

DECLARATION OF COVENANTS AND RESTRICTIONS OF LITCHFIELD-BY-THE-SEA COMMUNITY ASSOCIATION, INC.

**This Declaration of Covenants and Restrictions of Litchfield-by-the-Sea
Community Association, Inc. reflects the updated complete Declaration of
Covenants and Restrictions as of October 15, 1984.**

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**DECLARATION OF COVENANTS AND RESTRICTIONS OF
LITCHFIELD-BY-THE-SEA COMMUNITY ASSOCIATION, INC.**

THIS DECLARATION, made the 15th day of June, 1978, and amended the 15th day of August, 1979, the first day of September, 1980 and the 28th day of May, 1981, by Litchfield-by-the-Sea Community Association, Inc., a Delaware non-profit, non-stock corporation, hereinafter called the "Association" and Litchfield-by-the-Sea, Inc., hereinafter called the "Company."

WITNESSETH:

WHEREAS, the Company is the owner of the real property described in Article II of this Declaration and desires to create thereon a planned development community with a balanced representation of residential, commercial, and recreational uses to be known as Litchfield-by-the-Sea; and

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

WHEREAS, the Company has caused to be incorporated under the laws of the State of Delaware, a non-profit corporation, Litchfield-by-the-Sea Community Association, Inc., for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth.

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

ARTICLE I

DEFINITIONS

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

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

(b) "Assessment" shall mean and refer to the charges levied pursuant to Article V. "Annual Assessment" shall mean and refer to annual charges levied by the Board of Directors of the Association for the purposes set forth in Section 2 of Article V. "Maximum Regular Annual Assessment" shall mean and refer to the Annual Assessment calculated as set forth in Section 3 of Article V. "Special Assessment" shall mean and refer to the charges levied for the purposes set forth in Section 4 of Article V.

(c) "Association" shall mean and refer to Litchfield-by-the-Sea Community Association, Inc., a Delaware non-profit corporation, authorized to do business in South Carolina, its successors and assigns.

(d) "Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are deeded to the Association and not otherwise designated in said deed as "Restricted Common Properties" or "Purchased Common Properties" The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Property."

(e) "Company" shall mean Litchfield-by-the-Sea, Inc., a Delaware corporation authorized to do business in South Carolina, and its successors and assigns.

(f) "Development Unit Parcel" shall mean and refer to those parcels of land conveyed by the Company to third parties under covenants and restrictions permitting the division of such parcels into Residential Lots, Multiple Family Tracts, Public or Commercial Sites and the construction of improvements thereon.

(g) "Dwelling Unit" shall mean and refer to that portion of any Improved Property intended for use, or being used, as a single family dwelling, including without limitation, any single family detached dwelling unit or attached dwelling unit, such as a condominium unit, townhouse unit, cooperative apartment, patio home or apartment unit.

(h) "Improved Property" shall mean and refer to a parcel delineated on a permanently recorded subdivision plat on which is located a building as to which government approvals for use and occupancy have been obtained or, if no such government approvals are required, which has been substantially completed.

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

(j) "Litchfield-by-the-Sea" shall mean and refer to all the lands in Georgetown County, South Carolina which are described as the Existing Property in Article II hereof.

(k) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan for the future development of Litchfield-by-the-Sea. Since the concept of the future development of Litchfield-by-the-Sea is subject to continuing revision and change by the Company, present and future references to the "Master Plan" shall be references to the latest revision thereof.

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

(m) "Multiple-Family Tract" shall mean any Unimproved parcel of land located within the Properties, intended for development of attached residential units including townhouses, condominiums and apartments. For the purposes of this Declaration, a parcel of land shall not be deemed a "Multiple Family Tract" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Multiple Family Tract is made Of Record.

(n) "Of Record" shall mean recorded in the Office of the Clerk of Court of Georgetown County, South Carolina.

(o) "Owner" shall mean and refer to the holder Of Record of fee simple title to any Dwelling Unit, Residential Lot, Multiple Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel, or Unsubdivided Property within the Properties. Notwithstanding any applicable theory of a deed of trust, "Owner" shall not mean or refer to the mortgagee, his or its successors or assigns,

unless and until such mortgagee has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee of an Owner; nor shall the term "Owner" mean or refer to any person holding title merely as security for the payment of a debt.

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

(q) "Public or Commercial Site" shall mean any unimproved parcel of land within the Properties, intended for use as a site for improvements designed to accommodate public, commercial or business enterprises, including but not limited to: business and professional offices; facilities for the retail sale of goods and services; banks and other financial institutions; social clubs; restaurants; hotels motels inns; theaters; lounges; indoor recreational facilities; marinas; transportation terminals or stations; automobile parking facilities, and gasoline stations. For the purpose of this Declaration, a parcel of land shall not be deemed a " Public or Commercial Site " until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Public or Commercial Site is made Of Record.

(r) "Public or Commercial Unit" shall mean and refer to that improved portion of any Public or Commercial Site used, or intended for use, for the carrying on of a Public, commercial or business enterprise including but not limited to all those enterprises enumerated in subparagraph (q).

(s) "Purchased Common Properties" shall mean and refer to those properties purchased by the Association for other than nominal consideration.

(t) "Referendum" shall mean and refer to the vote of all or some specific portion of the Members by mailed ballots on certain proposed actions by the Board of Directors of the Association as set forth in Article III, Section 5.

(u) "Resident" shall mean and refer to each Owner and lessee of a Dwelling Unit.

(v) "Residential Lot" shall mean any subdivided but unimproved parcel of land located within the Properties which is intended for use as a site for a single family detached dwelling and which has been surveyed and is shown upon any recorded final subdivision map of any part of the Properties.

(w) "Restricted Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are deeded to the Association, designated in such deed as "Restricted Common Properties" and restricted in use to Type A Members

(x) "Unimproved" shall mean and refer to the status of any parcel which is not an Improved Property.

(y) "Unsubdivided Property" shall mean and refer to all that real property subject to this Declaration with respect to which no sub division plat is currently Of Record and in effect.

ARTICLE II

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

All that tract or parcel of land, situate, lying and being in Georgetown County, South Carolina, which is more particularly described in Exhibit A, as amended, attached hereto and by specific reference made a part hereof.

All of the real property hereinabove described shall sometimes be referred to herein as the "Existing Property." The Company intends to develop the Existing Property in accordance with the Master Plan. The Company reserves the right to review and modify the Master Plan at its sole option from time to time. The Master Plan shall not bind the Company, its successors and assigns, to adhere to the Master Plan in the development of the land shown thereon. The Company may at its option convey to the Association as provided in Article IV those parcels of land and improvements designated on the Master Plan as properties which may be transferred to the Association, as, in the reasonable exercise of its discretion, the Company so chooses without regard to the location of such parcels of land on the Master Plan. At the time of conveyance to the Association, these properties may be designated as Common Properties, Restricted Common Properties, or Purchased Common Properties at the option of the Company. Undesignated properties shall be Common Properties. The Company shall not be required to follow any predetermined sequence, schedule or order of improvements and development; and it may make subject to this Declaration additional lands and develop the same before completing the development of the Existing Property. The Company shall have full power to amend or modify the Master Plan regardless of the fact that such actions may alter the relative maximum potential voting strength of the various types of membership of the Association or increase or decrease the amount of property conveyed to the Association.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) **Additions.** During the period of development, which shall by definition extend from the date hereof to December 31, 2003 the Company, its successors, and assigns, shall have the right, without further consent of the Association to bring within this Declaration the properties described in Exhibit B, as amended, and specifically incorporated by reference herein, and further any other properties now owned or hereafter acquired by the Company within an area bounded on the East by the Atlantic Ocean, on the South by properties owned by Lula Vanderbilt Pate known as Arcadia Plantation, on the West by the Waccamaw River, and on the North by properties that are a part of Huntington Beach State Park on the eastern side of U .S. Highway 17 and that are a part of Brookgreen Gardens on the western side of U.S. Highway 17. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this subsection shall be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of Declaration to such additional property.

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

~~** (b) **Covenant for Access to Beach Area.** Even in the event no additional properties are made subject to this Declaration, the Company specifically reserves for itself, its successors and assigns, a right of ingress to and egress over the property of the Association from an area within one (1) foot of the public beach at Litchfield-by-the-Sea subject to the following limitations and restrictions:~~

~~1. The easement created herewith shall be an easement appurtenant and shall be for the benefit of owners, their guests and lessees, of Dwelling Units and Residential Lots located upon the lands described in Exhibit B, as amended.~~

~~2. The easement shall be limited to the owners, their guests and lessees, of Dwelling Units and Residential Lots located upon the property described in Exhibit B, as amended, in an aggregate maximum number not to exceed the greater of 850 or the number of such Dwelling units and Residential Lots as are allowed under the applicable statutes and ordinances of Georgetown County or the agencies~~

****Deleted by 5th Amendment**

3. The easement shall allow access at a minimum of one location which shall be selected in the sole discretion of the Association, and such access shall be subject to the rights of the Association (i) to prohibit access by private vehicles in the event access by shuttle bus or similar transportation on a reasonable schedule is provided; (ii) to prohibit the parking of any type of vehicle except in designated parking areas; (iii) to charge a reasonable user fee for the use of Association roads, parking areas and transportation facilities; (iv) to restrict the number of guests of said owners who may use the beach, Association roads, parking areas and transportation facilities, and (v) to otherwise limit the use of the Association's properties by reasonable rules and regulations.

4. Accordingly, the roads of the Association shall be subject to the following restrictions, limitations and covenants.

That no barrier shall be placed upon the roads and property of the Association leading to the designated beach access area or areas which shall prevent ingress to and egress from the beach subject to the above limitations and restrictions, for the owners of Dwelling Units and Residential Lots within the lands described in Exhibit B, as amended.

(c) **Mergers.** Upon merger or consolidation of the Association with another association, as provided for in the Bylaws of the Association, the Association's property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Existing Property, together with the covenants and restrictions established upon any other properties, as one plan.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Each Owner, except Owners which are exempt by the terms hereof from the payment of assessments, shall be a Member of the Association.

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

TYPE A: Type A members shall be all Owners (including the Company) of Residential Lots and Dwelling Units. A Type A Member who owns a Dwelling Unit shall be entitled to two votes for each \$360.00 in Regular Annual Assessments paid by such Member to the Association during the preceding calendar year and a Type A Member who owns a Residential Lot shall be entitled to one vote for each \$270.00 in Regular Annual Assessments paid by such Member to the Association during the preceding calendar year. In computing the number of votes to which a Type A Member shall be entitled, the amount of the assessment paid shall be rounded to the nearest \$360.00 or \$270.00, as the case may be.

TYPE B: Type B Members shall be all Owners (including the Company) of Public or Commercial Sites, Multiple Family Tracts, Public or Commercial Units, Unsubdivided Property or Development Unit Parcels. A Type B Member shall be entitled to one vote for each \$270.00 in regular Annual Assessments paid by such Member to the Association during the preceding calendar year. In computing the number of votes to which a Type B Member shall be entitled, the amount of the assessment paid shall be rounded to the nearest \$270.00.

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

Each Member shall be entitled to vote at any meeting of members, or on any matter requiring a vote of Members, occurring subsequent to the date upon which the Member became an Owner (provided, however, that the Member is not delinquent in the payment of assessments), and each Member shall be entitled to the number of votes as calculated above as if each Member had been a Member for a full year and had paid the Regular Annual Assessment for the year in which the vote takes place. Payment of any Special Assessment shall not entitle Members to additional votes.

When any property entitling the Owner thereof to membership in the Association is owned Of Record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, one person or entity shall be designated the voting member to bind all the others. Written evidence of such designation in a form satisfactory to the Board shall be delivered to the Board prior to the exercise of a vote by joint owners.

Section 3. Governance. The Association shall be governed by a Board of Directors consisting of not less than three (3), nor more than nine (9) Members. Initially, the Board shall consist of three (3) Members, with the number in subsequent years to be determined by the Members of the Board of Directors as provided for in the Bylaws of the Association.

Section 4. Election to the Board of Directors.

(a) The Board of Directors shall be elected in part by the Type A and B Members and in part by the Company. The percentage of Directors to be elected by Type A and B Members shall be equal to the percent of the maximum number of Residential Lots and Dwelling Units authorized in Litchfield-by-the-Sea by the zoning authorities of Georgetown County, South Carolina which have been sold and conveyed to purchasers; provided, however, that Type A and B Members shall always be entitled to elect a minimum of one Director. The Type C Member shall elect the remainder. Notwithstanding the foregoing, the Type C Member shall be entitled to elect no less than a majority of the Board of Directors until such time as eighty (80%) percent of the maximum number of authorized Residential Lots and Dwelling Units have been sold. For the purposes of this formula, the number of Residential Lots and Dwelling Units owned by Type A Members and the maximum number of Residential Lots and Dwelling Units authorized shall be determined annually by the Board of Directors as of the date on which notice of the meeting of the Members at which the Board of Directors is to be elected is mailed. Such maximum number of Dwelling Units and Residential Lots shall mean the number allowed pursuant to the Master Plan for Litchfield-by-the-Sea approved by the zoning authorities of Georgetown County, as the same is amended from time to time.

(b) In electing Directors of the Association, each Type A and B Member shall be entitled to cast a number of votes equal to the number of votes allocated to such Member calculated pursuant to Section 2 of this Article, multiplied by the number of Directors to be elected by Types A and B Members. A Member may cast all of such votes for any one Director or may distribute them among the number to be elected by Types A and B Members, or any two or more of them, as he may see fit, provided, however, that all votes must be cast in whole numbers and not fractions thereof.

Section 5. Members to have Power of Referendum in Certain Instances. As set forth below, the Members shall approve or reject by a Referendum certain actions proposed by the Board of Directors to be taken by the Association:

Approval Required by	Matter to be Approved
Type A and B Members voting together	Acceptance of any offer to convey to the Association any Purchased Common Property
Type A and B Members voting together	Increase in the Maximum Regular Annual Assessment by the Association in excess of those increases authorized herein not requiring a Referendum
Type A and B Members voting together	The levy of any Special Assessment in excess of those Special Assessments authorized herein not requiring a Referendum

In the event of a majority of the eligible votes actually returned to the Association within thirty (30) days of mailing the ballots and notice of Referendum to each Member, postpaid and addressed to such Member at his address as set forth in the records of the Association, shall be in favor of any such action, such action will be deemed to have been authorized by the appropriate Members; provided, however, that if a higher percentage vote is required for such authorization by any other provision of this Declaration or the Bylaws, such provision shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum except in compliance with the results of a Referendum. The notice of any Referendum shall include a statement from the Directors favoring the approval of the matter submitted for Referendum, and a statement from the Directors, if any, opposing such matter. Neither statement shall exceed five (5) pages in length.

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

With respect to any particular proposed action, the presence at the meeting of the Association of Members or proxies entitled to cast fifty-one (51%) percent of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of notice pursuant to Article VIII, Section 7, and there shall be no quorum requirement for such second meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by Article III, Section 6. and any other requirements for such meeting which may be established by the Bylaws of the Association. Notwithstanding the foregoing, no action to amend this Declaration shall be effective unless taken at a meeting at which Members entitled to cast sixty (60%) percent or more of the total vote of the membership are present, either in person or by proxy.

Section 7. Proxies. Each member of the Association entitled to vote may vote in person or by proxy at any meeting of the Association. Each proxy shall be executed in writing by the Member or by his duly authorized attorney-in-fact, shall state the meeting for which such proxy is given and shall be filed with the Secretary of the Association; provided, however, that proxies shall not be permitted for any action which is subject to a Referendum. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date.

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

ARTICLE IV

PROPERTY RIGHTS IN THE ASSOCIATION PROPERTIES

Section 1. Members' Easements of Enjoyment in Association Properties. Subject to the provisions of this Declaration, the rules and regulations of the Association, and any fees or charges established by the Association, every Member and every guest and lessee of such Member shall have an easement of enjoyment in and to the Common Properties. Restricted Common Properties and Purchased Common Properties, and such easement shall be appurtenant to and shall pass with the title of every Residential Lot, Dwelling Unit, Multiple Family Tract, Public or Commercial Site, Public or Commercial Unit, or Development Unit Parcel. A Member's or lessee's spouse and children who reside with such Member or lessee in Litchfield-by-the-Sea shall have the same easement of enjoyment hereunder as a Member. The easement of enjoyment herein shall pass from a Member to a lessee during the lease term. Hotel or motel guests of the owner of a Public or Commercial Unit shall have such easements and rights of enjoyment in the Properties of the Association as a Type A Member upon the payment by such Owner of the Type A Membership Assessment for each rental unit (room, suite or apartment) of the hotel or motel or such lesser amount as the Board of Directors of the Association shall determine consistent with the costs and expenses of the Association in providing and maintaining the Association properties used by such guests.

Section 2. Title to Common Properties and Restricted Common Properties. The Company covenants for itself, its successors and assigns, that at its sole election it shall convey by special warranty deed to the Association, at no cost to the Association, the Common Properties and Restricted Common Properties as designated on the current Master Plan, subject to all restrictions and limitations of record and all reservations and limitations as set forth in such deed of conveyance and subject to the right of the Company to add Common Properties or Restricted Common Properties to the Master Plan or to subtract Common Properties or Restricted Common Properties from the Master Plan in its sole discretion at any time prior to conveyance to the Association. It is intended that the Company shall evidence its election to convey any designated property by the recording of an instrument describing the property to be conveyed. After the functional completion of such designated property, the Association shall immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Association's Board of Directors subject to this Declaration. It is intended that such conveyances will be made within two (2) years after the improvements are functionally complete. The Common Properties and Restricted Common Properties shall also be conveyed to the Association subject to:

(1) all encumbrances, easements and restrictive covenants affecting such property at the time of conveyance, including all existing mortgages:
and

(2) a reservation by the Company of the right to substitute or add new mortgages thereon, provided, however, that in no event shall the Association be obligated to assume the payment of principal or interest on any such mortgages. The obligation to make payments of principal and interest in accordance with their due dates on all mortgages affecting property conveyed to the Association (except mortgages on Purchased Common Properties) shall continue to be the sole obligation of the Company, or any affiliate of the Company, as the case may be

Section 3. Extent of Members' Easements. The easement of enjoyment created hereby shall be subject to the following:

(a) The right of the Association in accordance with its Bylaws to place mortgages or other encumbrances on the Common Properties Restricted Common Properties and Purchased Common Properties as security for borrowing by the Association;

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

(c) The right of the Association in accordance with its Bylaws, to take such steps as are reasonably necessary to protect Common properties Restricted Common Properties and Purchased Common Properties against foreclosures;

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

(e) The right of the Association in accordance with its Bylaws, to charge reasonable admission and other fees for the use of the Common Properties Restricted Common Properties and Purchased Common Properties, and any facilities included therein it being understood that this right of the Association allows it to have fees and charges apply to any one or more classes of Members guests or lessees without applying uniformly to all classes of users of the Association's facilities;

(f) The right of the Association in accordance with its Bylaws, to place any reasonable restrictions upon the use of the Association's roadways, subject to an Owner's or lessee's right of ingress and egress, including, but not limited to the types and sizes of vehicles permitted to use said roads, the maximum and minimum speeds of vehicles using said road, all other necessary traffic and parking regulations and the maximum noise levels of vehicles using said roads The fact that such restrictions on the use of the roads shall be more restrictive than the laws of any state or local government having jurisdiction over the Properties shall not make such restrictions unreasonable;

(g) The right of the Association to adopt and publish rules and regulations governing the use of Common Properties Restricted Common Properties and Purchased Common Properties, and the conduct of Members, their lessees or guests and to establish penalties for the infraction of such rules and regulations;

(h) The right of the Company or the Association in accordance with its Bylaws, to dedicate or transfer to any public or private utility company, utility or drainage easements on over or under any part of the Common Properties Restricted Common Properties and Purchased Common Properties; and

(i) The right of the Association, in accordance with its Bylaws, to give or sell all or any part of the Common Properties Restricted Common Properties, and Purchased Common Properties including leasehold interest, to any public agency public authority, public service district, utility company or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions hereof shall be effective unless such gift, sale and determination as to purposes and conditions shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly constituted meeting of the Association A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties, Restricted Common Properties or Purchased Common Properties prior to the recording thereof Such certificates shall be conclusive evidence of authorization by the Members.

ARTICLE V

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations for Assessments. The Company covenants and agrees, and each Owner of any Residential Lot Dwelling Unit Multiple Family Tract, Public or Commercial Site, Public or Commercial Unit Development Unit Parcel or Unsubdivided Property, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association (1) Annual Assessments or charges, and (2) Special Assessments or charges for the purposes set forth in this Article, both such assessments to be fixed established and collected from time to time as hereinafter provided The Annual and Special Assessments shall be a charge and continuing lien on the real property and improvements thereon against which each such assessment is made Each such assessment, together with interest thereon at a rate per annum not to exceed the maximum rate permitted by law from the date of delinquency until collected (unless waived by the Board) and the cost of collection thereof shall also be the personal obligation of the person who is the Owner of such real property at the time when the assessment first becomes due and payable In the case of co-ownership of a Residential Lot, Dwelling Unit Multiple Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel, or any Unsubdivided Property, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment, interest, penalties and cost of collection If an assessment is not paid within thirty (30) days after the due date, a penalty in an amount to be determined annually by the Board of Directors of the Association and consistently applied shall be added to such assessment, and further, the Association may bring an action at law against the Owner personally and there shall be added to the amount of such assessment the Association's actual counsel fees and disbursements related to such action In the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and such actual counsel fees and disbursements together with the costs of the action.

Section 2. Purpose of Assessments. The Annual Assessments levied by the Association shall be used exclusively for the improvement maintenance, repair, enhancement, enlargement and operation of the Common Properties and Restricted Common Properties, but not the Purchased Common Properties and to provide services which the Association is authorized to provide, provided, however the Association for a period of one (1) year prior to the actual conveyance of such facilities to the Association, may use Annual Assessments for the maintenance, repair and operation of facilities which have been designated on the Master Plan as Common Properties and which have been substantially completed In carrying out these duties, the Association may expend funds derived from Annual Assessments to make payments of principal and interest as consideration for the conveyance by the Company to the Association of Purchased Common Properties.

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

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

If the Board of Directors of the Association, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any year by the Maximum Regular Annual Assessments, it may call a Referendum requesting approval of a specified increase in such assessments. If fifty-one (51%) percent of the votes shall be cast in favor of such Referendum, the Maximum Regular Annual Assessments shall be permanently increased to the level of such proposed increased assessments.

(a) The Maximum Regular Annual Assessment shall be the sums determined by the Board of Directors, but shall not exceed the sums set forth in the following schedule, as adjusted annually pursuant to Section 3(g) of this Article.

Property Type	Maximum Regular Annual Assessment 1978
Dwelling Units	\$360.00
Residential Lots	\$270.00
Public or Commercial Units	\$0.10 per sq. ft.
Multiple Family Tracts, Public or Commercial Sites, and Development Unit	
Parcels	\$100.00 per acre
Unsubdivided Property	\$ 50.00 per acre

(b) Property shall not be classified as a Residential Lot, Dwelling Unit or Public or Commercial Unit for purposes of this Declaration and of the Maximum Regular Annual Assessment until after all of the following have occurred:

1. Making Of Record a plat or other plans showing such Residential Lot, Dwelling Unit or Public or Commercial Unit.
2. Approval, if required, by the United States Department of Housing and Urban Development, Office of Interstate Land Sales, or any similar state or successor federal agency, for the offering for sale of any Residential Lot to be offered for sale.
3. All approvals required for the occupancy of a Dwelling Unit or Public or Commercial Unit.
4. Conveyance of such property by the Company to a purchaser.

After classification, the obligation for the payment of the Regular Annual Assessment shall commence on the first day of the following month.

(c) For the purpose of calculating the Maximum Regular Annual Assessments for Public or Commercial Units, the total number of square feet to be included in such Public or Commercial Unit shall be determined by the Board.

(d) After the calendar year 1978, the Regular Annual Assessments on Unimproved Property shall be billed annually on the first day of January of each year. Assessments on all other property shall be billed on a monthly or quarterly basis as determined by the Board of Directors. All assessment bills shall be due and payable thirty (30) days from the date of mailing the same.

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

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

(g) From and after January 1, 1980, the Maximum Regular Annual Assessment shall be increased each year by the Board of Directors of the Association by the greater of (i) six (6%) percent per year over the previous year, or (ii) the percentage increase, if any, during the twelve (12) month period ending September 30 of each year in the Employment Cost Index-South issued by the U.S. Bureau of Labor Statistics in a quarterly report and measuring the wage and salary increases of private, non-farm employees in the South. In the event that said Index shall be discontinued, then there shall be used the most similar index published by the United States Government indicating changes in the cost of labor in the South.

(h) Except as provided herein, any increase in the fixed amount of the Maximum Regular Annual Assessments shall be made in such a manner that the proportionate increase in such assessments is the same for Owners of Residential Lots, Dwelling Units, Multiple Family Tracts, Public or Commercial Sites, Public or Commercial Units, Development Unit Parcels and Unsubdivided Property.

Except as provided herein, any time the actual assessments levied by the Board of Directors of the Association are less than the Maximum Regular Annual Assessments, such decrease shall be proportionate as determined by the Board of Directors among the Owners of Dwelling Units, Residential Lots, Public or Commercial Units, Multiple Family Tracts, Public or Commercial Sites and Development Unit Parcels, and Unsubdivided Property. Notwithstanding the foregoing, the decrease or increase received by each class of Owners of the various classes of property may be made disproportionate by the favorable vote of seventy-five (75%) percent of the votes cast at a duly called meeting of the Association, including fifty-one (51%) percent of all votes allocated to such Members of the classes whose proportionate share is being raised proportionately more or decreased proportionately less than that of Members of other classes.

Section 4. Special Assessments for Improvements and Additions. In addition to the Maximum Regular Annual Assessments authorized by Section 3 hereof, the Association may levy Special Assessments, for the following purposes:

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

(b) Additions to the Common Properties or Restricted Common Properties;

(c) Facilities and equipment required to offer the services authorized herein;

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

The proportion of each Special Assessment to be paid by the Owners of the various Classifications of assessable property shall be equal to their respective proportions of the Annual Assessments made for the assessment year during which such Special Assessments are levied.

In the event the levying of any Special Assessment would have the effect of obligating Owners to pay in any single calendar year an amount in Special Assessments greater than ten (10%) percent of that year's Maximum Regular Annual Assessments then such Special Assessment shall be approved by Referendum prior to being levied A Referendum to approve Special Assessments must be approved by two-thirds (2/3) of the eligible votes actually returned.

Section 5. Reserve Funds. The Association may establish reserve funds from its Annual Assessments to be held in reserve in an interest drawing account or in obligations of the United States, the State of South Carolina, or any agency of either, or in Triple A debt or in prime commercial paper with a maturity of not more than nine (9) months, as a reserve for (a) major rehabilitation or major repairs, (b) emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss, (c) recurring periodic maintenance and (d) initial costs of any new service to be performed by the Association.

Section 6. Change in Maximum Amounts of Annual Assessments Upon Merger or Consolidation. Notwithstanding the event of any merger or consolidation, the limitations of Section 3 hereof shall apply to any successor association.

Section 7. Date of Commencement of Annual Assessments. Notwithstanding anything in the foregoing to the contrary, the Annual Assessments provided for herein shall commence no earlier than June 15, 1978.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the Annual Assessment against each Residential Lot, Dwelling Unit, Multiple Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel, or Unsubdivided Property, in accordance with the assessment schedule as provided hereinabove, and shall at that time direct the preparation of an index of the properties and assessments applicable thereto which shall be open to inspection by any Member Written notice of assessment shall be sent promptly to every Member subject thereto.

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

Section 9. Subordination of the Lien to Mortgage. The hen of the assessments provided for herein shall be subordinate to the lien of any mortgage now or hereafter placed upon the properties subject to assessment, provided, however, that such subordination shall apply only to the assessments accruing subsequent to the date such mortgage becomes Of Record, provided that upon a sale or transfer of such property pursuant to foreclosure, or any other proceeding or deed in lieu of foreclosure, the title acquired by the purchaser of such property shall be subject to the lien of such subsequent assessments.

Section 10. Exempt Property. The following property, individuals, partnerships, or corporations subject to this Declaration shall be exempted from the assessments, charges and lien credited herein:

- (a) The grantee in conveyances made for the purpose of granting utility and drainage easements;
- (b) All Common Properties, Purchased Common Properties, and Restricted Common Properties as defined in Article 1 hereof;
- (c) Property which is used in the maintenance and service of facilities within Common Properties or by non-profit, governmental or charitable institutions.

Section 11. Annual Statements. The President, Treasurer, or such other officer as may have custody of the funds of the Association within ninety days after the close of each fiscal year of the Association, shall prepare and execute general itemized statements as of the close of such fiscal year showing the actual assets and liabilities of the Association, and a statement of revenues, costs and expenses. The name of any creditor to which an amount of more than One Thousand (\$1,000 00) Dollars is owed by the Association shall be set out in such statement. The Association shall furnish to each Member of the Association who may make request therefore in writing, a copy of such statement within thirty (30) days after receipt of such request Such copies may be furnished to the Member either in person or by mail.

Section 12. Annual Budget. The Board of Directors shall cause to be prepared and make available at the office of the Association to all Members at least sixty (60) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for such fiscal year The financial books of the Association shall be available for inspection at the offices of the Association in Litchfield-by-the-Sea by all Members at all reasonable times.

ARTICLE VI

FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Common Properties and Restricted Common Properties. The Association shall be authorized to own and/or operate and maintain Common Properties and Restricted Common Properties and equipment, furnishings, and improvements devoted thereto including, without limitation, the following:

- (a) Roads or roadways, and parkingways along said reads or roadways throughout the Properties;
- (b) Sidewalks, walking paths or trails, bicycle paths, and bridle paths throughout the Properties;
- (c) Security and fire protection facilities and equipment, maintenance buildings and equipment;
- (d) Emergency health care facilities and the equipment necessary to operate such facilities;
- (e) Lakes, play fields, beaches, boardwalks, marshes, tennis and golf facilities dining facilities, historic parks, wildlife area, fishing facilities, other recreational facilities of any nature, and community meeting facilities serving the Properties;
- (f) Water and sewage facilities and any other utilities if not adequately provided, in the judgment of the Board of Directors, by a private utility, Georgetown County, or some other public body; and
- (g) All other properties, real or personal, which in the discretion of the Board of Directors of the Association should be operated and maintained in the best interests of the Association.

Section 2. Ownership and Maintenance of Purchased Common Properties. The Association shall be authorized to purchase properties following approval of the Members by Referendum The purchase price may be paid and the debt amortized from receipts of Annual Assessments or Special Assessments The Association shall not be authorized to maintain Purchased Common Properties from receipts of Annual Assessments or Special Assessments but shall be authorized to require the payment of user fees, annual user dues, and in the case of persons who are not Owners, initiation charges for membership All functions or services which the Association shall be authorized to provide for Purchased Common Properties as may be expressed elsewhere in this Declaration shall be subject to this provision.

Section 3. Services. The Association shall be authorized to provide the following services;

- (a) Employment of a manager an independent contractor or such other employees as are necessary to perform services for the Association;
- (b) Cleanup and maintenance of all roads road medians parkways lakes beaches marshes Common Properties Purchased Common Properties and Restricted Common Properties within the Properties and also all public properties which are located within or in a reasonable proximity to the Properties such that their deterioration would affect the appearance of the Properties as a whole;
- (c) Landscaping and landscape maintenance of roads and parkways sidewalks and walking and bicycle paths and any Common Properties Purchased Common Properties or Restricted Common Properties;
- (d) Transportation services other than privately owned automobiles e.g. buses electric vehicles etc.;
- (e) Lighting of roads sidewalks and paths throughout the Properties;
- (f) Police protection and security including but not limited to the employment of police and security guards maintenance of electronic and other security devices and control centers for the protection of persons and property within the Properties and assistance in the apprehension and prosecution of persons who violate the laws of South Carolina within the Properties;
- (g) Fire protection and prevention;
- (h) Garbage and trash collection and disposal;
- (i) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local governments;
- (j) Maintenance of all lakes marshes and beaches located within the Properties including the stocking of such lakes;
- (k) Improvement of fishing available to Members within the Properties;
- (l) Provision of day care babysitting and child care services;
- (m) Conduct of recreation sport craft and cultural programs of interest to Members their children guest and lessees;
- (n) Provision of legal and scientific resources for the improvement of air and water quality within the Properties of the Association;
- (o) Maintenance of water search and rescue boats for the protection and safety of those in the waters located on or adjacent to the Properties;
- (p) Provision of safety equipment for storm emergencies;
- (q) Support of the operation of transportation services between key points of the Properties and the airports other public transportation terminals and public centers serving the area;
- (r) Construction of improvements on Common Properties or Restricted Common Properties for use for any of the purposes or as may be required to provide the services as authorized in this Article;
- (s) Provision of administrative services including but not limited to legal accounting and financial services and communication services informing Members of activities notice of meetings Referenda and other matters incident to the above listed services;
- (t) Provision of liability and hazard insurance covering improvements and activities on the Common Properties Restricted Common Properties and Purchased Common Properties;
- (u) Provision of water sewage and any necessary utility services not provided by a public body private utility or the Company;
- (v) Provision or maintenance of water pollution and shoreline erosion abatement measures;
- (w) Exercise of any rights reserved by the Company and transferred by the Company to the Association;
- (x) Taking of any and all actions necessary in the discretion of the Board of Directors to enforce this Declaration and all other covenants and restrictions affecting the Properties of the Association and to perform any of the functions or services delegated to the Association in this Declaration or other covenants or restrictions or authorized by the Board of Directors.

Section 4. Reduction of Services. The Board of Directors of the Association shall periodically define and list a minimum level of services of the sort described in Section 3 to be furnished by the Association in any given year Such minimum level of services shall expressly include an obligation of the Association to maintain roadways and drainage facilities in a functional and acceptable condition.

Section 5. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 4 of this Article. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association or set forth in the Bylaws taking into consideration the funds available to the Association and the needs of the Members of the Association.

Section 6. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association and to perform its authorized functions. The Company may make loans to the Association subject to approval by the Company of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid Notwithstanding anything in this Declaration to the contrary the Association shall not be allowed to reduce the limits of the Maximum Regular Annual Assessment at any time there are outstanding any amounts owing the Company from loans made by the Company to the Association.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Board. At the direction of the Board of Directors of the Association an architectural Review Board shall be formed and shall be composed of at least three (3), but not more than nine (9) persons all of whom shall be appointed by the Board of Directors of the Association At least one (1) Member of the Association other than the officers employees or agents of the Company shall be a Member of the Architectural Review Board at all times.

Section 2. Architectural Review and Approval. No building wall fence, swimming pool or other structure shall be commenced erected, or maintained upon the Common Properties, Restricted Common Properties or Purchased Common Properties nor shall any landscaping be done, nor shall any exterior addition to any existing structure or change or alteration therein be made until the plans and specifications therefore showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location with the surrounding structures and topography by the Board of Directors of the Association or the Architectural Review Board. This paragraph shall not apply to any property utilized by a governmental entity or institution or to any improvements constructed by the Company in accordance with the Master Plan The Architectural Review Board shall have the general rights of enforcement as set forth in Article VIII Section 3 of this Declaration including without limitation, the right to enjoin violations.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Duration. This Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Company, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited and this Declaration shall be automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial thirty (30) year period or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4) of the votes cast at a duly held special meeting of the Association are cast in favor of terminating this Declaration at the end of its then current term. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be made Of Record and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments. The Company specifically reserves the right to amend this Declaration, or any portion hereof, on its own motion, from the date hereof until June 1, 1981, so long as the voting power of existing Members is not diluted thereby, nor the relative amounts of Assessments of such existing Members are raised or changed in any manner which would adversely affect such Members. Thereafter, the procedure of amendment shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called special meeting of the Association and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast at such meeting vote in favor of such proposed amendment. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an amendment to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted) the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes of members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment, and the total number of votes cast against the amendment. Such amendment shall be made Of Record.

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

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

Section 4. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration and to construe and interpret its provisions, and the determination of the Board shall be final and binding.

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

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

Section 7. Notice. Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address of such Member appearing on the Association's Membership list not less than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered. Notice to one or two or more co-owners or co-tenants of a Residential Lot, Dwelling Unit, Multiple Family Tract, Public or Commercial Unit, Public or Commercial Site, Development Unit Parcel or Unsubdivided Property shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

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

- (a) the Master Plan for the development of Litchfield-by-the-Sea as such Master Plan may from time to time hereafter be amended or modified,
- (b) all conditions imposed on Litchfield-by-the-Sea by the zoning authorities of Georgetown County allowing the development of Litchfield-by-the-Sea under such zoning ordinances of the County of Georgetown, South Carolina, or by other federal, state and local statutes, ordinances, rules and regulations as the same may from time to time hereafter be amended or modified.

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

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

(a) Each Owner of any Residential Lot, Dwelling Unit, Multiple Family Tract Public or Commercial Site, Public or Commercial Unit Development Unit Parcel or Unsubdivided Property shall be subject to an annual assessment which shall be paid by the Owner to the Company or Trustee, whichever becomes the successor in title to the Association. The amount of such annual assessment and its due date shall be determined by the Company or the Trustee, in accordance with the provisions of Article V.

(b) The Company, or the Trustee, as the case may be, shall be required to use the funds collected as annual assessments for the operation, maintenance, repair and up-keep of the Common Properties, Restricted Common Properties, and Purchased Common Properties as provided in this Declaration. The Company or Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Neither the Company nor the Trustee shall have the obligation to provide for operation, maintenance, repair and up-keep of the Common Properties, Restricted Common Properties, or Purchased Common Properties once the funds provided by the annual assessments provided by this Article VIII, Section 10 have been exhausted.

(c) The Company or Trustee, as the case may be, shall have the power to dispose of the Common Properties, Restricted Common Properties, and Purchased Common Properties free and clear of the limitations imposed hereby, provided, however, that such disposition shall first be approved in writing by fifty-one (51%) percent or more of the total vote of the membership or in the alternative shall be found to be in the best interest of the Owners of property within the Properties by the Court of Common Pleas of Georgetown County South Carolina. The proceeds of such a sale shall first be used for the payment of any debts or obligations constituting a lien on the Common Properties, Restricted Common Properties, or Purchased Common Properties, then for the payment of any obligations incurred by the Company or Trustee, as the case may be, in the operation, maintenance, repair and up-keep of such Properties, then for the payment of any other obligations and the remainder shall be distributed among the Owners of property within the Properties, exclusive of the Company or Trustee, as the case may be, in a proportion equal to the portion that the Maximum Regular Annual Assessment on property owned by a particular Owner bears to the total Maximum Regular Annual Assessment for all property located within the Properties.

EXHIBIT A

TO

DECLARATION OF COVENANTS AND RESTRICTIONS
OF LITCHFIELD-BY-THE-SEA
COMMUNITY ASSOCIATION, INC.

"EXISTING PROPERTY"

All that certain, piece, parcel or tract of land, situate, lying and being in Township No 7, Georgetown County Litchfield Beach, South Carolina, containing 288.1522 acres, more or less as shown on a plat thereof entitled Boundary Survey for Litchfield-by-the-Sea Inc. Township No 7, Georgetown County, Litchfield Beach, South Carolina dated October, 1978, prepared by Moore, Gardner and Associates, Inc, certified November 29, 1978, by Olyn W. Wright, R L S and recorded July 12, 1979, in the Office of the Clerk of Court for Georgetown County in Plat Book GG, at page 33 Said Plat is hereby incorporated by reference in its entirety herein and said Tract is more fully and in detail described according to said Plat as follows, to wit:

BEGINNING on the Southeastern right-of-way of U S Highway No. 17 at a point on the corner of said Tract and common to land now or formerly of Tom Small designated E I P (existing iron pin) on said Plat and running thence generally in a Northeasterly direction on a line bearing North 32° 55' 08" East for a distance of 2105.46 feet to a point, thence in a generally Southeasterly direction on a line bearing South 74° 34' 18" East for a distance of 2078.65 feet to a point, thence continuing on a line bearing South 74° 20' 21" East for a distance of 63.94 feet to a point, thence continuing on a line bearing South 74° 20' 21" East for a distance of 171.90 feet to a point, thence continuing on a line bearing South 74° 19' 27" East for a distance of 349.67 feet to a point, thence continuing on a line bearing South 74° 19' 27" East for a distance of 92.75 feet to a point, thence continuing on a line bearing South 74° 19' 27" East for a distance of 406.26 feet to a point, designated as South Carolina Grid Point 605115.669 North, 2583706.359 East and having a longitude of 79° 05' 08" 244 and a latitude of 33° 28' 55" 030; thence in a generally Southwesterly direction following the high water mark of the Atlantic Ocean and shown generally on the said Plat by a line representing the mean high water line of the Atlantic Ocean bearing South 32° 29' 09" West for a distance of 1082.86 feet to a point, thence continuing on a line bearing South 32° 29' 09" West for a distance of 2230.11 feet to a point thence continuing on a line bearing South 32° 30' 53" West for a distance of 720.95 feet to a point, thence continuing on a line bearing South 30° 57' 42" West for a distance of 493.82 feet to a point, thence continuing on a line bearing South 31° 31' 42" West for a distance of 735.73 feet to a point thence in a generally Northwesterly direction on a line bearing North 60° 35' 07" West for a distance of 214.15 feet to a point, thence continuing on a line bearing North 60° 35' 07" West for a distance of 245.82 feet to a point, thence in a generally Southwesterly direction on a line bearing South 61° 31' 14" West for a distance of 116.83 feet to a point, thence in a generally North westerly direction on a line bearing North 61° 37' 56" West for a distance of 1228.57 feet to a point thence in a generally Northeasterly direction on a line bearing North 48° 10' 52" East for a distance of 218.08 feet to a point thence in a generally Northwesterly direction on a line bearing North 17° 50' 17" West for a distance of 781.93 feet to a point, thence in a generally Northeasterly direction on a line bearing North 44° 22' 52" East for a distance of 1598.36 feet to a point, thence in a generally Northwesterly direction on a line bearing North 78° 00' 54" West for a distance of 202.18 feet to a point, thence in a generally Northeasterly direction on a line bearing North 32° 38' 05" East for a distance of 454.97 feet to a point, thence in a generally Northwesterly direction on a line bearing North 71° 08' 52" West for a distance of 661.21 feet to a point, thence continuing on a line bearing North 68° 01' 44" West for a distance of 285.61 feet to a point being the POINT OF BEGINNING.

SAVING AND EXCEPTING therefrom all that certain piece, parcel or tract of land, situate, lying and being in the County of Georgetown State of South Carolina and being a portion of the tract above described and designated as "Well-Site Area 0.23 AC ' on the above described Plat and more fully described according to said Plat as follows:

Commencing on the Southeastern right-of-way line of U S Highway No. 17 at an existing iron pin on the corner of said tract known as Litchfield-by-the-Sea and common to land now or formerly of Tom Small and running thence in a Southeasterly direction on a line bearing South 68° 01' 44" East for a distance of 120.54 feet to a point, being the Point of Beginning, thence in a generally Northeasterly direction on a line bearing North 21° 45' 08" East for a distance of 100.00 feet to a point thence in a generally Southeasterly direction on a line bearing South 68° 01' 44" East for a distance of 100.00 feet to a point, thence in a generally Southwesterly direction on a line bearing South 21° 45' 08" West for a distance of 100.00 feet to a point, thence in a generally Northwesterly direction on a line bearing North 68° 14' 52" West for a distance of 100.00 feet to a point, being the POINT OF BEGINNING.

ALSO

SAVING AND EXCEPTING therefrom all that certain piece, parcel or tract of land, situate, lying and being in the County of Georgetown State of South Carolina and being a portion of the tract above described and designated as " Lift Station 0.01 AC " on the above described Plat and more fully described by that certain Deed dated June 20,1975 from International Paper Realty Corporation to Georgetown County Water and Sewer District and recorded in the Office of the Clerk of Court for Georgetown County on June 26, 1975 in Book 130 at page 535 and described by said Deed as follows:

"Parcel A : That certain piece, parcel or lot of land situate, lying and being in Tax District No 4, Georgetown County, South Carolina, containing 0.01 of an acre as shown on a plat prepared for the Georgetown County Water and Sewer District by Robert E Collingwood, Jr , R L S , revised May 2, 1974 and recorded in the Office of the Clerk of Court for Georgetown County in Plat Book AA, at Page 85 Said 0.01 acre lot is identified as a lift station on said plat and is more fully and in detail identified and described according to said plat as follows:

COMMENCING at an iron on the Eastern edge of the right-of-way of U S Highway No 17, which marks the northernmost corner of said lot, and running thence South 53° 55' East 20 feet to a point, thence South 36° 05' West 20 feet to a point, thence

North 53° 55" West 20 feet to a point on the right-of-way of U.S. Highway No. 17, thence turning and following the right-of-way of said Highway and running North 36° 05' East 20 feet to the point of beginning. All of which more fully appears upon said plat which by this reference is incorporated, **pro tanto**, as part of this description.

EXHIBIT B

TO

**DECLARATION OF COVENANTS AND RESTRICTIONS
OF LITCHFIELD-BY-THE-SEA
COMMUNITY ASSOCIATION, INC.**

PARCEL B-TRACT 1:

That certain piece, parcel or tract of land, situate, lying and being in Tax District No. 4, Georgetown County, South Carolina, containing 67.082 acres more or less as shown on a Plat thereof entitled Boundary Survey for Litchfield-by-the-Sea, Parcel "B", Tax District 4, Tax Parcels 4-413-33 & 4-413-33.2 dated March, 1981, prepared by Moore, Gardner & Associates, Inc., certified May 12, 1981 by Olyn W. Wright, R.L.S. and recorded May 13, 1981 in the Office of the Clerk of Court for Georgetown County in Plat Book II, at page 99. Said Plat is hereby incorporated by reference in its entirety herein and said Tract I of Parcel "B" is more fully and in detail described according to said Plat as follows, to wit:

BEGINNING at a point located on the Southwestern corner of said Tract on the centerline of River Road (S.C. Highway 22-255) and being designated South Carolina Grid (South Zone) Point N602,009.65, E2, 568,924.11 and having a latitude of 33° 28' 26.932" and a longitude of 79° 08' 03.390"; thence in a generally Northeasterly direction along the centerline of said Highway on a line bearing North 32° 10' 26" East for a distance of 2,657.49 feet to a point; thence continuing on a line bearing North 85° 21' 41" East for a distance of 24.98 feet to an iron pin on the eastern right-of-way of River Road; thence continuing on a line bearing North 85° 21' 41" East for a distance of 0.36 feet to a concrete monument; thence continuing on a line bearing North 85° 21' 41" East for a distance of 206.56 feet to an iron pin; thence continuing on a line bearing North 85° 53' 31" East for a distance of 551.62 feet to a pine; thence continuing on a line bearing North 86° 12' 53" East for a distance of 240.33 feet to an iron pin; thence continuing on a line bearing North 85° 51' 15" East for a distance of 267.64 feet to an iron pin in pine stump; thence continuing on a line bearing North 85° 38' 13" East for a distance of 830.02 feet to an iron pin; thence in a generally Southeasterly direction on a line bearing South 47° 45' 53" East for a distance of 395.40 feet to an iron pin (F); thence in a generally Southwesterly direction on a line bearing South 70° 02' 24" West for a distance of 1,746.88 feet to an iron pin (E); thence continuing on a line bearing South 45° 15' 48" West for a distance of 204.95 feet to an iron pin; thence continuing on a line bearing South 45° 15' 48" West for a distance of 1,504.93 feet to an iron pin; thence continuing on a line bearing South 45° 15' 48" West for a distance of 10.75 feet to an iron pin; thence continuing on a line bearing South 56° 27' 40" West for a distance of 498.30 feet to an iron pin; thence continuing on a line bearing South 78° 02' 40" West for a distance of 325.38 feet to an iron pin; thence in a generally Northwesterly direction on a line bearing North 87° 29' 56" West for a distance of 187.92 feet to an iron pin on the eastern right-of-way of River Road; thence continuing on a line bearing North 87° 29' 56" West for a distance of 37.98 feet to a point in the centerline of River Road, being the Point of Beginning.

ALSO

PARCEL B-TRACT 2:

All that certain piece, parcel or tract of land, situate, lying and being in Tax District No. 4, Georgetown County, South Carolina, containing 271.296 acres more or less as shown on the above referenced Plat, said Plat hereby being incorporated by reference in its entirety and said Tract 2 of Parcel "B" being more fully and in detail described according to said Plat as follows, to wit:

BEGINNING at a Point located at the Northwestern corner of said Tract on the centerline of River Road (S.C. Highway 22-225) and being designated as South Carolina Grid (South Zone) Point N601,632.31, E2,568,686.73 and having a latitude of 33° 28' 23.241" and a longitude of 79° 08' 06.270"; thence in a generally Southwesterly direction along the centerline of said Highway on a line bearing South 32° 10' 26" West for a distance of 878.05 feet to a point; thence in a generally Southeasterly direction on a line bearing South 88° 18' 20" East for a distance of 38.29 feet to an iron pin on the eastern right-of-way of River Road; thence continuing on a line bearing South 88° 18' 20" East for a distance of 207.89 feet to a concrete monument; thence continuing on a line bearing South 14° 23' 24" East for a distance of 213.67 feet to an iron pin; thence continuing on a line bearing South 14° 23' 24" East for a distance of 949.36 feet to an iron pin, thence continuing on a line bearing South 14° 23' 24" East for a distance of 95.68 feet to an iron pin; thence in a generally Northeasterly direction on a line bearing North a line bearing North 85° 06' 29" East for a distance of 212.85 feet to an iron pin; thence generally Southeasterly direction on a line bearing South 04° 43' 31" East for a distance of 138.33 feet to an iron pin; thence continuing on a line bearing South 04° 43' 31" East for a distance of 1,162.35 feet to a cypress; thence in a generally Southwesterly direction on a line bearing South 75° 11' 23" West for a distance of 368.05 feet to a gum; thence following the meandering of Chapel Creek in a generally Northwesterly direction on a line bearing North 13° 03' 20" West for a distance of 65.36 feet to an elm; thence In a generally Southwesterly direction on a line bearing South 46° 56' 19" West for a distance of 99.72 feet to a maple; thence in a generally Northwesterly direction on a line bearing North 07° 50' 28" West for a distance of 144.16 feet to a gum; thence continuing on a line bearing North 44° 13' 51" West for a distance of 137.93 feet to a cypress; thence in a generally Southwesterly direction on a line bearing South 28° 43' 49" West for a distance of 126.43 feet to an elm; thence in a generally Northwesterly direction on a line bearing North 42° 24' 26" West for a distance of 277.97 feet to a cypress, thence in a generally Southwesterly direction on a line bearing South 36° 18' 07" West for a distance of 104.60 feet to an elm; thence in a generally Northwesterly direction on a line bearing North 55° 19' 44" West for a distance of 68 87 feet to a cypress; thence in a generally Southwesterly direction on a line bearing South 34° 55' 21" West for a distance of 72.87 feet to a gum; thence in a generally Northwesterly direction on a line bearing North 55° 56' 50" West for a distance of 118.62 feet to a gum; thence in a generally Southwesterly direction on a line bearing South 48° 03' 56" West for a distance of 57.40 feet to a cypress; thence in a generally Northwesterly direction on a line bearing North 62° 57' 59" West for a distance of 87.80 feet to a cypress stump; thence in a generally Southwesterly direction on a line bearing South 20° 08' 51" West for a distance of 118.41 feet to a cypress stump; thence continuing on a line bearing South 88° 51' 37" West for a distance of 82.18 feet to an ash; thence in a generally Northwesterly direction on a line bearing North 12° 14' 48" West for a

distance of 155.16 feet to an ash; thence in a generally Southwesterly direction on a line bearing South 40° 10' 10" West for a distance of 120.80 feet to a gum; thence in a generally Northwesterly direction on a line bearing North 52° 54' 55" West for a distance of 167.60 feet to a cypress; thence in a generally Southwesterly direction on a line bearing South 35° 17' 12" West for a distance of 107.82 feet to a cypress stump; thence continuing on a line bearing South 58° 13' 10" West for a distance of 116.49 feet to a cypress; thence continuing on a line bearing South 54° 41' 37" West for a distance of 80.24 feet to a cypress; thence continuing on a line bearing South 54° 32' 37" West for a distance of 150.71 feet to an iron pin; thence in a generally Northwesterly direction on a line bearing North 57° 44' 50" West for a distance of 47.54 feet to an axle on the eastern right-of-way of River Road; thence continuing on a line bearing North 57° 44' 50" West for a distance of 34.42 feet to a point in the centerline of River Road; thence in a generally Southwesterly direction along the centerline of River Road on a line bearing South 15° 43' 22" West for a distance of 61.35 feet to a point; thence in a generally Southeasterly direction on a line bearing South 87° 38' 11" East for a distance of 33.92 feet to an axle on an eastern right-of-way of River Road; thence continuing on a line bearing South 87° 38' 11" East for a distance of 154.94 feet to an angle iron; thence continuing on a line bearing South 87° 38' 11" East for a distance of 228.27 feet to an iron pin; thence continuing on a line bearing South 87° 38' 11" East for a distance of 136.06 feet to an iron pin; thence continuing on a line bearing South 87° 38' 11" East for a distance of 135.92 feet to an iron pin; thence continuing on a line bearing South 87° 38' 11" East for a distance of 136.01 feet to an iron pin; thence continuing on a line bearing South 87° 38' 11" East for a distance of 189.70 feet to an iron pin; thence continuing on a line bearing South 87° 38' 11" East for a distance of 139.95 feet to an iron pin; thence continuing on a line bearing South 88° 04' 48" East for a distance of 477.25 feet to an iron pin; thence continuing on a line bearing South 86° 56' 55" East for a distance of 924.52 feet to a pine; thence in a generally Northeasterly direction on a line bearing North 89° 48' 55" East for a distance of 149.08 feet to an iron pin at oak; thence in a generally Southwesterly direction on a line bearing South 19° 02' 40" West for a distance of 1,039.24 feet to an iron pin on the northern right-of-way of Parkersville Road; thence continuing on a line bearing South 19° 02' 40" West for a distance of 35.20 feet to a point in the centerline of Parkersville Road (S.C. Highway 22-449); thence in a generally Northeasterly direction along the centerline of Parkersville Road on a line bearing North 88° 39' 26" East for a distance of 382.72 feet to a point in the centerline of Parkersville Road; thence in a generally Northeasterly direction on a line bearing North 18° 50' 48" East for a distance of 35.16 feet to an iron pin on the northern right-of-way of Parkersville Road; thence continuing on a line bearing North 18° 50' 48" East for a distance of 197.70 feet to an iron pin; thence continuing on a line bearing North 18° 50' 48" East for a distance of 816.66 feet to an iron pin (A); thence in a generally Southeasterly direction on a line bearing South 87° 15' 58" East for a distance of 1,368.89 feet to an iron pin (B); thence in a generally Northeasterly direction on a line bearing North 14° 57' 10" East for a distance of 206.17 feet to an iron pin; thence in a generally Southeasterly direction on a line bearing South 87° 10' 38" East for a distance of 420.48 feet to an iron pin; thence continuing on a line bearing South 87° 10' 38" East for a distance of 33.09 feet to an iron pin; thence in a generally Southwesterly direction on a line bearing South 16° 56' 55" West for a distance of 142.09 feet to an axle; thence in a generally Southeasterly direction on a line bearing South 71° 38' 54" East for a distance of 893.57 feet to an iron pin; thence in a generally Northeasterly direction on a line bearing North 17° 43' 46" East for a distance of 341.51 feet to an iron pin; thence in a generally Northeasterly direction on a line bearing North 17° 43' 46" East for a distance of 341.51 feet to an iron pin; thence in a generally Northwesterly direction on a line bearing North 71° 42' 46" West for a distance of 893.94 feet to an iron pin; thence continuing on a line bearing North 71° 42' 46" West for a distance of 4.26 feet to an iron pin (C); thence in a generally Northeasterly direction along the centerline of Old _____ Highway on a line bearing North 16° 56' 55" East for a distance of 870.86 feet to a pine; thence continuing on a line bearing North 16° 56' 55" East for a distance of 460.44 feet to an iron and monument (D); thence continuing on a line bearing North 14° 30' 28" East for a distance of 602.04 feet to an iron pin; thence in a generally Northwesterly direction on a line bearing North 80° 55' 20" West for a distance of 1,220.29 feet to an iron pin; thence continuing on a line bearing North 33° 24' 57" West for a distance of 547.71 feet to an iron pin; thence continuing on a line bearing North 59° 43' 12" West for a distance of 600.53 feet to an iron pin; thence continuing on a line bearing North 44° 39' 26" West for a distance of 901.84 feet to an iron pin; thence in a generally Southwesterly direction on a line bearing South 50° 54' 28" West for a distance of 267.69 feet to an iron pin; thence continuing on a line bearing South 50° 54' 28" West for a distance of 27.86 feet to an iron pin; thence continuing on a line bearing South 65° 46' 32" West for a distance of 379.83 feet to an iron pin; thence in a generally Northwesterly direction on a line bearing North 88° 52' 32" West for a distance of 683.14 feet to an iron pin; thence continuing on a line bearing North 88° 52' 32" West for a distance of 8.57 feet to an iron pin on the eastern right-of-way of River Road; thence continuing on a line bearing North 88° 52' 32" West for a distance of 38.52 feet to a point in the centerline of River Road, being the Point of Beginning.

ALSO

PARCEL C:

That certain piece, parcel or tract of land, situate, lying and being in Tax District No. 4 (Tax Parcel 4-413-33.3), Georgetown County, South Carolina, containing 38.695 acres more or less as shown on a Plat thereof entitled Boundary Survey for Litchfield-by-the-Sea, Parcel "C" dated March, 1981, prepared by Moore, Gardner & Associates, Inc., certified May 12, 1981 by Olyn W. Wright, R.L.S. and recorded May 13, 1981 in the Office of the Clerk of Court for Georgetown County in Plat Book II, at page 100. Said Plat is hereby incorporated by reference in its entirety herein and said Parcel "C" is more fully and in detail described according to said Plat as follows, to wit:

BEGINNING at a point in common with South Carolina Public Service Authority Litchfield Substation on the Southeastern corner of the said Tract at a concrete monument being designated South Carolina Grid (South Zone) Point N/602,878.175, E/2,578,326.992, and having a latitude of 33° 28' 33.860" and a longitude of 79° 06' 12.220" and thence in a generally Northwesterly direction on a line bearing North 66° 49' 56" West for a distance of 200.29 feet to a concrete monument; thence continuing on a line bearing North 49° 19' 10" West for a distance of 858.19 feet to an iron bar; thence continuing on a line bearing North 75° 44' 07" West for a distance of 416.20 feet to an iron in; thence continuing on a line bearing North 75° 44' 07" West for a distance of 100.05 feet to an iron pin; thence continuing on a line bearing North 75° 44' 07" West for a distance of 100.02 feet to an iron pin; thence continuing on a line bearing North 75° 44' 07" West for a distance of 100.09 feet to an iron pin; thence continuing on a line bearing North 75° 44' 07" West for a distance of 99.95 feet to an iron pin; thence continuing on a line bearing North 75° 44' 07" West for a distance of 99.95 feet to an iron pin; thence continuing on a line bearing North 75° 44' 07" West for a distance of 22.64 feet to an iron pin; thence in a generally Northeasterly direction on a line bearing North 23° 17' 15" East for a distance of 39.66 feet to an iron pin; thence continuing on a line bearing North 23° 17' 15" East for a distance of 142.31 feet to an iron pin; thence continuing on a line bearing North 23° 17' 15" East for a distance of 60.68 feet to an iron pin thence continuing on a line bearing North 23° 17' 15" East for a distance of 210.07 feet to an iron pin; thence in a generally Southeasterly

direction on a line bearing South 78° 17' 56" East for a distance of 445.16 feet to an iron pin; thence continuing on a line bearing South 78° 47' 45" East for a distance of 521.39 feet to an iron pin; thence in a generally Northeasterly direction on a line bearing North 26° 29' 35" East for a distance of 770.78 feet to an iron pin; thence in a generally Southeasterly direction on a line bearing South 68° 44' 54" East for a distance of 149.97 feet to an iron pin; thence in a generally Northeasterly direction on a line bearing North 26° 30' 02" East for a distance of 99.99 feet to an iron pin; thence in a generally Southeasterly direction on a line bearing South 68° 44' 36" East for a distance of 405.12 feet to an axle; thence in a generally Southwesterly direction on a line bearing South 26° 23' 10" West for a distance of 771.53 feet to an iron pin; thence in a generally Southeasterly direction on a line bearing South 77° 51' 08" East for a distance of 512.08 feet to an iron pin; thence in a generally Southwesterly direction on a line bearing South 27° 00' 26" West for a distance of 75.23 feet to an iron pin, thence continuing on a line bearing South 27° 00' 26" West for a distance of 904.60 feet to a concrete monument, being the Point of Beginning.

ALSO

All those certain pieces, parcels or tracts of land, situate, lying and being in Tax District No. 4, Georgetown County, South Carolina and currently owned by Fairlane/Litchfield Company, Inc., and more fully described by:

1. Those certain deeds dated October 8, 1973, from Bessie Betancourt, Clerk of Court, to Fairlane/Litchfield Company, Inc and recorded October 9, 1973, in the Office of the Clerk of Court for Georgetown County in Book 116, page 405, Book 116, page 407, and Book 116, page 411.

2. That certain deed dated June 1, 1959, from Thomas B. Boyle and Boyle Construction Company and William B. Boyle and Thomas B. Boyle, Jr., as Trustee for Gene Boyle Brading, et al. to North Litchfield Beach, Inc. and recorded June 2, 1959, in the Office of the Clerk of Court of Georgetown County in Book 33, page 283; the said North Litchfield Beach, Inc. having merged into Fairlane Finance Company, Inc. with the surviving corporation known as Fairlane/Litchfield Company, Inc.

**DECLARATION OF RIGHTS, RESTRICTIONS, AFFIRMATIVE OBLIGATIONS
AND CONDITIONS APPLICABLE TO SUPPLEMENTAL PROPERTY AT LITCHFIELD-BY-THE-SEA**

WHEREAS, Litchfield-by-the-Sea, a South Carolina joint venture, (the "Company") is the owner of certain lands declared to be a part of the community known as Litchfield-by-the-Sea, in Georgetown County, South Carolina; and

WHEREAS, the Company desires that the covenants contained herein shall be covenants running with the land and shall apply to the lands known as Litchfield-by-the-Sea described in Exhibit "A" attached hereto and incorporated by reference herein; and

WHEREAS, the Company desires to reserve the right to amend, modify, add to, subtract from, cancel or in any way change these covenants for a limited period not to exceed five (5) years.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Company hereby covenants and agrees on behalf of itself, its successors and assigns, as follows.

ARTICLE I

DEFINITIONS

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

(a) "Association" shall mean and refer to Litchfield-by-the-Sea, a South Carolina joint venture, its successors and assigns, and to any other community or owner's association within the Property established in the future.

(b) "Company" shall mean and refer to Litchfield-by-the-Sea, a South Carolina joint venture, its successors and assigns.

(c) "Horizontal Property Regime" shall mean and refer to any horizontal property regime now or hereafter existing within the Property established pursuant to the Horizontal Property Act of the State of South Carolina, as amended.

(d) "Owner" shall mean and refer to all owners of an interest in real property within the Property, including but not limited to, the holders of record title to any Dwelling Unit, Residential Lot, Multiple Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or Unsubdivided Property (as such terms are defined in the Declaration of Covenants and Restrictions of Litchfield-by-the-Sea, as amended) and to the Association and each Horizontal Property Regime within the Property.

(e) "Property" shall mean and refer to the lands described in Exhibit "A" attached hereto together with all improvements thereon whether presently existing or constructed in the future, including but not limited to common properties of any Association or Horizontal Property Regime, Dwelling Units, Residential Lots, Multiple Family Tracts, Public or Commercial Sites, Public or Commercial Units, Development Unit Parcels or Unsubdivided Property.

(f) "Vacation Time Sharing Plan(s)" shall mean and refer to either a vacation time sharing ownership plan or a vacation time sharing lease plan as defined in Chapter 32, Title 27, Code of Laws of South Carolina, 1976, as amended.

The covenants and restrictions below will be referred to as the General Covenants of July, 1984, and are recorded in the Office of the Clerk of Georgetown County, South Carolina and may be incorporated by reference in deeds to real property executed and delivered by the Company by reference to the book and page of recording in the land records of said office.

ARTICLE II

COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS

APPLICABLE TO ALL PROPERTY IN LITCHFIELD-BY-THE-SEA

The primary purpose of these covenants and restrictions is the creation of a community which is aesthetically pleasing, functionally convenient and in which property values are protected. The establishment at this time of detailed standards for the design, size and location of dwellings and other structures would make it difficult to take full advantage of the differing characteristics of each parcel of property and of technological advances and environmental values. For this reason such detailed standards are not established by these covenants but shall be separately established from time to time by the Company in order to implement the purposes of these covenants.

Section 1. Approval of Construction. No building or other structure shall be erected or placed on any of the Property until its site location, height, construction plans and construction specifications (including, but not limited to, all exterior finishing materials and treatments, and the complete plans for the provision of all utilities including, but not limited to, sanitary sewer, water, electricity, gas, storm drainage, telephone, cable T.V.), landscape plans (including, but not limited to, all driveways, garbage storage areas, mail boxes, parking areas, planting materials, pathways and other non-building improvements), construction schedule and such other information which may be reasonably requested pursuant to regulations of the Company shall have been approved in writing by the Company.

Section 2. Approval of Alterations. No exterior additions, signs, alterations, improvements or repairs, nor relocation of any structure shall be made on any of the property until plans and specifications submitted in form and substance in conformity with the regulations of the Company for such proposed activity have been approved in writing by the Company.

Section 3. Site Alterations. No site alterations or improvements including, but not limited to, clearing or selective cutting, planting of shrubbery, trees or other vegetation, grading, filling, excavating, drainage work or placement of utilities shall be made without the written approval of the Company.

Section 4. Administrative Procedures. Reasonable administrative procedures and regulations for approvals and for the form and consent of plans, specifications and other materials required to be submitted shall be promulgated by the Company. Refusal to grant approval may be based by the Company upon any reasonable ground, including purely aesthetic conditions, at the sole discretion of the Company. In the event approval is neither granted nor denied within sixty (60) days following receipt by the Company of all documentation and information required by it, approval shall be deemed to have been granted.

Section 5. Owner's Obligation to Maintain Property. It shall be the responsibility of each Owner (specifically including with respect to common properties, an Association or Horizontal Property Regime) to prevent the development of any unclean, unsightly or unkempt conditions with respect to buildings or landscaping on his property which shall tend to decrease the beauty of the specific area or the Property as a whole. All buildings, landscaping and grounds shall be maintained in a condition to preserve the values of all properties within the Pro-

erty. If an Owner shall fail to maintain his buildings, landscaping and grounds in a condition necessary to preserve the values of all properties or if an Owner shall allow the development of any unclean, unsightly or unkempt condition of buildings, landscaping or grounds, such condition shall be corrected by the Owner at the Owner's sole expense upon written request by the Company Upon failure of the Owner to correct conditions within thirty (30) days after written notice has been deposited postpaid in the United States mail addressed to the Owner at his address as set forth in the records of the Company, the Company shall have the right to correct such condition and the expense of such correction shall be paid by the Owner Such charge together with interest at the maximum rate allowed by law and all costs of collection shall be a continuing lien on the property of such Owner.

Section 6. Reservation of Utility and Golf Course Maintenance Easements. The Company reserves unto itself, its successors and assigns, a perpetual, alienable and release-able easement and right on, over and under the Property to erect, maintain and use poles wires cables, conduits, sewers water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment community antenna television service gas sewer, water or other public conveniences or utilities or for golf course maintenance on as may be reasonably required for utility line purposes or golf course maintenance, provided however that no such utility or golf course maintenance easement shall be applicable to any portion of the Property as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Company, or (b) have been designated as the site for a building on plans which have been approved in writing by the Company. These easements and rights expressly include the right to cut any trees, bushes or shrubbery make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and golf course maintenance and to maintain reasonable standards of health, safety and appearance Such rights may be exercised by any licensee of the Company The reservations herein shall not be considered an obligation of the Company to provide or maintain any such utility or service.

Section 7. Prohibition of Offensive Activities. No noxious or offensive activity shall be carried on upon any of the Property nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the Owners. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous unsightly unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the community by the Owners thereof.

Section 8. Restrictions Upon Temporary Structures. No structure of a temporary character shall be placed upon the Property at any time, provided, however that this prohibition shall not apply to shelters or temporary structures used by any contractor during construction and shall not apply to any sales offices or model units maintained by the Company or its agents The design and color of temporary structures shall be subject to reasonable aesthetic control by the Company.

Section 9. Prohibition of Antennas. No television antenna, radio receiver or sender or other similar device shall be installed on the Property, provided, however, that the provisions of this paragraph shall not apply to the Company or to the Association for the installation or equipment necessary for a master antenna system, C A T V and mobile radio systems or other similar systems within the Property.

Section 10. No Trespass. Whenever the Company is permitted by these covenants to correct, repair clean preserve clear out or dc any action, the entering on any portion of the Property to take such action shall not be deemed a trespass.

Section 11. Health and Fire Control. The Company reserves unto itself, its successors and assigns, a perpetual, alienable and leasable easement and right on over and under the Property to dispense pesticides and take other action which in the opinion of the Company is necessary or desirable to control insects and vermin, to cut fire breaks and other activities which in the opinion of the Company are necessary or desirable to control fires on the Property.

Section 12. Prohibition of Motor Boats. In order to protect the natural beauty and water quality of the lakes, no water craft propelled by an engine of any type shall be allowed in the lakes except to perform maintenance or other community related functions or unless otherwise consented to in writing by the Company.

Section 13. Prohibition of Hunting and Firearms. No hunting by any means or discharge of firearms of any type shall be allowed on the Property.

Section 14. Prohibition of Certain Vehicles Outside of Designated Areas. No trailers, boats, campers vans or vehicles of any type which are not automobiles shall be parked or stored on the Property except in areas specifically designated for that purpose by the Company or with the express written consent of the Company.

Section 15. Prohibition of Certain Materials and Furnishings. No deck furnishings or materials, including but not limited to window coverings and deck furniture, shall be placed or displayed in a manner which can be seen from the exterior of any building except in accordance with rules and regulations of the Company or with the express written consent of the Company. All curtains draperies blinds or window coverings of any type or nature shall expose only a white backing to any external window except in accordance with rules and regulations of the Company or with the express written consent of the Company.

Section 16. Prohibition of Certain Objects on Property. No objects may be left standing under or along any the building within the Property which can be seen from the exterior of any building except in accordance with rules and regulations of the Company or with the express written consent of the Company.

Section 17. Restriction on Vacation Timesharing Plans. No association or Horizontal Property Regime within the Property shall adopt rules and regulations relating to the external use and appearance of the common property of such Regime or Association which have not been approved in writing by the Company No Association or Horizontal Property Regime within the Property shall adopt a Bylaw rule or regulation relating to multiple ownership, in any manner whatsoever, without the express written consent of the Company.

Section 18. Prohibition of Motorcycles. No motorcycles shall be allowed on the Property except with the written permission of the Company.

Section 19. Power of Attorney. No Owner may transfer or convey an interest in real property within the Property without delivering to the Company a form of Power of Attorney approved by the Company and duly executed by the transferee appointing each Horizontal Property Regime and each Association in which the transferee shall be a member as his attorney-in-fact to take such actions as are specifically set forth in the Master Deed of such Horizontal Property Regime and in the Declaration of Covenants and Restrictions of such Association.

ARTICLE III

ADDITIONS, LIMITATIONS, DURATION AND

VIOLATION OF COVENANTS

Section 1. Duration. All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them, specifically including, but not limited to, the successors and assigns, if any, of the Company for a period of thirty (30) years from the execution date of this Declaration after which time all said covenants shall be automatically extended for successive periods of ten (10) years, unless changed in whole or in part by an instrument signed by a majority of the then Owners substantially affected by such change in covenants and placed of record.

Section 2. Amendment. The Company reserves the right to amend, modify, add to, subtract from, cancel or in any way change these covenants for a period of five (5) years from the date hereof.

Section 3. Remedies. In the event of a violation or breach of any of the restrictions contained herein by any Owner, or agent of such Owner, the Company, the Owners, or any of them, jointly or severally shall have the right to proceed at law or in equity to compel compliance with the terms hereof or to prevent a violation or a breach. In addition to the foregoing, the Company shall have the right, whenever there shall have been built any structure which is in violation of these restrictions, to enter upon such property where such violation exists and summarily abate or remove the same at the expense of the Owner, if after thirty (30) days' written notice of such violation it shall not have been corrected by the Owner. Any such entry and abatement or removal shall not be deemed a trespass. Any person entitled to file a legal action for the violation of these covenants shall be entitled to recover reasonable attorney's fees as a part of such action. The failure to enforce any rights, reservations, restrictions, or conditions contained in this Declaration, however long continued, shall not be deemed a waiver of the right of enforcement thereafter as to the same breach, or as to a breach occurring prior or subsequent thereto and shall not vary or affect its enforcement.

Section 4. Additional Restrictions. The Company hereby reserves the right to add additional restrictive covenants in the future which may apply to any portion of the Property which has not been conveyed by the Company to any grantee. After five (5) years from the date hereof, the Company may not unilaterally amend these covenants, and thereafter, the right to add restrictive covenants to Property not yet conveyed does not give the Company the right to add covenants to Property conveyed or except as provided herein, to limit the application of these covenants to any of the Property whether conveyed or retained by the Company.

Section 5. Assignment. The Company reserves the right to assign to Litchfield-by-the-Sea Community Association, Inc. any of its rights reserved in these covenants including but not limited to, its right to approve or disapprove plans and specifications of proposed improvements or alterations.

Section 6. Severability. Should any covenant or restriction herein contained, or any article, section, subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no wise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 7. Captions and Headings. Captions and headings used herein are for convenience only, are not a part of these covenants and shall not be used in construing any provision hereof.

Section 8. Pronouns. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine, neuter, singular or plural, as the identity of the person or entity may require.

EXHIBIT A

All that certain piece, parcel or tracts of land situate, lying and being in Tax District #4, County of Georgetown, State of South Carolina, known and designated as Golf Tracts #1 and #2 on a Composite Map of the River Club Golf Course prepared by Sur-Tech, Inc., dated February 2, 1984, and revised June 18, 1984, and being more particularly described according to said map as follows:

Commencing at a point being the Northwestern most point of Golf Tract #2 and located at the intersection of South Carolina Highway S-22-255 known as the River Road and Cypress Drive; thence, turning and running along the Southern edge of the right-of-way of Cypress Drive along a curve to the right of radius 823.29 feet with an arc length of 225.48 feet whose chord bears South 82-13-04, East a distance of 224.78 feet; to a point; thence, North 89-56-10, East, 121.56 feet to a point; thence, running along the Southern edge of the right-of-way of Cypress Drive a curve to the right of radius 823.29 feet with an arc length of 320.90 feet whose chord bears North 78-46-11, East for a distance of 318.87 feet to a point; thence, South 33-16-30, East, 168.83 feet to an iron; thence, South 33-16-29 East, .26 feet to a point; thence, North 65-46-32 East, 198.41 feet to an iron; thence, North 50-54-28 East, 27.86 feet to an iron; thence, North 50-54-28 East, 267.69 feet to an iron; thence, South 44-39-26 East, 901.84 feet to an iron; thence, South 59-43-14 East, 600.52 feet to an iron; thence, South 33-24-57 East, 158.71 feet to an iron; thence, North 56-34-28 East, 150.27 feet to an iron; thence, South 33-27-34 East, 100.03 feet; thence, South 56-35-03 West, 150.35 feet; thence, South 33-24-57 East, 70.00 feet; thence, North 56-35-03 East, 151.35 feet; thence, following the curve of the Westerly right-of-way line of Pine Drive along the curve to the left of radius 416.00 feet with an arc length of 79.77 feet whose chord bears South 42-49-10 East, a distance of 79.64 feet to an iron; thence, South 28-50-49 West, 185.70 feet; thence, South 33-24-57 East, 54.00 feet to an iron, thence South 80-55-19 East, 1195.18 feet; thence, South 14-30-28 West, 599.13 feet; thence, South 16-56:55 West, 499.84 feet; thence, South 16-56-66 West, 830.93 feet hence, South 16-56-59 West, 204.79 feet; thence, North 87-10-38 West, 7.31 feet to an iron; thence North 87-10-38 West, 420.48 feet to an iron; thence, South 4-57-10 West, 206.17 feet to an iron; thence, North 87-15-58 West, 493.57 feet; thence, North 87-15-58, West 875.54 feet to an iron; thence, continuing North 87-55-42 West, 371.30 feet to an iron; thence, South 89-48-55 West, 149.08 feet to a pine; thence, North 86-56-55 West, 553.70 feet to a point; thence, north 04-43-31 West, 134.09 feet to a cypress; thence, continuing North 04-43-31 West, 886.40 feet to a point; thence continuing North 04-43-31 West, 275.95 to an iron; thence, continuing North 04-43-31 West, 138.33 to an iron; thence, South 85-06-29 West, 212.85 feet to an iron; thence North 14-23-24 West, 95.68 feet to an iron; thence, continuing North 14-23-24 West, 949.36 feet to an iron; thence, North 14-23-19 West, 213.67 feet to a concrete monument; thence, North 88-18-20 West, 207.89 feet to an iron pin and the center line of Highway 22-255; thence, following said center line, North 32-10-26 East, 878 50 feet to an iron; thence, North 32-10-30 East, 201.36 to the POINT OF BEGINNING.

SAVING AND EXCEPTING therefrom the following pieces, parcels or tracts of land;

That certain piece, parcel or tract of land being the boundaries of the golf course shown in Golf Tract #1 on the "Composite Map of River Club Golf Course for Litchfield Company of South Carolina", prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning at a point on the Northwesterly corner of the property, being the joint corner where Golf Tract #1 and Phase 16 and River Club Drive intersect, thence, South 44-19-13, East 64.80 feet; thence, South 13-28-40, East 124.43 feet; thence South 35-25-60, East 191.46 feet; thence South 75-57-50, East 61.85 feet; thence South 33-41-24, East 61.29 feet; thence, South 07-44-15, East, 185.69 feet, thence, South 76-08-20, East 79.31 feet; thence, South 27-45-31, East 64.41 feet; thence, South 50-47-34 East 49.04 feet; thence, South 85-57-02, East 113.28 feet; thence, South 66-39-22, East 103.47 feet; thence, South 78-54-54, East 249.66 feet; thence, North 67-41-38, East 42.15 feet; thence, South 67-02-10, East 64.08 feet; thence, South 71-46-30, East 86.33 feet; thence, South 20-13-29, East 60.75 feet; thence, South 39-37-44, East 83.10 feet; thence, South 61-27-14, East 142.30 feet; thence South 22-59-19, East 35.85 feet; thence, South 05-44-55, East 149.75 feet; thence, South 15-38-32, West 51.92 feet; thence, South 46-01-30, West 77.79 feet, thence, South 58-50-27, West 100.50 feet; thence, North 85-54-52, West 56.14 feet; thence, North 49-28-02, West 90.79 feet; thence, North 59-08-45, West 89.69 feet; thence, South 81-59-43, West 193.89 feet, thence, North 82-02-10, West 194.88 feet; thence, North 29-07-07, West 260.98 feet; thence, North 89-59-60, West 66.00 feet; thence, South 74-37-25, West 165.94 feet; thence, North 53-36-56, West 157.41 feet; thence, North 53-36-56, West 55.00 feet; thence, South 67-26-34, West 70.38 feet; thence, South 49-53-57, West 49.68 feet; thence, South 06-04-21, West 94.53 feet; thence, South 06-32-47 East 61.40 feet; thence, South 33-56-37, East 62.68 feet; thence, South 25-56-32, West 41.15 feet; thence, South 40-14-11, East 221.38 feet; thence, South 54-21-59, East 139.03 feet; thence, South 28-59-56, East 200.08 feet; thence North 86-54-21, East 74.11 feet thence, North 66-15-02, East 136.57 feet; thence, South 71-44-33, East 102.14 feet, thence, South 26-33-54, East 55.90 feet, thence South 39-03-45, East 177.73 feet; thence, South 76-28-37, East 81.25 feet; thence, North 72-48-51, East 101.53 feet; thence, North 63-11-57, East 108.67 feet; thence, South 41-51-18, East 64.44 feet; thence, South 19-26-24, West 108.17 feet; thence, South 11-03-23, East 177.29 feet; thence, South 22-55-10, East 161.77 feet; thence, South 14-39-37, East 244.98 feet; thence, South 05-16-52, East 239.01 feet; thence, South 42-36-51, West 101.91 feet; thence, North 89-59-60 West 141.00 feet; thence, North 24-09-20, West 180.83 feet; thence, North 17-40-58, West 530.04 feet; thence, North 47-12-09, West 73.59 feet; thence, North 75-19-25, West 130.25 feet; thence, North 54-29-49, West 192.85 feet; thence, South 85-58-54, West 229.49 feet, thence, South 04-41-53, East 201.05 feet; thence, North 85-18-07, East 42.00 feet; thence, South 37-53-45, East 127.97 feet; thence, South 71-40-53 East 155.90 feet; thence, South 46-47-39, East 293.59; thence, South 28-02-07, East 453.18 feet; thence, South 50-09-07, East 173.2] feet; thence, South 50-09-07, East 173.23 feet; thence, South 22-09-59, West 58.31 feet; thence, South 40-18-05, East 103.59 feet. thence, South 00-41-55, East 72.80 feet; thence, following the curve of River Club Drive along a curve to the right of radius 526.99 feet with an arc length of 67.28 feet whose chord bears South 83-36-31 East a distance of 67.24 feet; thence, South 87-15-58, East 93.65 feet thence, North 32-12-04, East 226.60 feet; thence, South 86-54-21, East 111.16 feet; thence North 23-11-55, East 22.85 feet, thence North 65-19-23, West 81.44 feet; thence, North 37-14-05, West 31.40 feet; thence, North 31-29-47, East 202.89 feet; thence, North 14-36-45, East 289.36 feet; thence, North 14-56-51, East 228.74 feet; thence, North 20-43-32, West 118.68 feet; thence, North 4-58-11, East 92.35 feet; thence, North 17-46-17, West 81.91 feet; thence, North 51-10-48, East 111.66 feet; thence, North 65-07 3: East 121.25 feet; thence, North 81-03-17, East 218.66 feet; thence, South 48-00-46, East 26.91 feet; thence, South 05-46-57, East 79.40 feet; thence, South 12-04-26, West 573.69 feet; thence, South 46-47-24, West 90.55 feet; thence, South 42-52-44, West 57.31 feet; thence, South 06-03-15, East 66.37 feet; thence, South 11-45-18, East 176.71 feet; thence, South 71-52-11, East 118.90 feet; thence, North 20-45-03, East 172.17 feet; thence, North 00-00-00, East 105.00 feet; thence, North 24-38-30, East 239.84 feet; thence, North 38-09-26, East 106.83 feet; thence, North 45-00-00, East 84.85 feet; thence, North 71-11-17, East 86.14 feet; thence, North 87-08-15, East 80.10 feet; thence, North 60-35-04, East 107.91 feet; thence, South 65-07-49, East 211.62 feet; thence, South 10-03-38, East 125.94 feet; thence, South 23-57-45, West 108.34 feet; thence, South 75-57-50, West 41.23 feet; thence, South 21-55-47, West 83.01 feet; thence, South 51-05-00, West 313.60 feet; thence, South 59-02-10, West 163.27 feet; thence, North 70-49-16, West 24.35 feet, thence, South 56-42-10, West 202.19 feet; thence, South 77-33-38, West 139.27 feet; thence, North 61-35-14, West 69.35 feet; thence, South 50-26-25, West 59.67 feet; thence, South 16-49-17, East 224.61 feet; thence, South 02-44-02, West 49.14 feet, thence, South 87-15-58, East 149.79 feet; thence, North 02-44-02, East 15.24 feet; thence, North 52-05-24, East 143.22 feet; thence North 86-14-54, East 61.13 feet; thence, North 60-12-17, East 563.49 feet; thence, North 55-27-06, East 222.18 feet; thence, North 23-11-55, East 159.93 feet; thence, North 01-19-56, West 429.79 feet; thence, South 68-07-45, East 165.17 feet; thence, North 00-19-14, East 32.25 feet; thence, North 68-07-45, West 159.98 feet; thence, North 11-40-18, East 217.50 feet; thence, North 00-00-00, East 112.00 feet; thence, South 83-25-05, West 78.52 feet; thence, South 41-24-12, West 123.99 feet; thence, North 49-35-26, West 97.19 feet; thence, North 14-30-01, West 59.91 feet; thence, North 55-04-09, East 76.84 feet; thence, North 85-51-19, East 276.72 feet; thence, North 49-23-55, East 73.76 feet; thence, North 10-34-54, East 92.57 feet; thence, North 37-08-48, West 82.80 feet; thence North 59-02-10, West 69.97 feet; thence, North 71-13-55, West 108.78 feet; thence, South 81-33-09, West 204.22 feet; thence North 71-23-23, West 103.41 feet; thence, North 80-15-02, West 295.26 feet; thence, North 72-27-32, West 157.05 feet; thence, South 57-18-22, West 24.66 feet; thence, North 77-41-38, West 238.00 feet; thence North 32-41-38, West 113.00 feet; thence North 77-41-38, West 127.50 feet; thence, North 11-58-20, East 368.11 feet; thence, North 51-11-38, West 215.14 feet; thence, North 34-12-38, West 282.00 feet; thence, North 34-14-47, West 116.49 feet; thence, North 61-04-48, West 531.35 feet; thence, North 39-20-23, West 196.31 feet; thence, North 13-29-22, East 30.29 feet; thence, North 79-41-35, West 183.45 feet; thence, following the curve of River Club Drive along a curve to the left of radius 510.05 feet with an arc length of 112.55 feet whose chord bears North 86-00-54, West a distance of 112.33 feet; thence, South 46-25-13, East 135.35 feet; thence, South 01-39-08, East 104.04 feet; thence, South 41-11-09, West 42.52 feet; thence, South 58-04-10, East 81.30 feet; thence, South 65-18-30, East 95.75 feet; thence, South 19-47-56, East 53.14 feet; thence, South 00-52-53, West 65.01 feet; thence, South 32-47-58, East 53.54 feet; thence, South 30-31-47, West 90.55 feet; thence, North 87-54-29, West 219.15 feet; thence, North 52-13-28, West 101.21 feet; thence, North 25-58-55, West 175.76 feet; thence, North 07-21-09, West 31.26 feet; thence, North 34-34-27, West 89-87 feet; thence, North 00-00-00, East 28.00 feet; thence, North 45-00-00, West 98.99 feet; thence, North 75-40-38, West 97.02 feet; thence, North 26-33-54, West 51.63 feet, thence, following the curve of River Club Drive along a curve to the left of radius 172.00 feet with an arc length of 99.95 feet whose chord bears South 62-19-34, West for a distance of 98.55 feet; thence, South 45-40-47, West 51.60 feet; TO THE POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING, that certain piece, parcel or tract of land shown as a portion of Golf Tract #2 on the "Composite Map of River Club Golf Course for Litchfield Company of South Carolina," prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning on the western boundary of River Road where it intersects with Cypress Drive and running thence along the curve of Cypress Drive along a curve to the right or radius 823.29 feet with an arc length of 225.48 feet whose chord bears, South 82-13-04, East a distance of 224.78 feet; thence, North 89-56-10, East 121.56 feet; thence, following the curve of Cypress Drive along a curve to the right of radius 823.29 feet with an arc length of 320.90 feet whose chord bears North 78-46-11, East a distance of 318.87 feet, thence, South 33-16-30, East 168.83 feet; thence, South 33-16-29, East .26 feet; thence, South 65-46-32, West 47.46 feet; thence, North 79-41-35, West 19.49 feet; thence, following the Northerly boundary of River Club Drive along a curve to the left of radius 576.05 feet with an arc length of 253.21 feet whose chord bears South 87-42-53, West a distance of 251.17 feet; thence continuing along the boundary of River Club Drive along a curve to the right of radius 813.11 feet with an arc length of 226.81 feet whose chord bears South 83-06-48, West a distance of 226.07 feet; thence, along said road a curve to the right of radius 238.00 feet with an arc length of 82.01 whose chord bears South 81-13-58, West 81.61 feet; thence, South 88-52-32, East 8.57 feet, thence, North 32-10-30, East 201.36 feet to THE POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING, those certain pieces, parcels or tracts of land being shown as Club House Site and Swimming Pool Area on "Composite Map of River Club Golf Course for Litchfield Company of South Carolina", prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning at a point on the Southern boundary of River Club Drive where the joint front corner of Phase I and Club House Site intersect, thence South 73-47-08, East 185.00 feet; thence following the curve of River Club Drive South 53-29-03, East, a chord of 164.68 feet; thence, South 33-10-59, East 265.47 feet; thence, South 33-10-59, East 165.01 feet; thence, South 57-18-22, West 141.15 feet; thence, South 57-18-22, West 228.34 feet; thence, South 57-18-22, West 24.66 feet; thence, North 77-41-38, West 238.00 feet; thence, North 32-41-38, West 113.00 feet; thence, North 77-41-38, West 127.50 feet; thence, North 11-58-20, East 368.11; thence, North 49-17-25, East 59.80 feet; thence, North 29-28-38, East 162.09 feet; thence, North 16-12-52, East 10.00 feet; to the POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING, that certain piece, parcel or tract of land known as Entrance Area #2 shown on "Composite Map of River Club Golf Course for Litchfield Company of South Carolina," prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning on the eastern boundary of River Club Drive at the joint corner of Phase 3 and Entrance Area #2, thence, South 82-42-01, East 362.95 feet; thence, South 16-56-55, West 101.43 feet; thence, North 82-42-01, West 347.20 feet; thence, following the curve of River Club Drive, North 08-01-09, East, a chord of 100.01 feet, to the POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING, that certain piece, parcel or tract of land being known as Entrance Area #3 as shown on "Composite Map of River Club Golf Course for Litchfield Company of South Carolina," prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning at a point on the Northwesterly side of River Club Drive at the joint front corner of Open Area #2 and Entrance Area #3 as shown on said Plat, thence, North 32-10-26, East 101.50 feet; thence, South 67-41-55, East 123.89 feet; thence, following the curve of River Club Drive, South 22-18-05, West, a chord of 100.00 feet; to the POINT OF BEGINNING.

**SUPPLEMENTAL DECLARATION OF
COVENANTS AND RESTRICTIONS OF THE
LITCHFIELD-BY-THE-SEA COMMUNITY ASSOCIATION. INC.**

THIS SUPPLEMENTAL DECLARATION, made as of the 9th day of July, 1984, by Litchfield-by-the-Sea, a joint venture created pursuant to the South Carolina Uniform Partnership Act, hereinafter call the "Company".

WITNESSETH:

WHEREAS, Litchfield-by-the-Sea, Inc. and Litchfield-by-the-Sea Community Association, Inc., a Delaware non-profit, non-stock corporation, did make and declare that certain Declaration of Covenants and Restrictions of Litchfield-by-the-Sea Community Association, Inc. ("The Declaration") dated June 15, 1978 and recorded June 15, 1978, in the Office of Clerk of Court for Georgetown County, in Book 159, at Page 264 as amended by First Amendment dated August 15, 1979, and recorded in said office of Clerk of Court on August 21, 1979, in Book 179, at Page 964; and as amended by Second Amendment dated September 1, 1980 and recorded September 5, 1980, in said office of Clerk of Court in Book 183, at Page 381; and as amended by a Third Amendment dated May 28, 1981, and recorded May 28, 1981 in said office of Clerk of Court in Book 191, at Page 181; and as amended by Fourth Amendment dated February 27, 1984 and recorded June 18, 1984, in said office of Clerk of Court in Book 218, at Page 627; and

WHEREAS, Article II, Section 2 of the Declaration provides that a Supplementary Declaration of Covenants and Restrictions may be made by Litchfield-by-the-Sea, Inc., or its successor by filing said Supplementary Declaration of Covenants and Restrictions with the Clerk of Court of Georgetown County; and

WHEREAS, Litchfield-by-the-Sea, a joint venture, is the successor in interest to Litchfield-by-the-Sea, Inc., and

WHEREAS, Litchfield-by-the-Sea, a joint venture, does hereby submit the lands described in Exhibit "A" attached hereto and made a part hereof, to the Covenants and Restrictions above referenced and does hereby make and declare the following additions and or modifications of the above stated Covenants and Restrictions to be applicable only to the property described in Exhibit "A";

WITNESSETH:

NOW, THEREFORE, Litchfield-by-the-Sea, a joint venture, declares that the real property described in Exhibit "A" is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied, and used subject to the Covenants, Restrictions, Conditions, Easements, Charges, Assessments, Affirmative Obligations, and Liens (hereinafter sometimes referred to as ("the Covenants")) enumerated above, subject only to the following additions and/or modifications.

1. Article V, Section 10 is hereby modified and amended by the addition of a subparagraph (d), the text of which is as follows:

The Company for so long as it is the fee simple owner of any Multiple Family Tract shall not be obligated or required to pay any maximum regular annual assessment or any special assessment with regards to the property so classified.

2. Article VIII, Section 2 is hereby modified and amended, with respect only to the property submitted under this Supplemental Declaration of Covenants and Restrictions, by changing the date reserved to the Company to amend this Supplemental Declaration from June 1, 1981, until July 1, 1989.

EXHIBIT A

All that certain piece, parcel or tracts of land situate, lying and being in Tax District #4, County of Georgetown, State of South Carolina, known and designated as Golf Tracts #1 and #2 on a Composite Map of the River Club Golf Course prepared by Sur-Tech, Inc., dated February 2, 1984, and revised June 18, 1984, and being more particularly described according to said map as follows:

Commencing at a point being the Northwestern most point of Golf Tract #2 and located at the intersection of South Carolina Highway S-22-255 known as the River Road and Cypress Drive; thence, turning and running along the Southern edge of the right-of-way of Cypress Drive along a curve to the right of radius 823.29 feet with an arc length of 225.48 feet whose chord bears South 82-13-04, East a distance of 224.78 feet; to a point; thence, North 89-56-10, East, 121.56 feet to a point; thence, running along the Southern edge of the right-of-way of Cypress Drive a curve to the right of radius 823.29 feet with an arc length of 320.90 feet whose chord bears North 78-46-11, East for a distance of 318.87 feet to a point; thence, South 33-16-30, East, 168.83 feet to an iron; thence, South 33-16-29 East, 26 feet to a point; thence, North 65-46-32 East, 198.41 feet to an iron; thence, North 50-54-28 East, 27.86 feet to an iron; thence, North 50-54-28 East, 267.69 feet to an iron; thence, South 44-39-26 East, 901.84 feet to an iron; thence, South 59-43-14 East, 600.52 feet to an iron thence, South 33-24-57 East, 158.71 feet to an iron; thence, North 56-34-28 East, 150.27 feet to an iron; thence, South 33-27-34 East, 100.03 feet; thence, South 56-35-03 West, 150.35 feet; thence, South 33-24-57 East, 70.00 feet; thence, North 56-35-03 East, 151.35 feet; thence, following the curve of the Westerly right-of-way line of Pine Drive along the curve to the left of radius 416.00 feet with an arc length of 79.77 feet whose chord bears South 42-49-10 East, a distance of 79.64 feet to an iron; thence, South 28-50-49 West, 185.70 *et; thence, South 33-24-57 East, 54.00 feet to an iron, thence South 80-55-19 East, 1195.18 feet; thence, South 14-30-28 West, 99.13 feet; thence, South 16-56-55 West, 499.84 feet; thence, South 16-56-55 West, 830.93 feet; thence, South 16-56-59 West 204.79 feet; thence, North 87-10-38 West, 7.31 feet to an iron; thence, North 87-10-38 West, 420.48 feet to an iron; thence, South 14-57-10 West, 206.17 feet to an iron; thence, North 87-15-58 West, 493.35 feet; thence, North 87-15-58, West 875.54 feet to an iron thence, continuing North 87-55-42 West, 371.30 feet to an iron; thence, South 89-48-55 West, 149.08 feet to a pine; thence, North 86-56-55 West, 553.70 feet to a point; thence, North 04-43-31 West, 134.09 feet to a cypress; thence, continuing North 04-43-31 West 886.40 feet to a point; thence, continuing North 04-43-31 West, 275.95 to an iron; thence, continuing North 04-43-31 West, 138.33 to an iron; thence, South 85-06-29 West, 212.85 feet to an iron; thence, North 14-23-24 West, 95.68 feet to an iron; thence, continuing North 14-23-24 West, 949.36 feet to an iron; thence, North 14-23-19 West, 213.67 feet to a concrete monument; thence, North 88-18-20 West. 207.89 feet to an iron pin and the center line of Highway 22-255; thence, following said center line, North 32-10-26 East, 878.50 feet to an iron; thence, North 32-10-30 East, 201.36 to the POINT OF BEGINNING.

SAVING AND EXCEPTING therefrom the following pieces, parcels or tracts of land;

That certain piece, parcel or tract of land being the boundaries of the golf course shown in Golf Tract #1 on the "Composite Map of River Club Golf Course for Litchfield Company of South Carolina", prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning at a point on the Northwesterly corner of the property, being the joint corner where Golf Tract #1 and Phase 16 and River Club Drive intersect, thence, South 44-19-13, East 64.80 feet; thence, South 13-28-40, East 124.43 feet; thence, South 35-25-60, East 191.46 feet; thence South 75-57-50, East 61.85 feet; thence South 33-41-24, East 61.29 feet; thence, South 07-44-15, East, 185.69 feet; thence, South 76-08-20, East 79.31 feet; thence, South 27-45-31, East 64.41 feet; thence, South 50-47-34 East 49.04 feet; thence, South 85-57-02, East 113.28 feet; thence, South 66-39-22, East 103.47 feet; thence, South 78-54-54, East 249.66 feet; thence, North 67-41-38, East 42.15 feet; thence, South 67-02-10, East 64.08 feet; thence, South 71-46-30, East 86.33 thence, South 20-13-29, East 60.75 feet; thence, South 39-37-44, East 83.10 feet; thence, South 61-27-14, East 142.30 feet; thence, South 22-59-19, East 35.85 feet; thence, South 05-44-55, East 149.75 feet; thence, South 15-38-32, West 51.92 feet; thence, South 46-02-30, West 77.79 feet; thence, South 58-50-27, West 100.50 feet; thence, North 85-54-52, West 56.14 feet; thence, North 49-28-02, West 90.79 feet; thence, North 59-08-45, West 89.69 feet; thence, South 81-59-43, West 193.89 feet, thence, North 82-02-10, West 194.88 feet; thence, North 29-07-07, West 260.98 feet; thence, North 89-59-60, West 66.00 feet; thence, South 14-37-25, West 165.94 feet; thence, North 53-36-56, West 157.41 feet; thence, North 53-36-56, West 55.00 feet; thence, South 7-26-34, West 70.38 feet; thence, South 49-53-57, West 49.68 feet; thence, South 06-04-21, West 94.53 feet; thence, South 06-32-47 East 61.40 feet; thence, South 33-56-37, East 62.68 feet; thence, South 25-56-32, West 41.15 feet; thence, South 40-14-11, East 221.38 feet; thence, South 54-21-59, East 139.03 feet; thence, South 28-59-56, East 200.08 feet; thence North 86-54-21, East 74.11 feet, thence, North 66-15-02, East 136.57 feet; thence, South 71-44-33, East 102.14 feet; thence, South 26-33-54, East 55.90 feet; thence South 39-03-45, East 177.73 feet; thence, South 76-28-37, East 81.25 feet; thence, North 72-48-51, East 101.53 feet; thence, North 63-11-57, East 108.67 feet; thence, South 41-51-18, East 64.44 feet; thence, South 19-26-24, West 108.17 feet; thence, South 11-03-23, East 177.29 feet; thence, South 22-55-10, East 161.77 feet; thence, South 14-39-37, East 244.98 feet; thence, South

05-16-52, East 239.01 feet; thence, South 42-36-51, West 101.91 feet; thence, North 89-59-60, West 141.00 feet, thence, North 24-09-20, West 180.83 feet; thence, North 17-40-58, West 530.04 feet; thence, North 47-12-09, West 73.59 feet; thence, North 75-19-25, West 130.25 feet; thence, North 54-29-49, West 192.85 feet; thence, South 85-58-54, West 229.49 feet, thence, South 04-41-53, East 201.05 feet; thence, North 85-18-07, East 42.00 feet; thence, South 37-53-45, East 127.97 feet; thence, South 71-40-53 East 155.90 feet; thence, South 46-47-39, East 293.59; thence, South 28-02-07, East 453.18 feet; thence, South 50-09-07, East 173.23 feet; thence, South 50-09-07, East 173.23 feet; thence, South 22-09-59, West 58.31 feet; thence, South 40-18-05, East 103.59 feet; thence, South 00-41-55, East 72.80 feet; thence, following the curve of River Club Drive along a curve to the right of radius 526.99 feet with an arc length of 67.28 feet whose chord bears South 83-36-31 East a distance of 67.24 feet; thence, South 87-15-58, East 93.65 feet thence, North 32-12-04, East 226.60 feet; thence, South 86-54-21, East 111.16 feet; thence North 23-11-55, East 22.85 feet, thence, North 65-19-23, West 81.44 feet; thence, North 37-14-05, West 31.40 feet; thence, North 31-29-47, East 202.89 feet; thence, North 14-36-45, East 289.36 feet; thence, North 14-56-51, East 228.74 feet; thence, North 20-43-32, West 118.68 feet, thence, North 04-58-11, East 92.35 feet; thence, North 17-46-17, West 81.91 feet; thence, North 51-10-48, East 111.66 feet; thence, North 65-07-33 East 121.25 feet; thence, North 81-03-17, East 218.66 feet; thence, South 48-00-46, East 26.91 feet; thence, South 05-46-57 East 79.40 feet; thence, South 12-04-26, West 573.69 feet; thence, South 46-47-24, West 90.55 feet; thence, South 42-52-44, West 57.31 feet; thence, South 06-03-15, East 66.37 feet; thence, South 11-45-18, East 176.71 feet; thence, South 71-52-11, East 118.90 feet thence, North 20-45-03, East 172.17 feet; thence, North 00-00-00, East 105.00 feet; thence, North 24-38-30, East 239.84 feet, thence North 38-09-26, East 106.83 feet; thence, North 45-00-00, East 84.85 feet; thence, North 71-11-17, East 86.14 feet; thence, North 87-08-15, East 80.10 feet; thence, North 60-35-04, East 107.91 feet; thence, South 65-07-49, East 211.62 feet; thence, South 10-03-38 East 125.94 feet; thence, South 23-57-45, West 108.34 feet; thence, South 75-57-50, West 41.23 feet; thence, South 21-55-47 West 83.01 feet; thence, South 51-05-00, West 313.60 feet; thence, South 59-02-10, West 163.27 feet; thence, North 70-49-16, West 24.35 feet, thence, South 56-42-10, West 202.19 feet; thence, South 77-33-38, West 139.27 feet; thence, North 61-35-14, West 69.35 feet thence, South 50-26-25, West 59.67 feet; thence, South 16-49-17, East 224.61 feet; thence, South 02-44-02, West 49.14 feet, thence South 87-15-58, East 149.79 feet; thence, North 02-44-02, East 15.24 feet; thence, North 52-05-24, East 143.22 feet; thence, North 06-18-14-54, East 61.13 feet; thence, North 60-12-17, East 563.49 feet; thence, North 55-27-06, East 222.18 feet; thence, North 23-11-55 East 159.93 feet; thence, North 01-19-56, West 429.79 feet; thence, South 68-07-45, East 165.17 feet; thence North 00-19-14 East 32.25 feet; thence, North 68-07-45, West 159.98 feet; thence, North 11-40-18, East 217.50 feet; thence, North 00-00-00, East 112.00 feet; thence, South 83-25-05, West 78.52 feet; thence, South 41-24-12, West 123.99 feet; thence, North 49-35-26, West 97.19 feet thence, North 14-30-01, West 59.91 feet; thence, North 55-04-09, East 76.84 feet; thence, North 85-51-19, East 276.72 feet, thence North 49-23-55, East 73.76 feet; thence, North 10-34-54, East 92.57 feet; thence, North 37-08-48, West 82.80 feet; thence, North 59-02-10, West 69.97 feet; thence, North 71-13-55, West 108.78 feet; thence, South 81-33-09, West 204.22 feet; thence, North 71-23-23, West 103.41 feet; thence, North 80-15-02, West 295.26 feet; thence, North 72-27-32, West 157.05 feet; thence, South 57-18-22, West 24.66 feet; thence, North 77-41-38, West 238.00 feet; thence North 32-41-38, West 113.00 feet, thence, North 77-41-38, West 127.50 feet; thence, North 11-58-20, East 368.11 feet; thence, North 51-11-38, West 215.14 feet; thence, North 34-12-38, West 282.00 feet; thence, North 34-14-47, West 116.49 feet; thence, North 61-04-48, West 531.35 feet; thence, North 39-20-23, West 196.31 feet; thence, North 13-29-22, East 30.29 feet; thence, North 79-41-35, West 183.45 feet; thence, following the curve of River Club Drive along a curve to the left of radius 510.05 feet with an arc length of 112.55 feet whose chord bears North 86-00-54, West a distance of 112.33 feet; thence, South 46-25-13, East 135.35 feet; thence, South 01-39-08, East 104.04 feet; thence South 41-11-09, West 42.52 feet; thence, South 58-04-10, East 81.30 feet; thence, South 65-18-30, East 95.75 feet; thence, South 19-47-56, East 53.14 feet; thence, South 00-52-53, West 65.01 feet; thence, South 32-47-58, East 53.54 feet; thence, South 30-31-47 West 90.55 feet; thence, North 87-54-29, West 219.15 feet; thence, North 52-13-28, West 101.21 feet; thence, North 25-58-55 West 175.76 feet; thence, North 07-21-09, West 31.26 feet; thence, North 34-34-27, West 89.87 feet; thence, North 00-00-00, East 28.00 feet; thence, North 45-00-00, West 98.99 feet; thence, North 75-40-38, West 97.02 feet; thence, North 26-33-54, West 51.63 feet thence, following the curve of River Club Drive along a curve to the left of radius 172.00 feet with an arc length of 99.95 feet whose chord bears South 62-19-34, West for a distance of 98.55 feet; thence, South 45-40-47, West 51.60 feet; TO THE POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING, that certain piece, parcel or tract of land shown as a portion of Golf Tract #9 on the "Composite Map of River Club Golf Course for Litchfield Company of South Carolina," prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning on the western boundary of River Road where it intersects with Cypress Drive and running thence along the curve of Cypress Drive along a curve to the right or radius 823.29 feet with an arc length of 225.48 feet whose chord bears, South 82-13-04, East a distance of 224.78 feet; thence, North 89-56-10, East 121.56 feet; thence, following the curve of Cypress Drive along a curve to the right of radius 823.29 feet with an arc length of 320.90 feet whose chord bears North 78-46-11, East a distance of 318.87 feet thence, South 33-16-30, East 168.83 feet; thence, South 33-16-29, East 26 feet; thence, South 65-46-32, West 47.46 feet; thence, North 79-41-35, West 19.49 feet; thence, following the Northerly boundary of River Club Drive along a curve to the left of radius 576.05 feet with an arc length of 253.21 feet whose chord bears South 87-42-53, West a distance of 251.17 feet; thence continuing along the boundary of River Club Drive along a curve to the right of radius 813.11 feet with an arc length of 226.81 feet whose chord bears South 83-06-48, West a distance of 226.07 feet; thence, along said road a curve to the right of radius 238.00 feet with an arc length of 82.01 whose chord bears South 81-13-58, West 81.61 feet; thence, South 88-52-32, East 8.57 feet, thence, North 32-10-30, East 201.36 feet to THE POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING, those certain pieces, parcels or tracts of land being shown as Club House Site and Swimming Pool Area on "Composite Map of River Club Golf Course for Litchfield Company of South Carolina", prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning at a point on the Southern boundary of River Club Drive where the joint front corner of Phase I and Club House Site intersect, thence South 73-47-08, East 185.00 feet; thence following the curve of River Club Drive South 53-29-03, East, a chord of 164.68 feet; thence, South 33-10-59, East 265.47 feet; thence, South 33-10-59, East 165.01 feet; thence, South 57-18-22, West 141.15 feet; thence, South 57-18-22, West 228.34 feet; thence, South 57-18-22, West 24.66 feet; thence, North 77-41-38, West 238.00 feet; thence, North 32-41-38, West 113.00 feet; thence, North 77-41-38, West 127.50 feet; thence, North 11-58-20, East 368.11; thence, North 49-17-25, East 59.80 feet; thence, North 29-28-38, East 162.09 feet, thence, North 16-12-52, East 10.00 feet; to the POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING, that certain piece, parcel or tract of land known as Entrance Area #2 shown on "Composite Map of River Club Golf Course for Litchfield Company of South Carolina," prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning on the eastern boundary of River Club Drive at the joint corner of Phase 3 and Entrance Area #2, thence, South 82-42-01, East 362.95 feet; thence, South 16-56-55, West 101.43 feet; thence, North 82-42-01, West 347.20 feet; thence following the curve of River Club Drive, North 08-01-09, East, a chord of 100.01 feet, to the POINT OF BEGINNING.

ALSO SAVING AND EXCEPTING, that certain piece, parcel or tract of land being known as Entrance Area #3 as shown on "Composite Map of River Club Golf Course for Litchfield Company of South Carolina," prepared by Sur-Tech, Inc., dated February 2, 1984, being more particularly described as follows: Beginning at a point on the Northwesterly side of River Club Drive at the joint front corner of Open Area #2 and Entrance Area #3 as shown on said Plat, thence, North 32-10-26, East 101.50 feet; thence, South 67-41-55, East 123.89 feet; thence, following the curve of River Club Drive, South 22-18-05, West, a chord of 100.00 feet; to the POINT OF BEGINNING.

GENERAL COVENANTS

This Declaration of Rights, Restrictions, Affirmative Obligations and Restrictions applicable to all Property at Litchfield-by-the-Sea reflects the updated complete Declaration of Covenants as of October 15, 1984.

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**DECLARATION OF RIGHTS,
RESTRICTIONS, AFFIRMATIVE OBLIGATIONS
AND CONDITIONS APPLICABLE TO ALL PROPERTY
AT LITCHFIELD-BY-THE-SEA**

WHEREAS, Litchfield-by-the-Sea, Inc., a Delaware corporation qualified to do business in South Carolina (the "Company") is the owner of certain lands located at a proposed community known as Litchfield-by-the-Sea, in Georgetown County, South Carolina; and

WHEREAS, the Company desires that the covenants contained herein shall be covenants running with the land and shall apply to the lands known as Litchfield-by-the-Sea described in Exhibit "A" attached hereto and incorporated by reference herein; and

WHEREAS, the Company desires to reserve the right to amend, modify, add to, subtract from, cancel or in any way change these covenants for a limited period not to exceed five (5) years.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Company hereby covenants and agrees on behalf of itself, its successors and assigns, as follows.

ARTICLE I

DEFINITIONS

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

(a) "Association" shall mean and refer to Litchfield-by-the-Sea Community Association, Inc., a Delaware corporation qualified to do business in South Carolina, its successors and assigns, and to any other community or owners' association within the Property established in the future.

(b) "Company" shall mean and refer to Litchfield-by-the-Sea, Inc., a Delaware corporation qualified to do business in South Carolina, its successors and assigns.

(c) "Horizontal Property Regime" shall mean and refer to any horizontal property regime now or hereafter existing within the Property established pursuant to the Horizontal Property Act of the State of South Carolina, as amended.

(d) "Owner" shall mean and refer to all owners of an interest in real property within the Property, including but not limited to, the holders of record title to any Dwelling Unit, Residential Lot, Multiple Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or Unsubdivided Property (as such terms are defined in the Declaration of Covenants and Restrictions of Litchfield-by-the-Sea Community Association, Inc., as amended) and to the Association and each Horizontal Property Regime within the property.

(e) "Property" shall mean and refer to the lands described in Exhibits "A" and "B" attached hereto together with all improvements thereon whether presently existing or constructed in the future, including but not limited to common properties of any Association or horizontal Property Regime, Dwelling Units, Residential Lots, Multiple Family Tracts, Public or Commercial Sites, Public or Commercial Units, Development Unit Parcels or Unsubdivided Property.

The covenants and restrictions below will be referred to as the General Covenants of June, 1978, and are recorded in the Office of the Clerk of Georgetown County, South Carolina and may be incorporated by reference in deeds to real property executed and delivered by the Company by reference to the book and page of recording in the land records of said office.

ARTICLE II

COVENANTS, RESTRICTIONS AND AFFIRMATIVE

OBLIGATIONS APPLICABLE TO

ALL PROPERTY IN LITCHFIELD-BY-THE-SEA

The primary purpose of these covenants and restrictions is the creation of a community which is aesthetically pleasing, functionally convenient and in which property values are protected. The establishment at this time of detailed standards for the design, size and location of dwellings and other structures would make it difficult to take full advantage of the differing characteristics of each parcel of property and of technological advances and environmental values. For this reason such detailed standards are not established by these covenants but shall be separately established from time to time by the Company in order to implement the purposes of these covenants.

Section 1. Approval of Construction. No building or other structure shall be erected or placed on any of the Property until its site location, height, construction plans and construction specifications (including, but not limited to, all exterior finishing materials and treatments, and the complete plans for the provision of all utilities including, but not limited to, sanitary sewer, water, electricity, gas, storm drainage, telephone, cable T.V.), landscape plans (including, but not limited to, all driveways, garbage storage areas, mail boxes, parking areas, planting materials, pathways and other non-building improvements), construction schedule and such other information which may be reasonably requested pursuant to regulations of the Company shall have been approved in writing by the Company.

Section 2. Approval of Alterations. No exterior additions, signs, alterations, improvements or repairs, nor relocation of any structure shall be made on any of the Property until plans and specifications submitted in form and substance in conformity with the regulations of the Company for such proposed activity have been approved in writing by the Company.

Section 3. Site Alterations. No site alterations or improvements including, but not limited to, clearing or selective cutting, planting of shrubbery, trees or other vegetation, grading, filling, excavating, drainage work or placement of utilities shall be made without the written Approval of the Company.

Section 4. Administrative Procedures. Reasonable administrative procedures and regulations for approvals and for the form and content of plans, specifications and other materials required to be submitted shall be promulgated by the Company. Refusal to grant approval

may be based by the Company upon any reasonable ground, including purely aesthetic conditions, at the sole discretion of the Company, in the event approval is neither granted nor denied within sixty (60) days following receipt by the Company of all documentation and information required by it, approval shall be deemed to have been granted.

Section 5. Owner's Obligation to Maintain Property. It shall be the responsibility of each Owner (specifically including with respect to common properties, an Association or Horizontal Property Regime) to prevent the development of any unclean, unsightly or unkempt conditions with respect to buildings or landscaping on his property which shall tend to decrease the beauty of the specific area or the Property as a whole. All buildings, landscaping and grounds shall be maintained in a condition to preserve the values of all properties within the Property. If an Owner shall fail to maintain his buildings, landscaping and grounds in a condition necessary to preserve the values of all properties or if an Owner shall allow the development of any unclean, unsightly or unkempt condition of buildings, landscaping or grounds, such condition shall be corrected by the Owner at the Owner's sole expense upon written request by the Company. Upon failure of the Owner to correct such conditions within thirty (30) days after written notice has been deposited postpaid in the United States mail addressed to the Owner at his address as set forth in the records of the Company, the Company shall have the right to correct such condition and the expense of such correction shall be paid by the Owner. Such charge together with interest at the maximum rate allowed by law and all costs of collection shall be a continuing lien on the property of such Owner.

Section 6. Reservation of Utility Easements. The Company reserves unto itself, its successors and assigns, a perpetual, alienable and releaseable easement and right on, over and under the Property to erect, maintain and use poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, community antenna television service gas, sewer, water or other public conveniences or utilities on, in or over those portions of the Property, as may be reasonably required for utility line purposes, provided however, that no such utility easement shall be applicable to any portion of the Property as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Company, or (b) have been designated as the site for a building on plans which have been approved in writing by the Company. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. Such rights may be exercised by any licensee of the Company. The reservations herein shall not be considered an obligation of the Company to provide or maintain any such utility or service.

Section 7. Prohibition of Offensive Activities. No noxious or offensive activity shall be carried on upon any of the Property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the Owners. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the community by the Owners thereof.

Section 8. Restrictions Upon Temporary Structures. No structure of a temporary character shall be placed upon the Property at any time; provided, however, that this prohibition shall not apply to shelters or temporary structures used by any contractor during construction and shall not apply to any sales offices or model units maintained by the Company or its agents. The design and color of temporary structures shall be subject to reasonable aesthetic control by the Company.

Section 9. Prohibition of Antennas. No television antenna, radio receiver or sender or other similar device shall be installed on the Property; provided, however, that the provisions of this paragraph shall not apply to the Company or to the Association for the installation or equipment necessary for a master antenna system, C.A.T.V. and mobile radio systems or other similar systems within the Property.

Section 10. No Trespass. Whenever the Company is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action, the entering on any portion of the Property to take such action shall not be deemed a trespass.

Section 11. Health and Fire Control. The Company reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the Property to dispense pesticides and take other action which in the opinion of the Company is necessary or desirable to control insects and vermin, to cut fire breaks and other activities which in the opinion of the Company are necessary or desirable to control fires on the Property.

Section 12. Prohibition of Motor Boats. In order to protect the natural beauty and water quality of the lakes, no water craft propelled by an engine of any type shall be allowed in the lakes except to perform maintenance or other community related functions or unless otherwise consented to in writing by the Company.

Section 13. Prohibition of Hunting and Firearms. No hunting by any means or discharge of firearms of any type shall be allowed on the Property.

Section 14. Prohibition of Vehicles on Beach and Sand Dunes. No motor vehicles of any nature shall be allowed on the beach or in me sand dune areas of the Property, except vehicles of the Company.

Section 15. Prohibition of Certain Vehicles Outside of Designated Areas. No trailers, boats, campers, vans or vehicles of any type which are not automobiles shall be parked or stored on the Property except in areas specifically designated for that purpose by the Company or with the express written consent of the Company.

Section 16. Prohibition of Certain Materials and Furnishings. No deck furnishings or interior furnishings or materials, including but not limited to window coverings and deck furniture, shall be placed or displayed in a manner which can be seen from the exterior of any building except in accordance with rules and regulations of the Company or with the express written consent of the Company.

Section 17. Prohibition of Certain Objects on Property. No objects may be left standing under any building within the Property which can be seen from the exterior of any building except in accordance with rules and regulations of the Company or with the express written consent of the Company.

Section 18. Review of Regime and Association Rules. No Association or Horizontal Property Regime within the Property shall adopt rules and regulations relating to the external use and appearance of the common property of such Regime or Association which have not been approved in writing by the Company.

Section 19. Prohibition of Motorcycles. No motorcycles shall be allowed on the Property except with the written permission of the Company.

Section 20. Power of Attorney. No Owner may transfer or convey an interest in real property within the Property without delivering to the Company a form of Power of Attorney approved by the Company and duly executed by the transferee appointing each Horizontal Property Regime and each Association in which the transferee shall be a member as his attorney-in-fact to take such actions as are specifically set forth in the Master Deed of such Horizontal Property Regime and in the Declaration of Covenants and Restrictions of such Association

ARTICLE III

ADDITIONS, LIMITATIONS, DURATION AND

VIOLATION OF COVENANTS

Section 1. Duration. All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them, specifically including, but not limited to, the successors and assigns, if any, of the Company for a period of thirty (30) years from the execution date of this Declaration after which time all said covenants shall be automatically extended for successive periods of ten (10) years, unless changed in whole or in part by an instrument signed by a majority of the then Owners substantially affected by such change in covenants and placed of record.

Section 2. Amendment. The Company reserves the right to amend, modify, add to, subtract from, cancel or in any way change these covenants for a period of five (5) years from the date hereof.

Section 3. Remedies. In the event of a violation or breach of any of the restrictions contained herein by any owner, or agent of such Owner, the Company, the Owners, or any of them, jointly or severally shall have the right to proceed at law or in equity to compel compliance with the terms hereof or to prevent a violation or a breach. In addition to the foregoing, the Company shall have the right, whenever there shall have been built any structure which is in violation of these restrictions, to enter upon such property where such violation exists and summarily abate or remove the same at the expense of the Owner, if after thirty (30) days' written notice of such violation it shall not have been corrected by the Owner. Any such entry and abatement or removal shall not be deemed a trespass. Any person entitled to file a legal action for the violation of these covenants shall be entitled to recover reasonable attorneys' fees as a part of such action. The failure to enforce any rights, reservations, restrictions, or conditions contained in this Declaration, however long continued, shall not be deemed a waiver of the right of enforcement thereafter as to the same breach, or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement.

Section 4. Additional Restrictions. The Company hereby reserves the right to add additional restrictive covenants in the future which may apply to any portion of the Property which has not been conveyed by the Company to any grantee. After five (5) years from the date hereof, the Company may not unilaterally amend these covenants, and thereafter, the right to add restrictive covenants to Property not yet conveyed does not give the Company the right to add covenants to Property conveyed or except as provided herein, to limit the application of these covenants to any of the Property whether conveyed or retained by the Company.

Section 5. Assignment. The Company reserves the right to assign to Litchfield-by-the-Sea Community Association, Inc. any of its rights reserved in these covenants including but not limited to, its right to approve or disapprove plans and specifications of proposed improvements or alterations.

Section 6. Severability. Should any covenant or restriction herein contained, or any article, section, subsection, sentence, clause phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no wise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 7. Captions and Headings. Captions and headings used herein are for convenience only, are not a part of these covenants and shall not be used in construing any provision hereof.

Section 8. Pronouns. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine, neuter, singular or plural, as the identity of the person or entity may require.

EXHIBIT A

TO

DECLARATION OF RIGHTS, RESTRICTIONS,

AFFIRMATIVE OBLIGATIONS AND

CONDITIONS APPLICABLE TO ALL PROPERTY

AT LITCHFIELD-BY-THE-SEA

All that certain, piece, parcel or tract of land, situate, lying and being in Township No 7, Georgetown County, Litchfield Beach South Carolina, containing 288 1522 acres, more or less, as shown on a Plat thereof entitled "Boundary Survey for Litchfield-by-the-Sea Inc Township No 7, Georgetown County, Litchfield Beach, South Carolina" dated October, 1978, prepared by Moore, Gardner and Associates Inc , certified November 29, 1978, by Olyn W. Wright, R L S and recorded July 12, 1979, in the Office of the Clerk of Court for Georgetown County in Plat Book GG, at Page 33 Said Plat is hereby incorporated by reference in its entirety herein, and said Tract is more fully and in detail described according to said Plat as follows, to wit:

BEGINNING on the Southeastern right-of-way of U S Highway No. 17 at a point on the corner of said Tract and common to land now or formerly of Tom Small designated E I P (existing iron pin) on said Plat and running thence generally in a Northeasterly direction on a line bearing North 32° 55' 08" East for a distance of 2105.46 feet to a point, thence in a generally Southeasterly direction on a line bearing South 74° 34' 18" East for a distance of 2078.65 feet to a point, thence continuing on a line bearing South 74° 20' 21" East for a distance of 63.94 feet to a point, thence continuing on a line bearing South 74° 20' 21" East for a distance of 171.90 feet to a point thence continuing on a line bearing South 74° 19' 27" East for a distance of 349.67 feet to a point, thence continuing on a line bearing South 74° 19' 27" East for a distance of 92.75 feet to a point, thence continuing on a line bearing South 74° 19' 27" East for a distance of 406.26 feet to a point, designated as South Carolina Grid Point 605115.669 North, 2583706.359 East and having a longitude of 79° 05' 08" 244 and a latitude of 33° 28' 55" 030, thence in a generally Southwesterly direction following the high water mark of the Atlantic Ocean and shown generally on the said Plat by a line representing the mean high water line of the Atlantic Ocean bearing South 32° 29' 09" West for a distance of 1082.86 feet to a point, thence continuing on a line bearing South 32° 29' 09" West for a distance of 2230 11 feet to a point thence continuing on a line bearing South 32° 30' 53" West for a distance of 720.95 feet to a point, thence continuing on a line bearing South 30° 57' 42" West for a distance of 493.82 feet to a point, thence continuing on a line bearing South 31° 31' 42" West for a distance of 735.73 feet to a point, thence in a generally Northwesterly direction on a line bearing North 60° 35' 07" West for a distance of 214.15 feet to a point, thence continuing on a line bearing North 60° 35' 07" West for a distance of 245.82 feet to a point thence in a generally Southwesterly direction on a line bearing South 61° 31' 14" West for a distance of 116.83 feet to a point, thence in a generally North westerly direction on a line bearing North 61° 37' 56" West for a distance of 1228.57 feet to a point, thence in a generally Northeasterly direction on a line bearing North 48° 10' 52" East for a distance of 218.08 feet to a point, thence in a generally Northwesterly direction on a line bearing North 17° 50' 17" West for a distance of 781.93 feet to a point, thence in a generally Northeasterly direction on a line bearing North 44° 22' 52" East for a distance of 1598.36 feet to a point, thence in a generally Northwesterly direction on a line bearing North 78° 00' 54" West for a distance of 202.18 feet to a point, thence in a generally Northeasterly direction on a line bearing North 32° 38' 05" East for a distance of 454.97 feet to a point, thence in a generally Northwesterly direction on a line bearing North 71° 08' 52" West for a distance of 661.21 feet to a point, thence continuing on a line bearing North 68° 01' 44" West for a distance of 285.61 feet to a point being the POINT OF BEGINNING.

SAVING AND EXCEPTING therefrom that certain piece, parcel or tract of land, situate, lying and being in the County of Georgetown State of South Carolina and being a portion of the tract above described and designated as "Well-Site Area 0.23 AC " on the above described Plat and more fully described according to said Plat as follows:

Commencing on the Southern right-of-way line of U S Highway No. 17 at an existing iron pin on the corner of said tract known as Litchfield-by-the-Sea and common to land now or formerly of Tom Small and running thence in a Southeasterly direction on a line bearing South 68° 01' 44" East for a distance of 120.54 feet to a point, being the Point of Beginning, thence in a generally Northeasterly direction on a line bearing North 21° 45' 08" East for a distance of 100.00 feet to a point, thence in a generally Southeasterly direction on a line bearing South 68° 01' 44" East for a distance of 100.00 feet to a point, thence in a generally Southwesterly direction on a line bearing South 21° 45' 08" West for a distance of 100.00 feet to a point, thence in a generally Northwesterly direction on a line bearing North 68° 14' 52" West for a distance of 100.00 feet to a point, being the POINT OF BEGINNING.

ALSO

SAVING AND EXCEPTING therefrom all that certain piece, parcel or tract of land situate, lying and being in the County of Georgetown State of South Carolina and being a portion of the tract above described and designated as "Lift Station 0.01 AC " on the above described Plat and more fully described by that certain Deed dated June 20, 1975 from International Paper Realty Corporation to Georgetown County Water and Sewer District and recorded in the Office of the Clerk of Court for Georgetown County on June 26, 1975 in Book 130 at Page 535 and described by said Deed as follows:

"PARCEL A: That certain piece, parcel or lot of land situate, lying and being in Tax District No 4, Georgetown County South Carolina containing 0.01 of an acre as shown on a plat prepared for the Georgetown County Water and Sewer District by Robert E Collingwood Jr R L S , revised May 2,1974 and recorded in the Office of the Clerk of Court for Georgetown County in Plat Book AA, at Page 85 Said 0.01 acre lot is identified as a lift station on said plat and is more fully and in detail identified and described according to said plat as follows COMMENCING at an iron on the Eastern edge of the right-of-way of U S Highway No. 17 which marks the northernmost corner of said lot and running thence South 53° 55' East 20 feet to a point thence South 36° 05' West 20 feet to a point thence North 53° 55' West 20

feet to a point on the right-of-way of U.S. Highway No. 17, thence turning and following the right-of-way of said Highway and running North 36° 05' East 20 feet to the point of beginning. All of which more fully appears upon said plat which by this reference is incorporated, **pro tanto**, as part of this description."