND RESTRICTIONS

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THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE UNIFORM ARBITRATION ACT, SECTION 15-48-10, ET SEQ., CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

**SECOND AMENDED DECLARATION OF
RESTRICTIONS AND PROTECTIVE COVENANTS FOR
PAWLEYS PLANTATION PROPERTY OWNERS ASSOCIATION, INC.**

THIS SECOND AMENDED DECLARATION OF RESTRICTIONS AND PROTECTIVE COVENANTS FOR PAWLEYS PLANTATION PROPERTY OWNERS ASSOCIATION, INC. (the "Second Amended Declaration") is made this ___ day of June, 2010, by the Pawleys Plantation Property Owners Association, Inc., a South Carolina Non-Profit Corporation (hereinafter the "Association"), which affirms that the real property described in Article II, which is or may be owned by the Association, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, reservations, easements, charges and liens (sometimes referred to as "Covenants and Restrictions") hereinafter set forth, and wishes these Covenants and Restrictions to amend and restate, in full, the Amended Declaration of Restrictions and Protective Covenants for Pawleys Plantation Property Owners Association, Inc., (hereinafter "Amended Declaration"), recorded in Book 1238 at Page 135, and re-recorded in Deed Book 1259 at Page 230, in the office of the Register of Deeds, Georgetown County, South Carolina.

WITNESSETH:

WHEREAS, the Declaration of Restrictions and Protective Covenants for Pawleys Plantation Property Owners Association, Inc. was duly filed in the Georgetown County Clerk of Court's Office on May 22, 1987, at Deed Book 246, Page 1213 (the "Original Declaration"); and

WHEREAS, the members of the Association, in compliance with Article XIX of the Amended Declaration, have voted to amend the Amended Declaration and hereby do amend said Amended Declaration so as to read as follows:

NOW THEREFORE, the Association declares that the covenants contained herein shall be covenants running with the land and shall apply to the lands described on Exhibit "A" attached hereto. The Association reserves the right to add additional restrictive covenants in respect to any of the Properties, or to limit the application of this Second Amended Declaration.

ARTICLE I

Definitions

The following words and terms when used in this Second Amended Declaration, any further amended Declaration, or any further amendments or supplements thereto (unless the usage therein shall clearly indicate otherwise) shall have the following meanings:

Section 1 – “Annual Assessments” or “Assessments” shall mean an equal assessment established by the Board of Directors of the Association for common expenses as provided for herein or by a subsequent amendment which shall be used for the purpose of promoting the recreation, common benefit and enjoyment of the Owners and occupants of all Lots.

Section 2 – “Architectural Review Board” or “ARB” shall mean and refer to that permanent committee of the Association which was created for the purposes of establishing, approving and enforcing criteria for the construction or modification of any building within the Properties, including, but not limited to Lot Improvements.

Section 3 – “Association” shall mean and refer to Pawleys Plantation Property Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

Section 4 – “Common Area” or “Common Areas” shall mean all the real property owned by the Association for the common use and enjoyment of the Owners. The Common Area presently owned by the Association is that real property which was conveyed to the Association by Quit Claim Deed and Agreement Between Pawleys Plantation Development Company and Pawleys Plantation Property Owners Association, Inc. (hereinafter “the Quit Claim Deed”) dated July 11, 1996, and duly filed in the Georgetown County Clerk of Court’s Office on August 12, 1996, at Deed Book 715, Pages 103-120, which is included within the property described in the attached Exhibit “A.” The terms “Common Area” or “Common Areas” shall also mean any additional real property hereafter acquired by the Association for the common use and enjoyment of the Owners.

Further, the recording of and reference to the Quit Claim Deed shall not in and of itself be construed as creating any dedications, rights or easements (negative, reciprocal or otherwise), all such dedications, rights and/or easements being made only specifically by this Second Amended Declaration, any amendment or supplement hereto or any deed of conveyance from the Association, its successors or assigns.

Section 5 – “Developer” shall mean and refer to the original developer of Pawleys Plantation, Pawleys Plantation Development Company, and to its successor in interest, Pawleys Plantation, LLC, and its successors and assigns.

Section 6 – “Full-Home Homesites” shall mean and refer to all those parcels or tracts of land subdivided into Lots that are intended for the construction of detached single-family, estate-size houses. All Full Home Homesites are designated per the Planned Use Development document on file with Georgetown County, South Carolina, as “estate” Lots.

Section 7 – “Limited Common Areas” shall mean any areas so designated either in this document or any subsequent document and shall mean and refer to certain portions of the Properties which are for the exclusive use and benefit of one or more, but less than all, of the Owners, and shall be available for use by other Associations, which may be established for the maintenance and regulation of developments within the Properties.

Section 8 – “Lot” shall mean and refer to any plot of land, with delineated boundary lines appearing on any recorded subdivision map of the Properties with the exception of any Common Area shown on a recorded map. In the event any Lot is increased or decreased in size by the annexation of any portion of an adjoining and abutting Lot or decreased in size by re-subdivision thereof to return to a previously annexed whole Lot to the status of a separate Lot, the same shall nevertheless be and remain a Lot for the purposes of this Second Amended Declaration. This definition shall not imply, however, that a Lot may be subdivided if prohibited elsewhere in this Second Amended Declaration. Except for the combining or uncombining of land Lots as defined in Article XI, Section 1, a Full-Home Homesite, a Patio Homesite, a townhouse villa and a condominium shall be defined for purposes of this Second Amended Declaration to have the same voting rights as a Lot.

Section 9 – “Lot Improvements” shall mean the erection of or any addition to, deletion from, or modification of any structure of any kind, including, but not limited to, any building, fence, wall, sign, paving, grading, parking and/or building addition, pool, alteration, screen enclosure, drainage, satellite dish, antenna, electronic or other signaling device, landscaping or landscaping device (including water feature, existing tree and planted tree) or object on a Lot.

Section 10 – “Member” shall mean and refer to every person or entity that holds membership in the Association, as provided herein.

Section 11 – “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

Section 12 – “Patio Homesites” shall mean and refer to all those parcels or tracts of land subdivided into Lots intended for construction of detached single-family patio houses. All Patio Homesites are so designated per the Planned Use Development document on file with Georgetown County, South Carolina.

Section 13 – “Properties” shall mean and refer to the “Existing Property” described in Article II, Section 1 hereof, and any additions thereto as are or shall become subject to this Second Amended Declaration and brought within the jurisdiction of the Association under the provisions of Articles II and III of this Second Amended Declaration.

Section 14 – “Setback” shall mean an area on a Lot defined by the property boundaries and the Setback Lines.

Section 15 – “Setback Line” shall mean a line on a Lot adjacent to, or concentric with, a property boundary defining the minimum distance between any Structure to be erected or altered and the adjacent property boundary.

Section 16 – “Special Assessment” shall mean and refer to assessments levied in accordance with Article IX, Section 3 of this Second Amended Declaration.

Section 17 – “Structure” shall mean any permanent construction including hardscape feature requiring a foundation, posts, piers, or other independent supports. Driveways, walkways, and patios placed on or below finished grade are not Structures.

Section 18 – “Subsequent Amendment” shall mean an amendment to this Second Amended Declaration which may add property to this Second Amended Declaration and makes it subject to the Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Subsequent Amendment to the provisions of the Second Amended Declaration.

Section 19 – “Voting Member” shall mean and refer to all Members who have met current financial obligations to the Association. Each Voting Member shall cast one (1) vote for each Lot it represents, unless otherwise specified in the Amended By-Laws or this Second Amended Declaration. With respect to election of Directors to the Board of Directors of the Association, each Voting Member shall be entitled to cast one (1) equal vote for each directorship to be filled, as more particularly described in the Amended By-Laws.

ARTICLE II

Property Subject to this Second Amended Declaration and Within the Jurisdiction of the Pawleys Plantation Property Owners Association, Inc.

Section 1 – Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Second Amended Declaration, and within the jurisdiction of the Association is located in Georgetown County, South Carolina, and is described in the attached Exhibit “A”.

Section 2 – Property Upon Merger or Consolidation. Upon a merger or consolidation of any Association

referred to herein with any other association as provided in its Articles of Incorporation, its Properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the Properties, rights and obligations of another association may, by operation of law, be added to the Properties, rights and obligations of any association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Covenants and Restrictions established by this Second Amended Declaration within the Properties together with the Covenants and Restrictions established upon any other Properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the Covenants and Restrictions established by this Second Amended Declaration within the Properties.

ARTICLE III

Annexation of Additional Property

Section 1 – Annexation of Additional Property By Developer. The Developer, its successors or assigns, shall have the right to subject the real property identified as “Future Phase Four & Amenity Area” on the survey entitled “(Recordable) Asbuilt Survey of Masters Place HPR Buildings 7 & 8 Multi-Family Area “C” Phase IV – Stage 3” dated October 5, 2006, revised January 3, 2007, prepared by E.T.S. – Engineering and Technical Services, Inc. and recorded in the Register of Deeds Office for Georgetown County, South Carolina, on January 3, 2007, in Plat Slide 629 at Page 10, to the provisions of this Declaration and the jurisdiction of the Association.

Section 2 – Annexation With Approval of Membership. The Association may annex real property other than that shown on Exhibit “B”, subject to the consent of the Owner(s) thereof, and upon the affirmative vote of Voting Members or alternates representing a majority of the Association at a meeting duly called for such purpose by the Association, so long as the Association owns or controls the Properties subject to this Second Amended Declaration.

Any annexation of property must be consistent with provisions of the Master Land Use Plan for Pawleys Plantation as defined and filed with Georgetown County, SC by the Developer, unless otherwise permitted by operation of law. The property to be annexed may be submitted to the provisions of this Second Amended Declaration and the jurisdiction of the Association by filing of record, a Subsequent Amendment in respect to the property being annexed, in the Public Records of Georgetown County, South Carolina. Any such Subsequent Amendment shall be signed by the President and the Secretary of the Association and the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the Amended By-Laws dealing with regular or special meetings shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section and to ascertain the presence of a quorum at such meeting.

Section 3 – Acceptance of Additional Undeveloped Property. To the extent not already conveyed, the Developer may, with the consent of the Board of Directors of the Association, convey to the Association additional real estate, improved or unimproved, located within the Properties described in Exhibit “A” or Exhibit “B” which, upon conveyance or dedication to the Association, shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members. Notwithstanding, the Association agrees to accept from Developer the right-of-way identified as “Twelve Oaks Road” as more fully shown on the survey entitled “(Recordable) Asbuilt Survey of Masters Place HPR Buildings 7 & 8 Multi-Family Area “C” Phase IV – Stage 3” dated October 5, 2006, revised January 3, 2007, prepared by E.T.S. – Engineering and Technical Services, Inc. and recorded in the Register of Deeds Office for Georgetown County, South Carolina, on January 3, 2007, in Plat Slide 629 at Page 10. The Association also agrees, subject to the requirements set forth below, to accept from the Developer, its successors or assigns, the road to be constructed within the property identified as the “Future Phase Four & Amenity Area” on the survey entitled “(Recordable) Asbuilt Survey of Masters Place HPR Buildings 7 & 8 Multi-Family Area “C” Phase IV – Stage 3” dated October 5, 2006, revised January 3, 2007, prepared by E.T.S. – Engineering and Technical Services, Inc. and recorded in the Register of Deeds Office for Georgetown County, South Carolina, on January 3, 2007, in Plat Slide 629 at Page 10. The Developer, its successors and assigns, agree to construct the road to be located in the “Future Phase Four & Amenity Area” and all improvements related thereto at its sole cost and expense in a good and workmanlike manner and in accordance with all applicable governmental standards and regulations. Following the completion of the road to be located within the “Future Phase Four & Amenity Area” Developer, or its successors or assigns, shall deliver to the Association a certification letter from its project engineer that the road has been constructed in accordance with all applicable governmental standards and

regulations. Upon the Association's receipt and approval of the engineers certification (which approval shall not be unreasonably withheld) the Association will then accept title to the road.

ARTICLE IV

Membership and Voting Rights

Section 1 – Voting Rights. The voting rights of the Membership shall be appurtenant to ownership of a Lot in Pawleys Plantation.

Section 2 – Members. Members shall be all of the Owners. Each Member or entity shall be entitled to one (1) vote for each Lot owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons or entities shall be Members. The voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine; but in no event shall more than one vote be cast with respect to any one Lot.

ARTICLE V

Property Rights in and Maintenance of the Common Areas

Section 1 – Members' Easements. Each Member and each tenant, agent and invitee of such member shall have a permanent and perpetual easement for ingress and egress for pedestrian and vehicular traffic over and across the roadways from time to time laid out in the Common Areas for use in common with all other such Members, their tenants, agents, and invitees. The portions of the Common Areas not used from time to time for roadways shall be for the common use and enjoyment of the Members of the Association, and each Member shall have a permanent and perpetual easement for pedestrian traffic across all such portions of such tracts as may be regulated by the Association.

Section 2 – Easements Appurtenant. The easements provided in Section 1 of this Article shall be appurtenant to and shall pass with the title to each Lot.

Section 3 – Public Easements. Fire, police, health and sanitation, and other public service personnel and vehicles shall have a permanent and perpetual nonexclusive easement for ingress and egress over and across the Common Areas for the performance of their respective public functions.

Section 4 – Pawleys Plantation LLC Easement. The Developer retains the right of ingress and egress over all roads and streets within the Properties, whether existing or constructed in the future, for access to any areas which adjoin or are a part of the Properties for purposes of construction, sales, management, and development.

Section 5 – Maintenance. The Association shall at all times maintain in good repair, and shall repair or replace as often as necessary, the paving, street lighting fixtures, landscaping, and amenities (except utilities) situated on the Common Areas. All such Common Areas shall be maintained free of debris and obstacles, including, but not limited to, overhanging brush, vines, tree limbs, playground equipment, and long-term (overnight or longer) parked vehicles. The Board of Directors acting on a majority vote shall order all work to be done and shall pay for all expenses including all electricity consumed by the street lighting located in the Common Areas and all other common expenses. All work pursuant to this Section 5 and all expenses hereunder shall be paid for by such Association through assessments imposed in accordance with Article IX. Excluded herefrom shall be paving and maintenance of individual Lot driveways which shall be maintained by each Owner, and driveway and parking areas in the neighborhoods servicing the townhouse villa or condominium developments, which shall be maintained by the respective Home Owners Association. Nothing herein shall be construed as preventing the Association from delegating or transferring its maintenance obligations to a governmental authority under such terms and conditions as the Board of Directors may deem in the best interest of the Association.

Section 6 – Utility Easements. Use of the Common Areas for utility easements shall be in accordance with the applicable provisions of Article XII of this Second Amended Declaration.

Section 7 – Delegation of Use.

(a) *Family*. The right and easement of enjoyment granted to every Owner in Section 1 of this Article V may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties.

(b) *Tenants*. The right and easement of enjoyment granted to every Owner in Section 1 of this Article V may be delegated by the Owner to his tenants who occupy an Owner's residence within the Properties. Such tenants shall, however, be subject to all of the obligations set forth in this Second Amended Declaration.

(c) *Guests*. Recreational facilities, if any, owned by the Association and situated upon the Properties may be utilized by guests of Owners or tenants subject to the rules and regulations of the Association governing said use and as established by its Board of Directors; provided, however, that this Section shall not give any Owner or guest the right to use any Golf Course facilities located within the Properties.

Section 8 – Ownership. The Association is responsible for the maintenance of all Common Areas. As a result, all real estate taxes against the Common Areas shall be assessed against and payable by the Association, as shall any personal property taxes on any personal property owned by the Association. The Owner of a Lot shall have no personal liability for any damage for which the Association is legally liable or arising out of or connected with the existence or use of any Common Areas or any other property required to be maintained by the Association. Limited Common Areas may, from time to time, be conveyed to the Association subject to the rights of others as set out in Article I of this Second Amended Declaration.

Section 9 – Entry Not Trespass. Whenever the Association, the members of its Board of Directors, and/or any of its committees, including, but not limited to, the ARB, is permitted by these Covenants and Restrictions to correct, repair, clean, preserve, clear out or do any action on the property, but not including any completed dwelling, of any Owner, or on the easement areas adjacent thereto, the entering of the property and taking such action shall not be deemed a trespass by the Association or its agents. With respect to completed dwellings, entry will be limited to those instances where prior notification has been provided to and permission has been received from the Owner.

ARTICLE VI

Special Restrictions Affecting Golf Fairway Residential Areas

Section 1 – Golf Fairway Defined. “Golf Fairway Residential Areas” is defined as all those residential Lots or tracts or blocks of land intended for residential development which are located adjacent to or overlooking any portion of the Golf Course located at Pawleys Plantation.

Section 2 – Landscape Requirements. That portion of any Lot or residential tract in a Golf Fairway Residential Area within twenty (20) feet of the Lot or tract line bordering the Golf Course shall be in general conformity with the overall landscaping pattern for the adjacent Golf Course fairway area as was established by the Golf Course architect or the Developer subsequently. Any fences constructed on Lots bordering on or overlooking the Golf Course shall only be allowed upon the written approval of both the Association and the Golf Course ownership.

In accordance with Article X, Section 3, all individual Lot landscaping plans must be approved by the ARB before implementation. All residential Lots must, as a part of the landscaping plans, provide foundation plantings on all sides of the house which are visible from the Golf Course, any street, or a neighboring yard. All Lots in Golf Fairway Residential Areas shall have an appropriate amount of grass incorporated into the landscaping plan therefor on the portions of the Lot which are adjacent to or overlook any portion of the Golf Course.

Section 3 – Golf Course Maintenance Easement. There is reserved to the Golf Course ownership, its successors or assigns, a “Golf Course Maintenance Easement Area” on each Lot or tract adjacent to any Golf Course located in Pawleys Plantation. This reserved Easement shall permit the Developer, at its election, to go onto any Golf Course Maintenance Easement Area for the purpose of landscaping or maintaining the area. Such maintenance and landscaping may include regular removal of underbrush, trees less than five (5) inches in diameter, stumps, trash or debris; planting of grass; watering, application of fertilizer; and mowing the Easement Area. This Golf Course Maintenance Easement Area shall be limited to

the portion of such Lots within twenty (20) feet of the Lot line(s) or tract line bordering the Golf Course, or such lesser area as may be shown as a "Golf Course Maintenance Area." The described maintenance and landscaping rights shall apply to the entire Lot or tract until there has been filed with the Association a landscaping plan for such Lot or tract by the Owner thereof, or alternatively, a residence constructed on the Lot or townhouses constructed on any tract. Once a landscaping plan has been filed with the Association and/or a residence, townhouse or condominium constructed, the Golf Course Maintenance Easement shall be limited to the portion of the Lot within twenty (20) feet of the Lot line(s) or tract line bordering the Golf Course or such lesser area as set out above. The owner of the Golf Course reserves the right to waive the Easement herein reserved in whole or in part in its sole discretion.

Section 4 – Permissive Easement Prior to Dwelling Construction. Until such time as a residence is constructed on a Lot, the owner of the Golf Course, its successors and assigns, reserves an Easement to permit and authorize registered Golf Course players and their caddies to enter upon a Lot to recover a ball or play a ball, subject to the official rules of the course, without such entering and playing being deemed a trespass. After a Dwelling Unit is constructed, the use of such Easement shall be limited to the recovery of balls only. No play shall be permitted in such easement Area. Golfers or caddies shall not be entitled to enter any such Lot with a golf cart or other vehicle, nor spend unreasonable time on such Lot or in any way commit a nuisance while on such Lot. On a Golf Fairway Lot, "Out of Bounds" markers may be placed on the edge of said Lot abutting the Golf Course at the expense of the Golf Course ownership, its successors or assigns; however, such markers do not in any way limit the Easement to golfers and/or caddies to enter upon such Golf Course Fairway Lots to recover golf balls.

Section 5 – Distracting Activity Prohibited. Owners of Golf Fairway Lots or dwelling units adjacent to or overlooking golf fairways shall be obligated to refrain from any actions which would detract from the playing qualities of the Golf Course or the development of an attractive overall landscaping plan for the entire Golf Course area. Such prohibited actions shall include, but are not limited to, such activities as the maintenance of unfenced dogs or other pets on the Lot or residential tract adjacent to the Golf Course under conditions interfering with play due to their loud barking, running on the fairways, picking up balls or other like interference with play.

Section 6 – Reserved Approval Rights. Notwithstanding the provisions of Section 3 of this Article VI, the Golf Course owner, its successors and assigns, and the Association, so long as both consent, shall have the right to allow an Owner to construct a dwelling over a portion of the "Golf Course Maintenance Easement Area" in those cases where it is, in their uncontrolled discretion, determined that such construction would not materially lessen the beauty or playing qualities of the adjacent Golf Course.

ARTICLE VII

Special Restrictions Affecting All Waterfront and Woodland Areas

Section 1 – Restricted Zone Established. In order to preserve the natural beauty of Pawleys Plantation and to provide a "cover" for animals which habitually move along the marsh edges, there is hereby established a construction and clearing restricted zone on all Lots or other residential tracts fronting on wetlands. That portion of any wetland Lot or other residential tracts located within twenty (20) feet of the mean high water mark shall be preserved substantially in its present natural state except for moderate clearing for view and breeze. Construction of improvements and major clearing of trees and underbrush is hereby restricted. For the purpose of this paragraph, "wetland Lot or other residential tract" is defined as any Lot or other residential tract fronting on the marsh and wetlands located between the highlands of Pawleys Plantation and Pawleys Salt Marsh Creek, one of the sides of which is within twenty (20) feet of the mean or average high water line. Notwithstanding the foregoing, the Association hereby reserves the right to exempt Lots or portions of Lots or other residential tracts from said construction and clearing restrictions in those cases where it, in its uncontrolled discretion, determines that such exemption will not materially lessen the natural appearance and beauty of Pawleys Plantation or is determined to be necessary to protect the shoreline from erosion.

Section 2 – Conditions of Limited Dock Construction. The provisions of Section 1 of this Article VII shall not absolutely prohibit the construction of docks and decks over the wetlands of Pawleys Plantation. All dock permits must first receive approval from the ARB prior to any required submission to the Army Corps of Engineers or SC DHEC Office of Ocean and Coastal Resource Management or other applicable government agencies. However, in order to avoid an unsightly

proliferation of docks along the banks of the small tidal creek and along the banks of lakes or ponds within the Properties, the general rule is established that Owners of Lots fronting on those water bodies may not erect docks within the Properties without permission for such construction being obtained from the ARB, which approval may be denied in its sole discretion, unless the Owner obtained specific written permission to construct such dock or deck at the initial time of the purchase of the property from the Developer. No docks are permitted on internal lakes, ponds or lagoons. If permission for such construction is granted, any such grant shall be conditioned upon compliance with the following requirements:

(a) Complete plans and specifications including site, materials, color and finish must be submitted to the ARB in writing;

(b) Written approval of the ARB to such plans and specifications must be secured, the ARB reserving the right in its uncontrolled discretion to disapprove such plans and specifications on any grounds, including purely aesthetic reasons; and

(c) Written approval of any local, state or federal governmental departments or agencies which have jurisdiction over construction in or near marshlands or wetlands must be secured.

Any alterations of the plans and specification or of the completed structure must also be submitted to the ARB in writing and the ARB's approval in writing must be similarly secured prior to construction, the ARB reserving the same rights to disapprove alterations as it retains for disapproving the original structures.

Section 3 – Maintenance of Dock and/or Deck. All Owners who obtain permission and construct docks and/or decks must maintain said structures in good repair and keep the same safe, clean and orderly in appearance at all times, and further agree to paint or otherwise treat with preservatives all wood or metal located above the high water mark, exclusive of pilings, and to maintain such paint or preservative in an attractive manner. The ARB shall be the judge as to whether the docks and/or decks are safe, clean, orderly in appearance and properly painted or preserved in accordance with reasonable standards. Where the ARB notifies a particular Owner in writing that said dock and/or deck fails to meet acceptable standards, the Owner shall thereupon remedy such condition with thirty (30) days to the satisfaction of the Association. If the Owner fails to remedy such condition in a timely manner, the Owner hereby covenants and agrees that the Association, upon the recommendation of the ARB, may make the necessary repairs to the dock and/or deck; however the Association, is not obligated to make such repairs or take such actions as will bring the dock and/or deck up to acceptable standards. All such repairs and actions shall be at the expense, solely, of the Owner in question.

ARTICLE VIII

Special Restrictions Affecting Patio Homesites

Section 1 – Maximum Permissible Lot Area of Dwelling. The first floor enclosed area of residences constructed on Patio Homesites may not exceed forty (40) percent of the entire area of the lot.

Section 2 – Blank (Blind) Wall Requirements. Residences constructed on Patio Lots must be constructed with a blank or "blind" wall on one side of the home. The location of the blank wall will be determined by the ARB. The wall shall be constructed so as to prevent any view or overview of the adjacent Lot from inside the residence.

Section 3 – Privacy Screens. Porches, patios and/or decks associated with Patio Homes must be screened to prevent any view from such porch, patio or deck of the Lot adjacent to the blank wall side of the residence. Patio Homes constructed adjacent to cul-de-sacs and those constructed on cul-de-sacs may require additional screening along the boundary lines opposite the blank wall and/or the rear property line to prevent the view of porches, patios or decks of adjacent properties. Screening requirements for each Lot Improvement will be determined by the ARB.

Section 4 – Easement for Adjacent Blank Wall. There shall be reserved a seven (7) foot easement along the boundary line of each Lot, opposite the boundary line along which the blank wall is constructed, for the construction, maintenance, and/or repair of the blank wall on the adjoining Lot. The use of said easement area by the adjoining Lot Owner shall not exceed a reasonable period of time during construction, nor shall it exceed a period of thirty (30) days each year for essential maintenance. Any shrubbery or planting in the easement area that is removed or damaged by the adjoining Lot

Owner during the construction, maintenance, or repair of his home shall be replaced or repaired at the expense of said adjoining Lot Owner causing the damage.

ARTICLE IX

Covenant for Maintenance Assessments

Section 1 – Creation of the Lien and Personal Obligation of Assessments. The Association hereby covenants and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessment or charges, (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) fines imposed upon offenders for the violations of the rules and regulations of the Association.

Section 2 – Purposes of Assessments. The assessments levied by the Association shall be used to promote the comfort and livability of the residents of the Properties and for the acquisition, improvement and maintenance of Properties, services and facilities devoted to these purposes and related to the use and enjoyment of the Common Areas, including, but not limited to, the cost of repair, replacement and additions to the Common Areas; the cost of labor, equipment, materials, management and supervision thereof; the payment of taxes assessed against the Common Areas; the procurement and maintenance of insurance; the employment of attorneys to represent the Association when necessary; and such other needs as may arise. The Owner shall maintain the structures and grounds on each Lot at all times in a neat and attractive manner. Upon the Owner's failure to do so, the Association may at its option after giving the Owner ten (10) days' written notice sent to his last known address, or to the address of the subject premises, have the grass, weeds, shrubs and vegetation cut when and as often as the same is necessary in its judgment, and have dead trees, shrubs and plants removed from such Lot, and replaced, and may have any portion of the Lot re-sodded or landscaped, and all expenses of the Association for such work and material shall be a lien and charge against the Lot on which the work was done and the personal obligation of the then Owner of such Lot. Upon appearance, the Association may, at its option, after giving the Owner thirty (30) days' written notice sent to his last known address, make repairs and improve the appearance in a reasonable and workmanlike manner. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Lot and shall constitute an assessment against the Lot on which the work was performed, collectible in a lump sum and secured by a lien against the Lot as herein provided.

Section 3 – Capital Improvements. Funds necessary for capital improvements and other designated purposes relating to the Common Areas under the ownership of the Association may be levied by the Association as special assessments upon the approval of a majority of the Board of Directors of the Association and upon approval by the Voting Members representing two-thirds of the Members of the Association voting at a meeting or by ballot as may be provided in the Amended By-Laws of the Association. The Board may levy a special assessment of no more than Five Thousand and No/100 (\$5,000.00) Dollars in full from the Membership or Five (5) percent of the annual budget, whichever is greater, without the approval of the Membership.

Section 4 – Capital Contribution. When Lot ownership transfers, the new Owner shall be assessed at closing an amount equal to one-sixth (1/6) of the Annual Assessment budgeted for that Lot and shall be designated as a Capital Contribution.

Section 5 – Annual Assessments. The Annual Assessments provided for in this Article IX commenced on the first day of January 1988, and have commenced on the closing of each Lot, whichever is later.

The Annual Assessments shall be payable in monthly installments, or in annual or quarterly installments if so determined by the Board of Directors of the Association. Each Lot shall be assessed an equal Annual Assessment.

The assessment amount may be changed at any time by said Board from any other assessment that is adopted. The Annual Assessment shall be for the calendar year, but the amount of the Annual Assessment to be levied during any period shorter than a full calendar year shall be in proportion to the number of months remaining in such calendar year.

The due date of any Special assessment under Section 3 hereof shall be fixed by the Board of Directors.

Section 6 – Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of Annual Assessment against the Lots subject to the Association's jurisdiction for each assessment period at least thirty (30) days in advance of such date or period, and shall, at the time, prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Any increase in the Annual Assessment applicable to the Lots which is less than an increase of thirty (30) percent over the immediately preceding year's assessment may be made by the Board of Directors without the consent or approval of the Members and any such increase that exceeds such thirty (30) percent, excluding insurance, reserves, utilities and Acts of God, shall be effective only if approved by at least two-thirds (2/3) of the Voting Members.

Written notice of the Annual Assessment shall thereupon be sent to every Owner subject thereto.

The Association shall upon demand at any time furnish to any Owner liable for an assessment a certificate in writing signed by an officer of the Association, setting forth whether such assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment of any assessment to the Association therein stated to have been paid.

The Association, through the action of its Board of Directors, shall have the power, but not the obligation, to enter into an agreement or agreements from time to time with one or more persons, firms or corporation for management services. The Association shall have all other powers provided in its Article of Incorporation and Amended By-Laws.

Section 7 – Effect of Non-Payment of Assessment; the Personal Obligation of the Owner, the Lien, Remedies of the Association. If the assessments are not paid on the date when due (being the date specified in Section 5 hereof), then such assessment shall become delinquent and shall, together with such interest thereon and the cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representative, successors and assigns. Every purchaser of a Lot shall be required to determine the status of the Lot assessment at the time of purchase and shall be deemed to assume any outstanding assessment not paid by the Seller at the time of closing.

If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date when due at the rate of one and one-half (1 ½) percent per month and the Association may bring an action at law against the Owner personally obligated to pay the same or may record a claim of lien against the property on which the assessment is unpaid, or may pursue one or more of such remedies at the same time or successively, and there shall be added to the amount of such assessment attorneys' fees and cost of preparing and filing the claim of lien and the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorneys fee to be fixed by the Court together with the costs of the action, and the Association shall be entitled to attorneys' fees in connection with an appeal of any such action.

In addition to the rights of collection of assessments stated in this Section 8, the Owner and all persons acquiring the title to or an interest in a Lot as to which the assessment is delinquent, including, without limitation, persons acquiring title by operation of law and by judicial sales, shall not be entitled to the enjoyment and use of the Association's recreational facilities, if any, until such time as all unpaid and delinquent assessments due and owing from the selling Owner have been fully paid.

It shall be the legal duty and responsibility of the Association to enforce payment of the assessments hereunder.

Section 8 – Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Article IX shall be subordinate to the lien of any mortgage recorded prior to recordation of the claim of lien, which mortgage encumbers the Lot to any institutional lender and which is now or hereafter placed upon any property subject to assessments; provided, however, that any mortgagee when in possession or any receiver, and in the event of a foreclosure, any purchaser at a foreclosure sale, and any mortgagee acquiring a deed in lieu of foreclosure, and all persons claiming by, through or under such purchaser or mortgagee shall hold title subject to the liability and lien of any assessment becoming due after such foreclosure (or conveyance in lieu foreclosure). Any unpaid assessment which cannot be collected as a lien against any Lot by reason of the provisions of this Section 8 shall be deemed to be an assessment divided equally among, payable by, and a lien against all Lots subject to assessment by the Association, including the Lots as to which the foreclosure (or conveyance in lieu of foreclosure) took place.

Section 9 – Access at Reasonable Hours. For the sole purpose of performing the maintenance authorized by this Article, including without limitation all of the maintenance and work permitted under Section 2 of this Article, the Association, through its duly authorized agents or employees or independent contractors, shall have the right to enter upon any Lot at reasonable hours on any day except Sunday or at any time in case of an emergency. Such entry shall not be deemed a trespass.

ARTICLE X

Architectural Review

Section 1 – Architectural Review Board. Inasmuch as it was the intent of the Developer to create a general plan and uniform scheme of development of the Properties and to create within the Properties a residential community of high quality and to permit harmonious Lot Improvements thereof, as a successor in interest, the Association wishes to continue and maintain such a plan and scheme. Accordingly, the ARB shall have the right to approve or disapprove all architectural and landscaping plans and the location of any proposed Lot Improvements of all houses within the Properties. Also, the ARB shall have such other rights as granted in this Second Amended Declaration and by the Association. The ARB may, in its sole discretion, impose standards and/or guidelines for construction, development and renovation of Lots, which standards may be greater or more than those standards prescribed in applicable building, zoning or other governmental codes. Those standards as are adopted by the ARB shall be set forth in a document entitled the “Architectural Review Board Manual” for Pawleys Plantation. The standards adopted by the ARB and set forth in the Architectural Review Board Manual shall be approved by the Board of Directors of the Association and shall constitute duly authorized rules and regulations of the Association. The procedures of the ARB shall be as set forth below.

Section 2 – Composition. The ARB shall be a permanent committee of the Association and shall administer and perform the architectural and landscape review and control functions of the Association. The ARB shall be appointed by and report to the Board of Directors of the Association and shall consist of no more than seven (7) Voting Members, at least one of whom shall be a member of the Board of Directors of the Association. In the event of the death, disability or resignation of any member of the ARB, the Board of Directors of the Association shall have full authority to designate a successor. The members of the ARB shall not be entitled to any compensation for services performed pursuant to this covenant. A majority of the members of the ARB may take any action that the ARB is empowered to take, may designate a representative member thereof to act for the ARB, and, with approval by the Board of Directors for the Association, may employ personnel and consultants to act for it. A majority of the then-serving members of the ARB shall constitute a quorum to transact business at any meeting, and the action of the majority present shall constitute the action of the ARB.

Section 3 – Approval of Lot Improvements. No Lot Improvements shall be constructed, erected, removed, or planted, nor shall any change, replacement or alteration be made thereto, unless and until the approval thereof shall be obtained in writing from the ARB. Any change in the appearance of any building, wall, fence, other structure or other Lot Improvements and any change in the appearance of the landscaping (excepting the planting of flowers and shrubs indigenous to the area) shall be deemed an alteration requiring ARB approval. All exterior finishes, including but not limited to the color of paint, coating, stain and/or other exterior finishes, on all buildings may be maintained as originally approved by the ARB; however, prior approval by the ARB shall be necessary before any such exterior finishing color is changed. A refusal of approval of the plans, specifications and plot plans, or any of them, may be based on any ground, including purely aesthetic grounds, which in the sole discretion of the ARB shall be deemed sufficient.

Section 4 – Obstruction of Adjacent Lot Owner’s View. Due to the unique value that may be afforded to the view from a Lot, the Owner of an adjacent Lot may not, by either the planting of or the failure to maintain shrubs and/or trees, act to impede or obstruct the view of an adjacent Lot Owner without prior approval of the ARB and with written notification to the affected adjacent Lot Owner. This would not include those shrubs and/or trees that remain after the clearing the lot for construction. Should a Lot Owner fail to obtain such approval or maintain the approved shrubs and/or trees as permitted by the ARB, the ARB may, with or without notification by the adversely affected adjacent Lot Owner, require in writing that the Lot Owner either remove or maintain the blocking shrubs and/or trees. Should the Lot Owner fail to so remove and/or maintain the shrubs and/or trees within a reasonable period after such notification, the ARB may, at the non-compliant Lot Owner’s sole expense, cause the proper removal or maintenance of the shrubs and/or trees to be accomplished.

Section 5. – Building Height Restriction. No building shall be more than three (3) stories and a height in excess of thirty-five (35) feet, which measurement is to be made from the lowest point on the finished grade adjacent to the building. Chimneys are exempt from this requirement. For the purposes of this section, garage levels in raised dwellings shall be defined as a story.

Section 6 – Application for Lot Improvements. Each Owner of a Lot desiring to make any Lot Improvements or the Owner’s duly-named representative shall submit an application in writing to the ARB with respect to any proposed Lot Improvement that the Owner may contemplate. The application shall be on an application form promulgated by the ARB and shall include all such information as may be required by the ARB. Prior to the commencement of any work on any such Lot Improvement, the plans and specifications therefor, including the identity of each contractor intended to be engaged for the construction of same, shall be subject to a review and approval by the ARB. The Owner or other applicant shall submit to the ARB all such information as the ARB may reasonably require, which may include, but is not limited to, a “sealed” site survey with the location of all existing trees over four (4) inches in diameter as well as the footprint of any adjoining house(s); two (2) complete sets of architectural and construction plans and the specifications for the proposed Lot Improvement, a surface water drainage plan (where applicable); and a landscape plan along with such fees as are required by the ARB. The ARB may also require, without limitation, submission of samples of building materials and colors proposed to be used, as well as requiring the location of the proposed Lot Improvements to be staked out.

Section 7 – Additional Information. In the event that the information submitted to the ARB is, in the ARB’s sole opinion, incomplete or insufficient in any manner for the ARB to fully accomplish its duties, the ARB may require the submission of additional or supplemental information.

Section 8 – Approval Time Periods. No later than thirty (30) days after the receipt of all information required by the ARB for its review in accordance with Sections 6 and 7 of this Article X (unless the Owner or other applicant waives this time requirement in writing), the ARB shall contact and/or otherwise respond to the Owner or other applicant in writing of its decision on the application.

Section 9 – Construction Time Periods. In the event that the commencement of construction of a proposed Lot Improvement does not occur within five (5) months of the approval by the ARB (or the Association, in the event the decision of the ARB is appealed successfully to the Association), the approval of the ARB and/or the Association will terminate and the Lot Improvement will be treated as if originally disapproved.

Unless a specific waiver of this provision is approved in writing by the ARB, the construction of any Lot Improvement constituting or including the construction of a house on a Lot shall be completed within eighteen (18) months after commencement of the construction. Unless a specific waiver of this provision is approved in writing by the ARB, the construction of any Lot Improvement constituting the construction of an addition to or modification of an existing house on a Lot shall be completed within twelve (12) months after the commencement of construction. For purposes of this Section, “commencement of construction” shall mean and refer to the first to occur of any of the following events: (1) the clearing of the site of existing trees, shrubs or foliage; (2) the commencement of significant excavation at the site; (3) the assembling of significant construction supplies or material at the site; (4) the demolition, alteration or removal of an existing structure; (5) the preparation of a foundation; or (6) the erection of part or all of the Structure.

Section 10 – Penalties and/or Fines for Failure to Meet Construction Time Periods or Follow ARB Manual. Any Owner or other applicant who fails to meet the time periods for construction set forth in Section 9 of this Article IX or fails to follow the standards for construction and/or landscaping set forth in the Architectural Review Board Manual shall be subject to the imposition of penalties and/or fines. The amounts of such fines and/or penalties shall be established by the ARB with the approval of the Board of Directors of the Association; however, no fines or penalties shall be less than One Hundred Dollars (\$100.00) and, with respect to the failure to meet the time periods set forth in Section 9 of this Article X, the fines or penalties shall escalate monthly. Moreover, the ARB may, at its sole discretion, deduct any such fines or penalties from any deposit placed by an Owner or other applicant with the ARB. However, the total amount of such fines and penalties is not limited by the amount of any deposit. Any fine and/or penalty assessed by the ARB shall be immediately due and owing from the Owner of the Lot or other applicant and shall constitute an assessment against the Lot on which the construction or landscaping work was performed, collectible in a lump sum and secured by a lien against the Lot as herein provided.

Section 11 – Written Responses, Appeals. Any Owner or other applicant may appeal any decision of the ARB to the Board of Directors of the Association, provided that all parties involved comply with the decision of the ARB until such time, if any, as the Board of Directors amends or reverses the ARB’s decision. Appeals petitions must be legibly written, state the grounds for appeal and be submitted to the Board of Directors within seven (7) business days of the adverse decision of the ARB. The Board of Directors shall act upon the appeal by amending, reversing or confirming the decision of the ARB within twenty-one (21) days of the receipt of the petition. The Board of Directors’ decision shall be by a majority vote of the quorum of its Members present at the meeting of the Board of Directors at which the appeal is considered. In addition, both the Owner or other applicant and one or more members of the ARB may appear and speak at the meeting of the Board of Directors of the Association at which the appeal is considered. Any Owner or other applicant must exhaust this avenue of appeal prior to resorting to binding arbitration in accordance with Article XVII.

Section 12 – Right of Entry, Not Trespass. Whenever the ARB is permitted by these Covenants and Restrictions to inspect, correct, repair, clean, preserve, clear out, or take any action on the property of any Owner, or on the easement areas appurtenant thereto, the entering of the property and the taking of such action shall not be deemed a trespass by the Association, the ARB or its or their agents.

Section 13 – Publication and Modification of Design/Development Plans. The ARB is empowered by the Association’s Board of Directors to publish or modify, from time to time, design and development standards for the Full Home and Patio Homesite Lots. Such ARB guidelines, rules and regulations shall be submitted to the Board of Directors of the Association for approval. Such ARB guidelines, rules and regulations shall be incorporated into the Architectural Review Board Manual.

Section 14 – Fees and Deposits. The ARB, with approval of the Board of Directors of the Association, may establish a schedule of fees for processing Lot Improvement requests for approval. Furthermore, the ARB may establish an appropriate deposit to be paid by the Owner or other applicant to the ARB to ensure the proper completion of the proposed Lot Improvement. Such fees and/or deposits, if any, shall be payable to the Association at the time that the plans and specifications and other documents are submitted to the ARB.

Section 15 – Liability for Decisions Relating to the Approval of Plans and Specifications. With respect to any mistakes in judgment, negligence or any other action of the ARB in connection with the approval of plans and specifications, neither the Developer, the Association and its officers, the members of the ARB, nor any person acting on behalf of any of them, shall be liable for any costs or damages incurred directly or indirectly by an Owner within Pawleys Plantation or any other party whatsoever, so long as such acts are within the scope of their authority as members of the Association and any of its committees.

Section 16 – Liability Does Not Pass With Title. Each Owner and/or occupant of any property in Pawleys Plantation agrees, as do their successors and assigns, that, by acquiring title thereto or an interest therein, or by assuming possession thereof, they shall not bring any action or suit against the Developer, the Association and its officers, the members of the ARB, nor any person acting on behalf of any of them, in order to recover any damages caused by the actions of the ARB, so long as such acts are within the scope of their authority as members of the Association and any of its committees.

Section 17 – Liability for Defects in Plans or Specifications. Neither the Developer, the Association and its officers, the members of the ARB, nor any person acting on behalf of any of them, shall be responsible for any defects in any plans or specifications, nor for any defects in any Lot Improvements constructed pursuant thereto, so long as such acts are within the scope of their authority as Members of the Association and any of its committees. Each party submitting plans and specifications for approval to the ARB shall be solely responsible for the sufficiency thereof and for the quality of the construction performed pursuant thereto.

Section 18 – Construction Must Conform to Submission to ARB. Each building, wall, fence or other structure or improvements of any nature, together with any ornamentation or landscaping, shall be erected, placed or altered upon a Lot only in accordance with the plans, specifications, plat plan, and/or landscaping plan so approved. The failure to do so shall result in appropriate action being taken by the ARB. Such action shall take a form deemed by the ARB, in its sole discretion, to be the most appropriate under the individual circumstances in each particular case and may include, by way of example only, ordering that the offending Structure or landscaping be removed and/or restored to the form approved by the

ARB, assessing a fine or penalty, or directing the offending Owner or other applicant to take other actions to ameliorate the offending Structure or landscaping.

Section 19 – Developer. Notwithstanding any provision contained in this Declaration to the contrary, the original and initial construction of improvements by the Developer or its assigns on any Lot or upon any other area of the Properties shall be exempt from the provisions of this Article X and any other architectural review provisions contained in this Declaration or any amendment thereto. The exemption described herein shall not apply to single family residential homes constructed on Full-Home Homesites or Patio Homesites by the Developer, its successors or assigns.

ARTICLE XI

Use Restrictions

Section 1 – Land Use. Except for areas that may be designated for commercial use, all Lots shall be used for residential purposes. In the event any Lot is increased in size by the annexation of any portion of an adjoining and abutting Lot or decreased in size by re-subdivision thereof to return a previously annexed whole Lot to the status of a separate Lot, the same shall nevertheless be and remain a Lot for the purposes of this Second Amended Declaration. This provision shall not imply, however, that a Lot may be subdivided if prohibited elsewhere in this Declaration. No Lot may be subdivided or its boundaries changed where the result would be a decrease in the size of any Lot, other than where the result would be a decrease in the size of any Lot other than where the change results in the return of a previously-annexed whole Lot to its former boundaries. In any event, no townhouse villa or condominium may be combined unless specifically authorized by the appropriate Home Owner Association Master Deed. The Developer may maintain a sales office, models, property management office, design center office, and construction office upon one or more Lots.

Section 2 – Maintenance of Vacant and Annexed Lots. In accordance with Article IX, Section 2, all vacant Lots and those portions of Lots that have been annexed to adjacent Lots in accordance with Section 1 of Article XI of this Second Amended Declaration shall be maintained by the Owner thereof so as to not be a nuisance. Placement of yard debris, deadfall and dead trees thereon shall be considered to be a nuisance. In the event that a Lot is not so maintained by the Owner, the Association may notify the Lot Owner in writing of the need to remedy this condition. Should the Lot Owner fail to so remove and/or maintain the Lot within a reasonable period after such notification, the Association may, at the Lot Owner's sole expense, cause the proper removal or maintenance of the Lot to be accomplished.

Section 3 – Setbacks. Setbacks shall be measured from the Lot property lines and shall define the boundaries of the "allowable building envelope" for Lot Improvements, except where wetland lines encroach onto the Lot beyond the Setback. In this case, the "allowable building envelope" boundary shall be defined by the wetland lines. Additional property Lot setbacks may exist and must be verified by the surveyor during site plan preparation.

The building envelope of any proposed Lot Improvement shall be defined by the eave limits of the proposed improvement. Such Lot Improvement shall be constructed such that the building is situated within the allowable building envelope for the Lot.

- (a) Full-Home Homesites:
 - Front: 25'
 - Side: 15'
 - Rear: 20' or 35' as shown on plat

- (b) Patio Homesites (one-story and one-and-one-half-story):
 - Front: 20'
 - Window Side: 7'
 - Blank (blind) wall side: 3'
 - Rear: 20'

- (c) Patio Homesites (two-story)

If the heated square footage (HSF) of the second floor of a home plan exceeds fifty (50) percent of the first floor HSF, the home will be considered to be a two-story home and additional side Setbacks may apply. Application of the greater Setbacks will be at the sole discretion of the ARB, based on a review of the plans submitted. If required, the Setbacks will be as follows:

- Window Side: 12'
- Blank / "blind" wall side: 8'

Section 4 – Nuisance. No noxious, illegal or offensive activity, including, but not limited to, that defined in Article VI, Sections 2 and 6, shall be conducted or display shall be erected or maintained upon any Lot or in any dwelling, nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 5 – Pets. Owners may keep as pets on the Properties companion pets such as birds, domesticated cats, fish, dogs and other small mammals. No Owner(s) may keep exotic cats, non-human primates, horses or other farm livestock or zoo-type animals on the Properties. Pets must be on a leash or carried when on Common Areas. A pet not on a leash shall be deemed a nuisance. It shall be the pet Owner's obligation to dispose properly of waste material from pets. The failure to dispose properly of the waste material from a pet shall be deemed a nuisance.

Section 6 – Pet Noise. Pets kept on any Lot shall not be permitted to make noise to an extent that it becomes disturbing to others in the Neighborhood. Any pet that creates sufficient noise to disturb others in the Neighborhood shall be deemed a nuisance.

Section 7 – The Association's Remedy for Nuisance Pets. The Board of Directors of the Association shall have the right to order the removal of any pet which, in the Board's sole discretion, is considered a nuisance, and the same shall be done without compensation to the Owner of the pet being removed. In such event, the Board shall give written notice thereof to the pet owner, and the pet shall immediately thereafter be removed permanently from the Properties.

Section 8 – Gardens. No fruit or vegetable gardens shall be permitted to be planted in the front or side yard areas of any Lot, nor on any side of a Lot that abuts or overlooks the Golf Course.

Section 9 – Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until permission of the same has been granted by the ARB or its designated agent or representative.

Section 10 – Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Association, including, but not limited to, the placement of sports equipment and the operation of vehicles by unlicensed individuals.

Section 11 – Access to Lots. In addition to easements elsewhere in this Second Amended Declaration, the Association, its agents or employees shall have access to all Lots from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the inspection, maintenance, repair or replacement of any portion of the Common Area or facilities situated upon such Lot which serve another Owner's Lot or the Common Areas. The Association or its agent shall also have access to each Lot at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Area or another Lot.

Section 12 – Vehicles, Boats, and Trailers. No campers, commercial or other vehicles, trucks (except personal, non-commercial pickup trucks), recreational vehicles, all-terrain vehicles, trailers, boats, racing cars, motorbikes, motorcycles or tractors may be parked or kept within the Properties overnight unless parked within an enclosed garage or within area(s) designated for such use by the Association and subject to the rules of the Association; provided, however, that this section shall not be implied to obligate the Association to provide such areas.

Section 13 – Golf Carts. Golf carts may be maintained and driven on the Properties, provided that the operation of the golf carts is done in accordance with the laws of the State of South Carolina. In addition, golf carts must be registered with the Association and, when not in use, stored in a garage.

Section 14 – Two-Wheel and Special-Purpose Vehicles. Two-wheel vehicles (such as motorcycles, fuel-burning

scooters, mopeds, dirt bikes, and the like) and three- and four-wheel special-purpose vehicles (such as dune buggies, all-terrain vehicles, and the like) are not permitted to be operated within the Properties. When not garaged, motorcycles may be parked in the designated area at the Guard House, provided that space to do so is reasonably available. Children's unpowered and electrically powered scooters may be used on the Properties.

Section 15 – Signs, Generally. No signs or other advertising devices shall be displayed upon any Lot which are visible from the exterior of the dwelling thereon, including signs placed on the exterior or visible through any window of any vehicle, or on the Common Areas, or in the facilities thereon, without prior written permission of the Association. One ARB-approved temporary sign designating the primary contractor may be placed at the street side of a Lot being improved until such time as construction is completed.

Section 16 – Real Estate Signs. In connection with efforts to sell any Lot, only certain limited signs may be used. One small sign, as approved by the Association, may be placed on a street side of the Lot setting forth only the telephone number of the Realtor or Owner. A small box, colored to match the sign and approved by the Association, may be affixed to the supporting post for the sign and below the sign. The box shall be used only to hold brochure materials relating to the Lot and shall be no larger than necessary to hold 8½ x 11 inch sheets of paper. Moreover, no sign may be placed facing the Golf Course. In addition, in connection with an "Open House" showing of a Lot that is for sale, one sign, as approved by the Association, may also be placed at the street side of such Lot indicating that the dwelling on the Lot is open for inspection by the public. No other real estate signs are permitted anywhere in the Properties.

Section 17 – Security Signs. One small freestanding sign identifying the security service employed by a Lot Owner may be placed on a Lot on the front or rear side and within ten (10) feet of the house on the Lot.

Section 18 – Mailboxes. Mailboxes must conform in type and size to those generally in use by surrounding Owners and shall be well maintained. Mailboxes shall be placed at the front of a Lot if such location is permitted by the United States Postal Service. For those Lots where the United States Postal Service does not permit a mailbox to be placed thereon, the mailbox must be placed on the opposite side of the street as close as reasonably possible to the dividing line between the two Lots most nearly across the street from the Lot for which the mailbox is provided.

Section 19 – House Numbering. Each Home shall be numbered in accordance with the code requirements of Georgetown County, as supplemented by the Association. Such requirements are contained in the ARB Manual.

Section 20 – Garbage Disposal. All garbage and other trash, including, but not limited to, yard waste, branches and the like, shall be kept within containers provided by a garbage collection entity or provided by the Owner. All such containers shall be stored either inside the residence or garage of each Owner, in storage facilities provided for the residence, or otherwise hidden from view from the street, adjacent properties and the Golf Course until the evening prior to the collection day. The emptied garbage containers shall be returned to the residence, garage, or storage area upon the day of the collection. The storage area must be visually screened in order to conceal it from view from any road(s), the Golf Course and all adjacent properties. No Owner may change or supplement the garbage disposal facilities provided for such Owner's residence on the date of completion of construction thereof unless the Board of Directors of the Association shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities or other public agency shall require a specific method of garbage or trash disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 21 – Window Treatments. All windows of a dwelling that are visible from a street, the Golf Course, or an adjacent dwelling shall be either uncovered or covered wholly or in part by conventional window covering materials, including curtains, draperies, shutters, blinds and/or window shades. No such windows shall be covered with any materials which are not regularly so used, including, by way of example only, newspaper, towels, sheets, cardboard and the like.

Section 22 – Antennas and Satellite Dishes. Satellite Dishes up to one (1) meter (39.37 inches) in diameter are permitted with approval of location, color and potential screening by the ARB. The regulations shall be set forth in the Architectural Review Board Manual.

Section 23 – Fences and Walls. No chain link fences shall be permitted on any Lot or any part thereof. No fence

or wall of any kind may be located on any Lot without the prior written permission of the ARB.

Section 24 – Vehicle Storage and Repair. No inoperative vehicle or vehicle in a state of noticeable disrepair shall be kept or stored upon any Lot, except within a garage. No repair or maintenance work shall be done on any motor vehicle, boat or trailer upon any Lot, except for minor repair work performed wholly within a garage. No repair or maintenance shall be done on any motor vehicle, boat or trailer upon any Common Area, nor may any motor vehicle, boat or trailer be stored upon any Common Area.

Section 25 – Parking. Each Owner of an Improved Lot shall provide paved space for off-street parking. No parking shall be allowed on any unpaved space. No overnight parking on streets or other Common Areas shall be allowed.

Section 26 – Temporary Parking of Recreational Vehicles, Boats and Trailers. Campers, recreational vehicles, trailers and boats may be parked on paved areas of Lots for periods of up to twenty-four (24) hours for the limited purposes of loading, unloading and cleaning.

Section 27 – Water and Sewer Systems. Each Lot must be connected to a public water and sewer system in lieu of any individual systems. Water may not be diverted or taken from lagoons, streams and/or ponds on the Properties for yard maintenance or for any other purpose. Irrigation wells and portable water systems may be used for all Lots for irrigation purposes only.

Section 28 – Oil and Mining Operations. No oil drilling, oil development operations, oil refining or mining operations of any kind shall be permitted upon any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 29 – Pole Lighting. No mercury vapor or similar intensity lights which are situated upon poles similar to street lights shall be permitted on any Lot without the prior written consent of the ARB, which may decline such permission in its sole discretion and may, but shall not be obligated to, consider the feelings of adjoining Lot Owners.

Section 30 – Landscaping and Exterior Lighting. All landscaping and exterior lighting, including security lighting, must be approved by the ARB and shall not be installed or utilized so as to cause undue annoyance to any adjoining or nearby Lot Owners.

Section 31 – Clotheslines, Railings and the Like. No clotheslines or other outside drying area shall be located on any Lot. No railings, outside furniture or other structure shall be used for the drying of any clothing or other fabric.

Section 32 – Freestanding Flagpoles. All freestanding flagpoles and the location thereof on a Lot must be approved in advance by the ARB. Flagpoles shall be used for flying the United States flag. Flags of other countries and flags of states of the United States may be flown in association with the United States flag. United States flags shall be no larger than four (4) feet by six (6) feet. Freestanding flagpoles shall be limited to a height not more than five (5) feet less than the height of the house on the Lot, and shall be designed such that halyards do not cause a noise annoyance to adjoining or nearby Lot Owners. The flying of the United States flag should be done in accordance with the United States Flag Code, United States Code, Title 36, Sections 171 and 173-178.

Section 33 – Bracket-Mounted Flagpoles. United States flags may also be displayed on poles supported by brackets attached to the dwelling. Such flags are limited to three (3) feet by five (5) feet. Bracket-mounted flagpoles shall only be attached to dwellings. The display of the United States flag should be done in accordance with the United States Flag Code, United States Code, Title 36, Sections 171 and 173-178.

Section 34 – Limited Street Flag Program. United States flags may be displayed on temporary street-side poles in recognition of federal holidays. Such display must be limited to the holiday or the period immediately surrounding the holiday—e.g., the holiday weekend. A street-side display of other flags or banners is not permitted. The flying of the United States flag should be done in accordance with the United States Flag Code, United States Code, Title 36, Sections 171 and 173-178.

Section 35 – Temporary Display of Banners. Banners associated with seasonal or sporting events may be displayed only temporarily and in a manner so as not to be unreasonably obtrusive or offensive to other Lot Owners. Banners are limited to three (3) feet by five (5) feet and may be draped on the dwelling or displayed on bracket-mounted poles in accordance with Article XI, Section 33.

Section 36 – Seasonal Displays. Tasteful seasonal displays may be erected temporarily and maintained on an Improved Lot; however, such displays shall be confined to a reasonable time period associated with the theme of the period or the event for the display.

Section 37 – Playground, Sports and Exercise Equipment. The size, placement and appearance of playground, sports and exercise equipment, including but not limited to play sets, basketball goals, trampolines, soccer nets and the like, are subject to prior approval by the ARB and may include requirements for adequate screening.

Section 38 – Swimming Pools and Hot Tubs. In-ground swimming pools, hot tubs and spas are permitted with the approval of the ARB and must be located within the building envelope on a Lot. Aboveground swimming pools are not permitted. Swimming pools, hot tubs and spas shall not discharge onto the Golf Course. Swimming pools, hot tubs and spas shall be screened so as to not be visible to an adjoining Lot Owner or from the Golf Course or the street. In the case of swimming pools, hot tubs and spas on Lots in Golf Fairway Residential Areas, the approval provisions of Article VI, Section 2 of this Second Amended Declaration are applicable.

Section 39 – Waterfront Property. No deck, boathouse, dock, wharf or other structure of any kind shall be erected, placed, altered or maintained on the shores of the Pawleys Island Salt Marsh Creek and internal lakes, ponds or lagoons, unless the construction plans have been approved by the ARB pursuant to Article VII of this Second Amended Declaration. Any approval by the ARB shall be subject to any and all government approvals and permits that may be required.

Section 40 – Trees. Except as may be approved by the ARB in writing, no deciduous tree greater than four (4) inches in diameter shall be cut, removed or intentionally damaged on any Lot. If such a tree interferes with the construction of Lot Improvements, is dead or diseased, presents a hazard to persons and property, or is of a location or type to be offensive to the Lot's Owner, application may be made to the ARB for permission to remove it. The ARB may, at its sole discretion, require a Lot Owner, as prerequisite for the removal of a tree, to agree to plant another tree of reasonable size and type as a replacement so as to maintain the aesthetic feel and appearance of the Lot, Neighborhood and/or Properties.

Section 41 – Fires. No open fires are permitted on the Properties. Only propane-fueled outdoor fireplaces, fire pits, chimineas and the like may be used on the Properties without screening. Other fuel fires in such devices must be used with the employment of manufacturer-supplied screens or other devices for the prevention of flying sparks.

Section 42 – Firearms. No firing, meaning a discharge of a firearm, this term being given its broadest possible meaning to include, but not be limited to, handguns, revolvers, rifles, pellet guns, BB guns, shotguns, and automatic and semi-automatic weapons, is permitted upon the Properties.

Section 43 – Contractor Restrictions. Construction, landscape, and landscape maintenance contractors shall be subject to such rules and regulations as may be adopted from time to time by the Board of Directors, which rules and regulations shall be made available to all contractors working on the Properties.

Section 44 – Traffic Regulation. Vehicular traffic shall be monitored and enforced by the Association through all reasonably practicable measures available by both public and private measures.

Section 45 – Regulations. Reasonable regulations governing the use of the Common Areas shall be promulgated by the Board of Directors of the Association and they shall be amended from time to time by the Board of Directors of the Association. Copies of such regulations and amendments thereto shall be furnished to each Voting Member by the Association upon request.

Section 46 – Estate, Yard and Garage Sales. Garage and yard sales, where goods for sale are displayed in a yard, driveway, and/or garage are not permitted. Estate sales, where goods for sale are displayed only within a dwelling, may be held, with prior notice to the Association. However, no sign relating to an estate sale may be posted within the Properties.

ARTICLE XII

Easements

Section 1 – Easements for the installation and maintenance of driveway, walkway, parking area, water line, gas line, telephone, cable television, electric power line, sanitary sewer and drainage facilities and for other utility installations are reserved as outlined on the recorded plat and/or may be granted by the Association, its successors and assigns, and in addition the Association may reserve and grant easements for the installation and maintenance of sewerage, cable, utility and drainage facilities over the Properties. Within any such easements above provided for, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow or drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. In addition, the Association shall have the continuing right (but not the obligation) and easement to maintain all sewer and water lines located on the Lots.

Section 2 – There is reserved across the front of each Lot an “Easement Area” as stated in the notes to the plats of the Properties, which such area represents the additional area needed for a street right-of-way should the Association elect to dedicate the abutting Common Area street or road to the public authorities. By acceptance of a deed to a Lot, every Owner, for him, her and/or itself and him/her/itself, their respective heirs, successors and assigns, herein and hereby appoints the Association as such Owner(s) attorney-in-fact for the purpose of deeding, transferring and/or dedicating said “Easement Area” to the proper public authorities, their successor and assigns, for street dedication purposes pursuant to, and subject to, such terms and conditions, if any, as may be contained in the dedication agreement respecting the portion of the street or road which is comprised of a Common Area.

Section 3 – The Developer further reserves unto itself, its successors and assigns, a perpetual alienable and releasable easement and right on, over and under the ground to erect, maintain and use poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, CATV, security cable equipment, telephone equipment, gas, sewer, water or other private or public convenience or utilities on, in or over the rear ten (10) feet of each Lot, and five (5) feet along one side of each Lot and fifteen (15) feet in width along each front Lot line and such other areas as are shown on the applicable plats. Moreover, the Association or Developer may, at its own expense, cut drainage ways for surface water wherever and whenever such action may appear to the Association or Developer to be necessary in order to maintain reasonable standards of health, safety and appearance utilizing the easements outlined above. The use of these Easement Areas by the Association or Developer, their successors and assigns, shall not be deemed a trespass.

Section 4 – The Developer does hereby grant, remise and relinquish to the Association, its successors and assigns, a permanent and perpetual easement for the right to erect, construct, reconstruct, replace, remove, maintain and use, at the Association’s sole expense, a security fence along the Developer’s property running along U.S. Highway 17. The within easement shall consist of a five (5’) foot wide strip of land lying inside of and running parallel with the Developer’s property line. The Developer further grants to the Grantee the right of ingress to and egress from the easement over and across Developer’s, its successors and assigns, property by such route or routes as shall cause the least damage and inconvenience to the Developer, its successors and assigns, and the adjoining landowners. The Association shall also have the right from time to time to trim and to cut down and clear away any and all trees and brush now or hereafter on the easement area; provided however, that all brush and refuse wood shall be burned or removed by the Association at its sole expense and in compliance with all local ordinances governing the same. The Golf Course owner, its successor or assigns, shall have the right to approve all plans concerning the erection, construction, and maintenance of said fence, which approval shall not be unreasonably withheld. In addition, the erection, construction, maintenance and use of said fence shall be to county standards and specifications.

ARTICLE XIII

Insurance and Casualty Losses

Section 1 – Insurance. The Association’s Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Area and an Association-owned dwelling and may, but shall not be obligated to, by written agreement with any Neighborhood (as defined in the Amended By-Laws), assume the responsibility for providing the same insurance coverage if not reasonable available. Then, at a minimum, an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred (100) percent of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to casualty insurance on the Common Area, the Association may, but shall not under any circumstances be obligated to, obtain and continue in effect adequate blanket all-risk casualty insurance in such form as the Board of Directors deems appropriate for one hundred (100) percent of the replacement cost of all structures on Lots. If the Association elects not to obtain such insurance, then an individual Neighborhood may obtain such insurance as a common expense of the Neighborhood to be paid by Neighborhood Assessments as defined in Article IX hereof. In the event such insurance is obtained by either the Association or a Neighborhood, the provisions of this Article shall apply to policy provision, loss adjustment and all other subjects to which this Article applies with regard to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance for each Member insured to be furnished to the Association or Neighborhood, as applicable.

If reasonably available, the Board shall also obtain a public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. If reasonably available, the public liability policy shall have at least a One Million and No/100 (\$1,000,000.00) Dollars single person limit as respect to bodily injury and property damage, a Three Million and No/100 (\$3,000,000.00) Dollar limit per occurrence, if reasonably available, and a Five Hundred Thousand and No/100 (\$500,000.00) Dollar minimum property damage limit.

Unless higher insurance requirements are contained in any covenants, restrictions, or Master Deed for any Neighborhood, the following shall apply: insurance obtained on the Properties contained within any Neighborhood, whether obtained by such Neighborhood or the Association, shall meet the requirements of this Section 1. Cost of such coverage shall be a charge to the Members residing within such Neighborhood.

Premiums for all insurance on the Common Area shall be common expenses of the Association; premiums for insurance provided to Neighborhoods shall be charged to those Neighborhoods. This policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be responsible for the repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party’s loss bears to the total. Deductibles on damage caused by errant golf balls shall be allocated either to the Owner or golfer as provided by law, but under no circumstances shall the Association be responsible.

Cost of insurance coverage obtained by the Association for the Common Area shall be included in the Assessment, as described in Article IX, Section 2.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association for the respective benefited parties, as further identified in (b) below. Such insurance shall be governed by the provision hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in South Carolina which hold a rating of A or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies on the Common Area shall be for the benefit of Owners and their mortgagees as their interest may appear; all policies secured at the requirement(s) of a Neighborhood shall be for the benefit of the Owners and their mortgagees of Lots within the Neighborhood.

(c) Exclusive authority to adjust losses under policies in force on the Properties obtained by the Association shall be vested in the Association’s Board of Directors; provided, however, no mortgagee having an interest in such losses may be

prohibited from participating in the settlement negotiations, if any, related thereto.

(d) 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, occupants or their mortgagees.

(e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified person(s), at least one of whom must be in the real estate industry and familiar with construction in the Georgetown County, South Carolina area.

(f) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners and their respective tenants, servants, agent and guests:

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be concealed, invalidated or suspended on account of any one or more individual Owner(s);

(iv) that no policy may be canceled, invalidated or suspended on account of the conduct of any Director, Officer, or employee of the Association or its duly authorized 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 by the Association, its manager, any Owner or mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration; and

(vi) that no policy may be canceled or substantially modified without a least ten (10) days prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, workers' compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on the Directors, Officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the Directors' best business judgment but may not be less than three (3) months assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association.

The Association shall purchase Officers' and Directors' liability insurance, if reasonably available, and every Director and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of any claim for reimbursement of indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

Section 2 – Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Second Amended Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on his Lot(s) and Structure constructed thereon, unless the neighborhood association in which the Lot is located or the Association carries such insurance (which they are not obligated to do). Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction of Structures comprising his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a

manner consistent with the original construction. In the event that the Structure is totally destroyed and the Owner determines not to rebuild or to reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction.

A Neighborhood Association may impose more stringent requirements regarding the standard for rebuilding or reconstructing Structures on the Lot and the standard for returning the Lot to its natural state in the event the Owner decides not to rebuild or reconstruct.

Section 3 – Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or construction to the Common Area or, in the event no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners(s) and their mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any mortgagee of a Lot and may be enforced by such mortgagee.

(b) If it is determined, as provided in Section 4 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner provided for excess proceeds in Section 3(a) of this Article XII.

Section 4 – Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties 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 obtain reliable and detailed estimates of the cost of such repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this section, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area or to the common property of any Neighborhood shall be repaired or reconstructed unless the Voting Members representing at least seventy-five (75) percent of the total vote of the Association, if Common Area, or the Neighborhood whose common property is damaged, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If, for any reason, either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or construction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. No mortgagee shall have the right to participate in the determination of whether the Common Area damaged or destroyed shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then, and in that event, the affected portion of the Properties shall be restored to their natural state and maintained by the Association, as applicable, in a neat and attractive condition.

Section 5 – Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners in proportion to the number of Lots owned; provided, however, if the damage or destruction involves a Lot or Lots, only Owners of the affected Lots shall be subject to such assessment. Additional assessment(s) may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE XIV

No Partition

Except as is permitted in this Second Amended Declaration or any amendment hereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Properties or any part thereof seek any such judicial partition, unless the Properties have been removed from the provisions of this Second Amended Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property or from acquiring title to real property which may or may not be subject to this Second Amended Declaration.

ARTICLE XV

Financing Provision

Section 1 – Books and Records. Any Owner or holder, insurer or guarantor of a first mortgage on any Lot will have the right to examine the books and records of the Association, current copies of this Second Amended Declaration, the Amended By-Laws of the Association and Rules and Regulations during any reasonable business hours and upon reasonable notice.

ARTICLE XVI

Rules and Regulations

Section 1 – Compliance by Owners. Every Owner shall comply with the Covenants and Restrictions set forth herein and any and all rules and regulations which from time-to-time may be adopted by the Board of Directors of the Association.

Section 2 – Enforcement. Failure of an Owner to comply with such Covenants and Restrictions or rules and regulations shall be ground for action which may include, without limitation, an action to recover sums due for damages, injunctive relief, or any combination thereof. Failure of the Association to enforce any covenant or restriction shall not be deemed a waiver of the right to do so thereafter.

Section 3 – Fines. In addition to all other remedies, in the sole discretion of the Board of Directors of the Association, a fine or fines may be imposed upon an Owner for failure of an Owner, his family, guests, invitees, lessees or employees to comply with any covenant, restriction, rule or regulations, provided the following procedure is adhered to:

(a) *Notice:* The Association shall notify the Owner of the infraction or infractions. Included in the notice shall be the date and time of the next Board of Directors meeting, at which time the Owner may present reasons why penalty(ies) should not be imposed.

(b) *Hearing:* The non-compliance shall be presented to the Board of Directors, after which the Board of Directors shall hear reasons why penalty(ies) should not be imposed. A written decision of the Board of Directors shall be submitted to the Owner by no later than twenty-one (21) days after the Board of Directors' meeting.

(c) *Penalties:* The Board of Directors may impose special assessments against the Lot owned by the Owner as follows:

(1) First non-compliance or violation: a fine of not less than One Hundred and No/100 (\$100.00) Dollars, nor in excess of Five Hundred and No/100 Dollars (\$500.00).

(2) Second non-compliance or violation or a failure to rectify a first non-compliance or violation according to Subsection 3(c)(1) of this Article XVI within one (1) month of the imposition of a fine under that subsection: a fine of not less than Three Hundred and No/100 (\$300.00) Dollars, nor in excess of Eight Hundred and No/100 Dollars

(\$800.00).

(3) Third and subsequent non-compliance or violation, or violations which are of a continuing nature, or a failure to rectify a second non-compliance or violation according to Subsection 3(c)(2) of this Article XVI within one month of the imposition of a fine under that subsection: a fine of not less than Five Hundred (\$500.00) Dollars, nor in excess of One Thousand Five Hundred and No/100 (\$1,500.00).

(d) *Payment of Penalties:* Fines shall be paid no later than thirty (30) days after notice of the imposition or assessment of the penalties. Payment of a fine does not limit a subsequent fine from being considered as a second (or subsequent) non-compliance for a recurring or temporarily cured violation.

(e) *Collection of Fines:* Fines shall be treated as an Assessment subject to the provisions for the collection of Assessments as set forth in Article IX.

(f) *Application of Penalties:* All monies received from fines shall be allocated as directed by the Board of Directors.

(g) *Nonexclusive Remedy:* These fines shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any penalty paid by the offending Owner shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover by law from such Owner.

ARTICLE XVII

Binding Arbitration

All disputes that arise under the provisions of this Second Amended Declaration that are not otherwise resolved by procedures defined herein shall be submitted to binding arbitration under the rules of the American Arbitration Association.

ARTICLE XVIII

General Provisions

Section 1 – Severability. Invalidation of any one of these Covenants and Restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

Section 2 – Amendment. The Covenants and Restrictions of this Second Amended Declaration shall run with and bind the land from the date this Second Amended Declaration is recorded. This Second Amended Declaration may be amended by an instrument signed by the representative of Owners of not less than sixty-seven (67) percent of a quorum of the Membership. In the case of a ballot by mail, a quorum shall constitute the full membership of the Association. Any amendment must be properly recorded. In the event that any amendment to this Second Amended Declaration changes the rights and/ or obligations of the Golf Course Owner or the Developer hereunder then the Golf Course Owner and/or Developer or their assigns must sign the amendment in order to evidence its approval and consent to the change(s).

Section 3 – Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of sixty-seven (67) percent of the voting membership duly noticed and a majority of the Board of Directors. In the case of such a vote, and notwithstanding anything contained in this Second Amended Declaration or the Article of Incorporation or Amended By-Laws of the Association to the contrary, a Board member shall not vote in favor of bringing or persecuting any such proceeding unless authorized to do so by a vote of sixty-seven (67) percent of all members of the Neighborhood represented by the Board member. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Second Amended Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of personal assessments, (c) proceedings involving challenges to ad-valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This

Section shall not be amended unless such amendment is made by the Association or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 4 – Liability Generally. The Association shall indemnify, defend and hold harmless the officers of the Association, the members of each of its committees, including but not limited to the ARB, from all costs, expenses and liabilities, including attorneys’ fees, of all nature resulting by virtue of the acts of the Association or any of its committees or its members while acting on behalf of the Association and any of its committees, which acts are within the scope of their authority as members of the Association and any of its committees.

ARTICLE XIX

Amendment of Second Amended Declaration Without Approval of Owners

The Association or Developer, without the consent or approval of other Owners, shall have the right to amend this Second Amended Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Properties or to qualify the Properties or any Lots and improvements thereon for mortgage or improvement loans made by, guaranteed by, sponsored by or insured by a governmental or quasi-governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by or under the substantial control of, the United States Government or the State of South Carolina, regarding purchase or sale in such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of the Properties, including, without limitation, ecological controls, construction standards, aesthetics and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration (VA), U. S. Department of Housing and Urban Development (HUD), the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requiring an amendment, shall be sufficient evidence of the approval of such amendment of VA, HUD and/or such corporation or agency and permit the Association to amend in accord with such letter.

No amendment made pursuant to this Section shall be effective until duly recorded in the Office of the Register of Deeds for Georgetown County.

ARTICLE XX

Lenders’ Notices

Section 1 – Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number upon which it holds, insures or guarantees a first mortgage, any holder, owner or insurer of a first mortgage shall be provided with timely written notice of:

(a) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.

(b) Any sixty- (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot which it holds the mortgage.

(c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

ARTICLE XXI

Developer's Rights

Any or all of the special rights and obligations of the Developer may be transferred to the other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Developer and duly recorded in the Official records of Georgetown County, South Carolina. Nothing in this Declaration shall be construed to require Developer or any successor to develop any of the property set forth in Exhibit "B" in any manner whatsoever.

ARTICLE XXII

The Association's Rights

Any or all of the special rights and obligations of the Association may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Association and duly recorded in the Official Records of Georgetown County, South Carolina.

ARTICLE XXIII

The Golf Course

Section 1 – Conveyance of Golf Course. All persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Association, the Developer, or any other person or entity with regard to the continuing ownership or operation of the Golf Course as depicted upon the Master Land Use Plan. The Golf Course is not owned by the Association. Any purported representation or warranty in such regard shall not be effective without an amendment hereto executed or joined into by the owner of the Golf Course. Further, the ownership or operational duties of and as to the Golf Course may change at any time and from time to time by virtue of, but without limitation, (a) the sale or assumption of operations of the Golf Course by/to an independent person or entity, (b) the conversion of the Golf Course membership structure to an "equity" club or similar arrangement whereby the members of the Golf Course or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Golf Course, (c) the conveyance, pursuant to contract, option, or otherwise, of the Golf Course to one or more affiliates, shareholders, employees or independent contractors of the Golf Course ownership, or (d) the conveyance of the Golf Course to the Association, with or without consideration and subject or not subject to a mortgage(s) or other encumbrance. As to any of the foregoing or any other alternative, no consent of the Association, any Neighborhood, or any Owner shall be required to effectuate such transfer except for a transfer to the Association under Article XXIII, Section 1 (d) hereinabove. The Golf Course ownership and its successors and assigns, may restrict the property depicted on the Master Land Use Plan as Golf Course property to use as a golf course.

Section 2 – Rights of Access and Parking. The Golf Course and its members (regardless of whether such members are Owners hereunder), employees, agents, contractors, vendors, and non-Member guests approved by the Golf Course owner for commercial use of the Golf Course owner's facilities shall at times have a right and non-exclusive easement of access to use over all roadways located within the Properties reasonably necessary to travel from/to the entrance within the Properties to/from the Golf Course, and further, over those portions of the Properties (whether Common Area or otherwise) reasonably necessary to the operation, maintenance, repair and replacement of the Golf Course and its facilities. Without limiting the generality of the foregoing, members of the Golf Course and permitted members of the public shall have the right to park their vehicles on the roadways located within the Common Areas at reasonable times before, during, and after golf tournaments and other approved functions held by/at the Golf Course.

Section 3 – Assessments. In consideration of the fact that the Golf Course will perform certain functions within the Properties which will be of benefit to the community at large, the costs of which may not be allocable, neither the Golf

Course nor any of its property shall be subject to assessment hereunder or under any declaration or similar document from any association. The foregoing shall not prohibit, however, the Association from entering into a contractual arrangement with the Golf Course whereby the Golf Course will contribute funds for, among other things, Common Area maintenance; provided however, no lien hereunder on the Golf Course's property shall be deemed to exist as a means of enforcing any such obligations.

Section 4 – Architectural Control. Neither the Association, the Architectural Review Board, nor any Neighborhood Association or similar committee or board thereof, shall approve or permit any construction, addition, alteration, change, or installation on or to any portion of the Property which is adjacent to, or otherwise in the direct line of sight from the Golf Course for the depth of one building lot, without giving the Golf Course at least fifteen (15) days prior notice of its intent to approve or permit same, together with copies of the request therefor and all other documents and information finally submitted in such regard. The Golf Course shall then have fifteen (15) days in which to voice its approval or disapproval, which opinion shall be given great weight in the final decision. The failure of the Golf Course to respond to the aforesaid notice within the fifteen (15) day period shall constitute a waiver of the Golf Course's right to object to the matter so submitted. This Section shall also apply to any work on the Common Areas hereunder or any common areas/elements of an association, if any.

Section 5 – Limitations on Amendments. In recognition of the fact that the provisions of this Article are for the benefit of the Golf Course, no amendment to this Article, and no amendment in derogation hereof to any other provisions of the Second Amended Declaration, may be made without the written approval thereof by the owner(s) of the Golf Course, or in the case of a corporation owner, by its Board of Directors.

Section 6 – Jurisdiction and Cooperation. It is the Association's intention that the Association and the Golf Course shall cooperate to the maximum extent possible in the operation of the Properties and the Golf Course. Each shall reasonably assist the other in upholding the Architectural Review Board (ARB) Standards.

Section 7 – Applicability. The Golf Course shall not be deemed to be an Owner or Member as those terms are defined in this Second Amended Declaration and shall only be subject to the provisions of Articles IX, X and this Article XXII of this Second Amended Declaration. The Association shall have all enforcement powers afforded by this Second Amended Declaration and at law to enforce those articles.

IN WITNESS WHEREOF, the undersigned Pawleys Plantation, LLC, consents to this SECOND AMENDED DECLARATION OF RESTRICTIONS AND PROTECTIVE COVENANTS FOR PAWLEYS PLANTATION PROPERTY OWNERS ASSOCIATION, INC. as of the day and year first above written.

WITNESSES:

PAWLEYS PLANTATION, LLC

By: _____ **(Seal)**

Its: _____

STATE OF _____)

)

ACKNOWLEDGMENT

COUNTY OF _____)

)

The foregoing instrument was acknowledged before me this ____ day of June, 2010 by Pawleys Plantation, LLC, by _____, its _____.

SWORN to before me this ____ day of June, 2010.

(L.S.)

Notary Public for S.C.

My Commission Expires: _____

EXHIBIT "A"

All those certain pieces, parcels or lots of land situate, lying and being in Pawleys Island, Georgetown County, South Carolina and being more particularly described in the following deeds to Pawleys Plantation Development Company, a South Carolina Joint Venture:

1) Frank J. Tyson a/k/a F.J. Tyson, Jr. dated and recorded December 10, 1986, in Deed Book 242 at Page 81, records of the Clerk of Court for Georgetown County, South Carolina.

2) Margaret Tyson Marsh dated and recorded December 10, 1986, in Deed Book 242 at Page 85, records of the Clerk of Court for Georgetown County, South Carolina.

3) Dorothy T. Bridger dated and recorded December 10, 1986, in Deed Book 242 at Page 89, records of the Clerk of Court for Georgetown County, South Carolina.

4) Frankie T. Blalock dated and recorded December 10, 1986, in Deed Book 242 at Page 93, records of the Clerk of Court for Georgetown County, South Carolina.

5) Nell T. Jernigan dated and recorded December 10, 1986, in Deed Book 242 at Page 97, records of the Clerk of Court for Georgetown County, South Carolina.

6) Frank J. Tyson, a/k/a F.J. Tyson, Jr., Margaret Tyson Marsh, Dorothy T. Bridger, Frankie T. Blalock, Nell T. Jernigan and Lilla Dale T. Plowden dated and recorded December 10, 1986, in Deed Book 242 at Page 101, records of the Clerk of Court for Georgetown County, South Carolina.

7) Robert L. Lumpkin dated and recorded December 10, 1986, in Deed Book 242 at Page 108, records of the Clerk of Court for Georgetown County, South Carolina, excluding the property described on Exhibit "B" herein.

EXHIBIT "B"

All that certain piece, parcel or tract of land situate, lying and being in Pawleys Island, Georgetown County, South Carolina and being more particularly described as "Future Phase Four & Amenity Area" on the survey entitled "(Recordable) Asbuilt Survey of Masters Place HPR Buildings 7 & 8 Multi-Family Area "C" Phase IV – Stage 3" dated October 5, 2006, revised January 3, 2007, prepared by E.T.S. – Engineering and Technical Services, Inc. and recorded in the Register of Deeds Office for Georgetown County, South Carolina, on January 3, 2007, in Plat Slide 629 at Page 10.