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DECLARATION

OF

COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

TELFAIR PLANTATION

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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
TELFAIR PLANTATION

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR TELFAIR PLANTATION is made this 5th day of September, 2007, by North Savannah Properties, L.L.C., a South Carolina limited liability company (the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of certain real property located in Jasper County, South Carolina, which is more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference, and the Declarant desires to subject such property to the provisions of this Declaration and to develop the property as Telfair Plantation and to provide a method for the administration and maintenance of such property; and

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

ARTICLE I
DEFINITIONS

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

- (a) "Annual Assessment" shall mean and refer to assessments levied on all Units to fund Common Expenses as determined in accordance with Article VIII.
- (b) "Architectural Standards Committee" shall mean and refer to the Declarant's Plans Approval Board or such other body as the Declarant, its successors or assigns shall designate.
- (c) "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Telfair Plantation Property Owners Association, Inc., as amended from time to time.
- (d) "Association" shall mean and refer to Telfair Plantation Property Owners Association, Inc., a South Carolina nonprofit corporation to be established by the Declarant.

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

(f) "By-Laws of the Association" or the "By-Laws", which are attached as **Exhibit "B"**, shall mean and refer to the By-Laws of Telfair Plantation Property Owners Association, Inc. which govern the administration and operation of the Association, as the same may be amended from time to time.

(g) "Common Area(s)" shall mean and refer to all real and personal property now or hereafter designated in writing by the Declarant as Common Areas and conveyed to the Association by quit claim deed or designated as such and held by the Declarant for the benefit of the Association. Such real property may include but shall not be limited to the Roadway Easement, walkways, rights-of-ways, open spaces (landscaped and natural), lagoons, recreational facilities, well-sites, Tide Control Structures, and such other common areas which have been or may be designated by the Declarant as constituting Common Areas within the Property, together with such improvements thereon as may be necessary for the maintenance and upkeep of such areas. The Declarant, after the execution of this Declaration, may designate additional real property located within the Property as Common Areas by the filing in the Office of the Register of Deeds for Jasper County, South Carolina, a supplement to the Declaration so designating such additional real property being designated as Common Areas. Nothing contained herein shall limit the type of personal property which may be owned by the Association as Common Areas.

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

(i) "Community Enhancement Assessment" shall mean and refer to an assessment payable to the Association upon the sale of a Unit as described in Section 8.06 herein.

(j) "Declarant" shall mean and refer to: (i) North Savannah Properties, LLC, a South Carolina limited liability company; (ii) any successor-in-title to the entire interest of North Savannah Properties, LLC with respect to the Property at the time of such transfer to said successor-in-title; (iii) any party who acquires Declarant's entire interest with respect to the Property at the time of such acquisition pursuant to foreclosure of a Mortgage encumbering Declarant's interest in the Property; or (iv) any party receiving an assignment of the rights of the Declarant hereunder.

(k) "Declarant Management Period" shall mean and refer to that period of management of the Association by the Declarant as described in Article IV.

(l) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, and Restrictions for Telfair Plantation and all amendments thereof filed for record in the Office of the Register of Deeds for Jasper County, South Carolina.

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

(n) "Dwelling" shall mean and refer to any improved property intended for use as a single-family detached dwelling located within the Development.

(o) "Equestrian Center Easement" shall mean and refer to an easement specifically granted or reserved in the future or designated on Plats depicting Lots which shall encumber Common Areas or other portions of the Property for the use of the Equestrian Trails. The Equestrian Center Easement is created pursuant to the Use Agreement. The Use Agreement is incorporated by reference herein.

(p) "Equestrian Property" shall mean and refer to a parcel containing eighty-five and thirty-one one hundredths of an acre (85.31), more or less, designated as Lot "C" on that certain plat entitled "A Subdivision of 1609.07 Acres located in Jasper County, SC, A Portion of the Delta Plantation Surveyed for North Savannah Properties, LLC" dated March 3, 2004, as last revised on August 12, 2004, prepared by EMC Engineering Services, Inc., which plat is recorded in the Office of the Register of Deeds for Jasper County, South Carolina, in Plat Book 27 at Page 357.

(q) "Equestrian Trails" shall mean and refer to certain areas within the Development designated as trails for horseback riding, pedestrian access, and non-motorized bicycle access.

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

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

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

(u) "Lot Conservation Area" shall mean the area between the lot lines and the building setback lines shown on the recorded subdivision map totaling 81.26 acres.

(v) "Member" shall mean and refer to a person subject to membership in the Association pursuant to Article IV.

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

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

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

(z) "Owner" shall mean and refer to one or more persons, including Declarant, who or which owns fee simple title to any Unit excluding, however, those persons having such an interest under a Mortgage. In the event that there is recorded in the Office of the Register of Deeds for Jasper County, South Carolina, any installment land sales contract covering any Unit shall be the purchaser under said contract and not the fee simple title holder. An installment land sales contract shall be an instrument whereby the purchaser is required to make payment for a Unit for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to such Unit until all such payments are made, although the purchaser is given use of such Unit.

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

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

(cc) "Roadway Easement" shall mean and refer to that certain easement granted by SCAD for the use and benefit of the Declarant, Association and the Members, said Roadway Easement being recorded in the Office of the Register of Deeds for Jasper County, South Carolina in Book 595 at Page 234.

(dd) "SCAD" shall mean and refer to The Savannah College of Art and Design, Inc., a Georgia non-profit corporation.

(ee) "Special Assessment" shall mean and refer to assessments levied in accordance with Section 8.04.

(ff) "Specific Assessment" shall mean and refer to assessments levied in accordance with Section 8.05.

(gg) "Tide Control Structures" shall mean the headwall and box culverts in the northeast corner of the property under the Old Screven Ferry Road which divides the Property from the lands owned now or formerly by John E. Cay, III.

(hh) "Unit" shall mean and refer to a portion of the Property, whether a Lot or Dwelling, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon.

(ii) "Use Agreement" shall mean and refer to that certain Use Agreement and Agreement to Grant Easements by and between the Declarant and SCAD dated September 14, 2004.

(jj) "Working Capital Fee" shall mean and refer to the fee levied in accordance with Section 8.07.

ARTICLE II

PLAN OF DEVELOPMENT

2.01 Plans of Development of Property.

(a) The real property which is, and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to this Declaration is shown and described on Exhibit "A" including but not limited to the Units, road right-of-ways, drainage systems, Common Areas, Equestrian Trails, other improvements serving the Units to the extent the same are from time to time installed and existing.

(b) Declarant reserves the right to impose covenants, conditions, and restrictions on the Units, Common Areas, Community Roads, road right-of-ways and Equestrian Trails, other improvements, and other lands that the Declarant may from time to time own or develop within the Property, which covenants, conditions, and restrictions shall be in addition to but not in abrogation or substitution of those imposed by this Declaration.

(c) Declarant shall have the right, but not the obligation for so long as Declarant owns a Unit primarily for the purpose of sale, to make improvements and changes to all Units owned by the Declarant, including without limitation, (i) changes in the location of the boundaries of any Units and designated Common Areas, and (ii) installation and maintenance of well-sites and other utility systems and facilities.

2.02 Interest Subject to Plan of Development. Every purchaser of a Unit shall purchase such Unit and every Mortgagee and lienholder holding an interest therein shall take title, or hold such security interest with respect thereto, with notice of Declarant's plan of development as herein set forth. Any provision of this Declaration to the contrary notwithstanding, the provisions of the foregoing plan of development set forth in this Article II may not be abrogated, modified, rescinded, supplemented, or amended in whole or in part without the prior written consent of Declarant.

ARTICLE III

PROPERTY RIGHTS

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

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

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

(b) The rights and easements reserved to Declarant in Sections 3.03, 3.04, 3.05, 3.06, 3.07, 3.08, 3.09 and 3.10 hereof.

(c) The right of the Association to grant and accept easements as provided in Section 3.08 hereof and to dedicate or transfer fee simple title to all or any portion of the Common Areas to any public agency or authority, governmental authority, body politic, public service district, public or private utility, or other person, provided that any such transfer of the simple title must be approved by a majority of those present in person or by proxy at a duly held meeting of the Association and by Declarant, for so long as Declarant owns any Unit primarily for the purpose of sale.

(d) The rights and easements reserved in Section 3.07 hereof for the benefit of the Association, its directors, officers, agents, and employees.

3.03 Equestrian Center Easement. In accordance with the Use Agreement executed by Declarant and SCAD, and incorporated by reference herein, the Declarant hereby reserves for the benefit of SCAD, its students, boarders, guests, designees, employees, and/or agents, Owners, and the Association, an easement for pedestrian, vehicular (provided same is limited to the use of emergency vehicles, maintenance vehicles, or other vehicles SCAD may require for the use and maintenance of the Equestrian Trails), and equine access over and across the Equestrian Trails located on the Property.

3.04 Access. All Owners, by accepting title to Units, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such Unit and acknowledge and agree that their means of access and ingress and egress to their Units shall be limited to the road right-of-ways contained within the Common Areas. Declarant reserves the right to restrict access over all the roads within the Development as it deems fit, so long as Owners possess an adequate and convenient means of access to Units located in the Development.

3.05 Easements for Declarant. During the period that Declarant owns any Unit primarily for the purpose of sale, Declarant shall have an alienable and transferable right and easement on, over, through, under, and across the Common Areas for the purpose of constructing Dwellings and other improvements in and to the Lots and for installing, maintaining, repairing, and replacing such other improvements to the Property (including the Equestrian Trails and portions of Common Areas) as are contemplated by this Declaration or as Declarant desires, in its sole discretion, including, without limitation, any improvements or changes permitted and described by Article II hereof, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event shall Declarant have the obligation to do any of the foregoing.

3.06 Changes in Boundaries; Additions to Designated Common Areas. Declarant expressly reserves for itself and its affiliates, successors and assigns, the right to change and realign the boundaries of any Units owned by Declarant, including the realignment of boundaries between adjacent Units owned by Declarant.

3.07 Easements for Utilities. There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from any public authority or agency, public service district, public or private utility, or other person, upon, over, under, and across (i) all of the Common Areas, and (ii) all land located along the interior of and within ten (10') feet of each boundary of all Lots and all Dwellings, such lands to be bounded by the exterior boundaries of such Units and by lines in the interior of such Units which are exactly ten (10') feet from such exterior boundaries, for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, and utilities, including, but not limited to storm drainage systems, electrical, telephone, cable television, water lines.

3.08 Sales and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Declarant and its affiliates, successors and assigns the alienable and transferable right and easement in and to the Property for the construction

and maintenance of signs, sales offices, construction offices, business offices, and model Dwellings, together with such other facilities as in the sole opinion of Declarant may be reasonably required, convenient, or incidental to the completion, improvement, or sale of Units for so long as Declarant owns any Unit primarily for the purpose of sale. Declarant shall have the right to locate the above-described sales and construction offices within any property owned by Declarant without the additional consent of any Owners.

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

ARTICLE IV

MEMBERSHIP

4.01 Membership. Every Owner is automatically a Member of the Association. However, there shall be only one membership per Unit. Thus, if a Unit is owned by more than one Owner, all co-Owners of the Unit shall share the privileges of such membership, and all co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, steward, member, partner or trustee, or by any individual designated from time to time by the Owner in writing to the secretary of the Association.

4.02 Voting. The Association shall have two classes of membership, Class "A" and Class "B".

(a) Class "A". Class "A" Members shall be all Owners of Units. Class "A" Members shall have one (1) vote for each Unit owned.

(b) Class "B". The sole Class "B" Member is the Declarant. After termination of the Declarant Management Period as described below, the Class "B" Member shall have a right to disapprove actions of the Board, the Architectural Standards Committee, and committees as provided in the Bylaws. The Class "B" membership shall terminate upon the earlier of: (i) two years after expiration of the Declarant Management Period; or (ii) when, in its discretion, the Declarant so determines and declares in an instrument recorded in the Public Records.

Upon termination of the Class "B" membership, the Declarant shall be a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

(c) Declarant Management Period. The Declarant shall appoint all members of the Board of Directors during the Declarant Management Period which shall continue until the first to occur of the following: (i) when one hundred (100%) percent of the total number of Units permitted by the Development Agreement have certificates of occupancy thereon and have been conveyed to Persons other than Builders; or (ii) when, in its discretion, the Declarant so determines and voluntarily relinquishes such right in writing by the filing of a Supplement.

(d) Suspension of Voting Rights. No vote shall be exercised for any Unit if any assessment for the Unit is delinquent or for any property which is exempt from assessment.

(e) Exercise of Voting Rights. The vote for each Unit owned by a Class "A" Member shall be exercised by the Owner of the Unit. If there is more than one (1) Owner of a Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Association's secretary in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

ARTICLE V MAINTENANCE

5.01 Responsibilities of Owners. All maintenance and repair of Units, together with all other improvements thereon or therein, and all lawns, landscaping, and grounds on and within a Unit shall be the responsibility of the Owner of such Unit. Each Owner shall be responsible for maintaining such Owner's Unit in a neat, clean, and sanitary condition. As provided in Section 5.02(b) hereof, each Owner shall also be obligated to pay for the costs incurred by the Association for maintaining or cleaning any item which is the responsibility of such Owner, but which responsibility such Owner fails or refuses to discharge. Except for the Declarant, no Owner shall decorate, change, or otherwise alter the appearance of any portion of the exterior of a Dwelling, building or other improvement or the landscaping, grounds, or other improvements within a Lot unless such decoration, change, or alteration is first approved, in writing, by the Architectural Standards Committee as provided in Article IX hereof.

5.02 Association's Responsibility.

(a) Except as may be herein otherwise specifically provided, after the Common Areas have been deeded to the Association, the Association shall maintain and keep in good repair (i) all portions of the Common Areas, which responsibility shall include the maintenance, repair, and replacement of the road right-of-ways, Tide Control Structures and Equestrian Trails, and (ii) such utility lines and related systems which are a part of the Common Areas and which are not maintained by a public authority, public service district, public or private utility, or other person. Declarant shall be responsible for maintenance until such time as the Association is responsible. No diminution or abatement of assessments, fees, or charges shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments, fees, and charges being a separate and independent covenant on the part of each Owner.

(b) Although the Owner and then the Association shall be obligated to repair and maintain the Tide Control Structures, Jasper County shall be allowed to perform such maintenance in the case of an emergency. Access to the Tide Control Structures shall be across the Equestrian Center

Easement which is shared by the owners in Telfair Plantation and the Savannah College of Art and Design.

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

ARTICLE VI

INSURANCE AND CASUALTY LOSSES

6.01 Insurance.

(a) The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

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

(c) The Board or its duly authorized agents shall have the authority and may obtain: (i) worker's compensation insurance to the extent necessary to comply with any

applicable laws, and (ii) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

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

(e) It shall be the individual responsibility of each Owner of a Unit at his own expense to provide, as he sees fit, public liability, property damage, title, and other insurance with respect to his own Lot and Dwelling. Notwithstanding the foregoing, Declarant shall not be required to maintain insurance on Units owned by the Declarant.

6.02 Damage or Destruction to Units. In the event of damage or destruction by fire or other casualty to any Dwellings and in the further event that the Owner of such Dwelling, responsible for the repair and replacement thereof, elects not to repair or rebuild the damaged or destroyed Dwelling, such Owner making such election shall promptly clear away the ruins and debris of any damaged improvements of vegetation and leave the Lot, in a clean, orderly, safe, and sightly condition. Should such Owner elect to repair or rebuild such Dwelling, such Owner shall repair or rebuild such Dwelling to substantially the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions, and provisions of this Declaration (including, without limitation, Article IX hereof). All such work or repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion.

ARTICLE VII ADMINISTRATION

7.01 Common Areas. The Association, subject to the rights of Declarant and the rights and duties of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon and shall keep the same in a good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions thereof, except to the extent otherwise required by the provisions of the South Carolina Code of Laws relating to nonprofit corporations, this Declaration, the By-Laws, or the Articles of Incorporation, the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the officers of the Association, without any further consent or action on the part of the Owners.

7.02 Duties and Powers. The duties and powers of the Association shall be those set forth in the provisions of the South Carolina Code of Laws relating to nonprofit corporations, this Declaration, the By-Laws, and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association; provided, however, that if there are conflicts or

inconsistencies between the South Carolina Code of Laws, this Declaration, the By-Laws, and the Articles of Incorporation, in that order, shall prevail, and each Owner of a Unit, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association may exercise any other right or privilege given to it expressly by this Declaration or by law, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Such powers of the Association shall include, but shall not be limited to, the power to purchase or otherwise receive title to one or more Units, or Common Areas and to hold, lease, mortgage, sell, and convey the same. Such duties may include, but shall not be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to Units, to furnish trash collections and water.

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

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

7.05 Rules and Regulations. As provided in Article X hereof, the Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Units and Common Areas, which rules and regulations shall be consistent with the rights and duties established by this Declaration.

ARTICLE VIII ASSESSMENTS

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

8.02 Creation of Lien and Personal Obligation of Assessments. Each Owner of a Unit, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association: (a) Annual Assessments to be established and collected as provided in Section 8.03 hereof, (b) Special Assessments to be established and collected as provided in Section 8.04 hereof, (c) Specific Assessments to be established and collected as provided in Section 8.05 hereof, (d) Community Enhancement Assessments to be established and collected as provided in Section 8.06 hereof, and (e) a Working Capital Fee to be established and collected as provided in Section 8.07 hereof. Any such assessments or fees, together with late charges, simple interest at the maximum rate allowable by law per annum, and court costs and attorneys' fees incurred to enforce or collect such assessments, shall be an equitable charge and a continuing lien upon the Unit, the Owner of which is responsible for payment. Each Owner shall be personally liable for assessments and fees coming due while he is the Owner of a Unit, and his grantee shall take title to such Unit, subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefor; provided, however, the lien for unpaid assessments and fees shall not apply to the holder of any first priority Mortgage or to the holder of any Mortgage securing a loan made by Declarant, its affiliates, successors, or assigns, and who takes title to a Unit, through foreclosure or through conveyance of a deed in lieu of foreclosure or to any purchaser of such Unit at such foreclosure sale. In the event of co-ownership of any Unit, all of such co-Owners shall be jointly and severally liable for the entire amount of such assessments or fees. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors. For all Units owned by Declarant, yearly assessments shall be paid to the Association by Declarant in an amount as determined in the sole discretion of Declarant. The above-referenced right of Declarant to calculate the annual assessments to be levied in any and all Units owned by Declarant shall continue in force for as long as such Units are owned by Declarant.

8.03 Computation of Annual Assessments.

(a) It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming year, such budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The Board shall cause a copy of the budget and the proposed total of the annual assessments to be levied against Units, for the following year to be delivered to each Owner

at least fifteen (15) days prior to such meeting. The budget and the annual assessments shall become effective unless disapproved at the annual meeting by either: (i) Declarant, as long as Declarant has the authority to appoint and remove directors and officers of the Association, or (ii) a vote of a majority of the votes of the Owners who are voting in person or by proxy at such meeting. Notwithstanding the foregoing, in the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and annual assessments in effect for the then current year shall be increased in proportion by the greater of either ten (10%) percent of the budget and assessments for the previous year or by the percentage increase, if any, over the previous year's Consumer Price Index (all Urban Consumers, United States City Average, All Items 1967=100), or its successor index, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the Association for the approval of a special assessment as provided in Section 8.04 hereof. The Common Expenses to be funded by the Annual Assessments may include, but shall not necessarily be limited to, the following:

- (i) management fees and expenses of administration, including legal and accounting fees;
- (ii) utility charges for utilities serving the Common Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided or paid by the Association;
- (iii) the cost of any policies of insurance purchased for the benefit of all the Owners and the Association as required or permitted by this Declaration, including fire, flood, and other hazard coverage, public liability coverage, and such other insurance coverage as the Board of Directors determines to be in the interests of the Association and the Owners;
- (iv) the expenses of maintenance, operation, and repair of those portions of the Common Areas which are the responsibility of the Association under the provisions of this Declaration;
- (v) the expenses of maintenance, operation, and repair of other amenities and facilities serving the Development, the maintenance, operation, and repair of which the Board from time to time determines to be in the best interest of the Association;
- (vi) the expenses of the Architectural Standards Committee which are not defrayed by plan review charges;
- (vii) ad valorem real and personal property taxes assessed and levied against the Common Areas;

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

(ix) the expenses of maintenance, operation, repair and reconstruction of any and all road right-of-ways, Tide Control Systems and Equestrian Trails;

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

(b) The total annual assessments shall be divided equally among the Units as hereinafter provided.

8.04 Special Assessments. In addition to the annual assessments authorized above, the Association, acting through its Board of Directors, may levy, in any assessment year, special assessments for Common Expenses, applicable to that year only, provided that any such assessment shall be approved by: (i) Declarant, as long as Declarant owns any Unit primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, and (ii) by a majority of the votes of the Owners who are voting in person or by proxy at a meeting duly called for this purpose in accordance with the provisions of Section 8.06 hereof. The Board of Directors may make such special assessments payable in installments over a period which may, in the Board's discretion, extend in excess of the fiscal year in which adopted. Such special assessments are to be prorated among the Units, as provided with respect to annual assessments.

8.05 Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit or Units as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Unit(s) or Occupants thereof upon request of the Owner pursuant to a menu of optional services which the Association may offer. Specific Assessments may be levied in advance of the provision of the service as a deposit against charges to be incurred by the Owner; and

(b) to cover costs incurred in bringing the Unit(s) into compliance with the terms of this Declaration, or costs incurred as a consequence of the conduct of the Owner or Occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, however, the Board shall give the Unit Owner prior notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Specific Assessment under this subsection (b).

8.06 Working Capital Fee. Upon acquisition of record title to a Unit by the first Owner thereof other than the Declarant, a Working Capital Fee shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth (1/6) of the Annual Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the Annual Assessment and shall not be considered advance payments of such assessments. This amount shall be collected and disbursed to the Association at closing of the purchase and sale of the Unit for use in covering operating expenses and other expenses incurred by the Association.

8.07 Notice of Meeting and Quorum. Written notice of the annual meeting of the Association, as well as any other meeting called for the purpose of taking any action authorized under Section 8.03 and 8.04 hereof, shall be sent to all Members not less than fifteen (15) days nor more than forty-five (45) days in advance of such meetings. With respect to annual meetings, the presence of Members or proxies entitled to cast over one-half (1/2) of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be the presence in person or by proxy of Members having one-third (1/3) of the total votes of the Association. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

8.08 Liens. All sums assessed against any Unit, pursuant to this Declaration, together with court costs, reasonable attorneys' fees, late charges, and interest as provided herein, shall be secured by an equitable charge and continuing lien on such Unit, in favor of the Association. Such liens shall be superior to all other liens and encumbrances on such Unit, except only for: (i) liens of ad valorem taxes, and (ii) liens for all sums unpaid on a first priority mortgage or on any mortgage to Declarant, or its affiliates, successors, or assigns, and all amounts advanced pursuant to any such mortgage and secured thereby in accordance with the terms of such instrument. Notwithstanding the foregoing to the contrary, the subordination of assessments and charges to the lien of such mortgages shall only apply to such assessments and charges which have become due and payable prior to a foreclosure. All other persons acquiring liens or encumbrances on any Unit, after this Declaration has been recorded shall be deemed to consent that such liens or encumbrances shall be inferior to such future liens for assessments and charges as provided herein, whether or not such prior consent shall be specifically set forth in the instruments creating such liens or encumbrances.

8.09 Effect of Nonpayment; Remedies of the Association. Any Assessments or charge of an Owner or any portions thereof which are not paid when due shall be delinquent. Any assessment or charge delinquent for a period of more than ten (10) days after the date when due shall incur a late charge in an amount as may be determined by the Board from time to time and shall also commence to accrue simple interest at the rate of eighteen percent (18%) per annum or the maximum interest rate allowed by the laws of the State of South Carolina, whichever is lower. A lien and equitable charge as herein provided for each assessment or charge shall attach simultaneously as the same shall become due and payable, and if an assessment or charge has not been paid within thirty (30) days, the entire unpaid balance of the assessment or charge may be accelerated at the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such assessment or charge shall include the late charge established by the Board of Directors and interest on the principal amount due at the rate of eighteen percent (18%) per annum or the maximum interest rate allowed by the laws of the State of South Carolina, whichever is lower. All costs of

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

8.10 Certificate. The Treasurer, any Assistant Treasurer, or the manager of the Association shall, within ten (10) days of a written request and upon payment of such fee as is from time to time determined by the Board of Directors, furnish to any Owner or such Owner's Mortgagee which requests the same, a certificate in writing signed by said Treasurer, Assistant Treasurer, or manager setting forth whether the assessments and charges for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, accrued interest, and other penalty charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any assessments and charges stated therein to have been paid.

8.11 Date of Commencement of Annual Assessments. The Annual assessments provided for herein shall commence as to each Unit on the day on which such Unit is submitted to this Declaration and shall be due and payable in such manner and on such schedule as the Board of Directors may provide. Annual assessments and any outstanding special assessments shall be adjusted for such Unit according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such Unit is first conveyed.

ARTICLE IX ARCHITECTURAL STANDARDS AND USE RESTRICTIONS

9.01 Purpose. In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and aesthetically pleasing design for the Development, and to protect and promote the value of the Development, the Units, and all improvements located therein or thereon shall be subject to the restrictions set forth in this Article IX. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article IX.

9.02 Residential Use. All Units in Telfair Plantation shall be used for residential and related purposes only. A business activity shall be considered "related" to a residential use and thus permitted under this section only if conducted by a person or persons residing in the Unit and only if the business activity: (i) is not apparent or detectable by sight, sound or smell from outside of a permitted structure; (ii) complies with applicable zoning requirements; (iii) does not involve regular

visitation of the Unit by employees who do not reside in the Unit, clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Property; and (iv) is consistent with the Property's character and does not constitute a nuisance or a hazardous or offensive use, or threaten or endanger others, as the Board determines in its discretion.

The term "Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

9.03 Square Footage. No plans will be approved unless the proposed Dwelling will have a minimum required square footage of enclosed dwelling area in the amount of three thousand (3,000) square feet for the main house and will not exceed a maximum square footage of enclosed dwelling area in the amount of seven thousand five hundred (7,500) square feet for the main house. The square footage shall be in accordance with the Architectural Standards Committee Guidelines then in effect.

9.04 Architectural Standards Committee. The Architectural Standards Committee shall consist of not less than three members. Upon the recording of this Declaration, the Declarant shall appoint the members of the Architectural Standards Committee and shall continue to do so until the termination of the Declarant Management Period. Thereafter the Board of Directors shall appoint members to the Architectural Standards Committee. Any member appointed by the Board may be removed with or without cause by the Board at any time by written notice to such appointee, and a successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member. The Architectural Standards Committee shall elect a chairman and he, or in his absence, the vice chairman, shall be the presiding officer at its meetings. The Architectural Standards Committee shall meet at least once in each calendar month, as well as upon call of the chairman, and all meetings shall be held at such places as may be designated by the chairman. A majority of the members shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present in person or a proxy at a meeting of the Architectural Standards Committee shall constitute a quorum for the transaction of business, and affirmative vote of a majority of those present in person or by proxy at a meeting of the Architectural Standards Committee shall constitute the action of the Architectural Standards Committee on any matter before it. The Architectural Standards Committee is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, attorneys, and/or other professionals in order to advise and assist the Architectural Standards Committee in performing its functions set forth herein. Each member of the Architectural Standards Committee may be paid a stipend or honorarium as from time to time determined by the Board. The Architectural Standards Committee is hereby empowered to establish and promulgate architectural and landscaping policies and procedures which must be adhered to by all Owners, with the exception of Declarant, in undertaking any improvement within any Unit.

9.05 Permitted Improvements. No improvements of any nature whatsoever shall be constructed, altered, added to, or maintained upon any part of the Development, with the exception

of such improvements as are approved by the Architectural Standards Committee in accordance with this Article IX.

9.06 Construction of Improvements.

(a) All buildings, structures, or other improvements on or with respect to any Unit, shall be located only within the set-back lines specified on the plats thereof recorded at the time of submission of said Units to this Declaration, provided that the Architectural Standards Committee shall be empowered to grant variances with respect to such set-back lines. Should any variance be granted by the Architectural Standards Committee which reduces the Lot Conservation Area, additional area within the Lot shall be set aside as Lot Conservation Area in order that there is no net loss. To assure that Dwellings and other structures will be located so that the maximum view and privacy will be available to each Dwelling or structure, Dwellings and structures will be located with regard to the topography of each Lot and Dwelling, taking into consideration the location of trees and vegetation and other aesthetic and environmental considerations, as well as the precise site and location of any other Dwellings or structures within the Development.

(b) Dwellings may not be temporarily or permanently occupied until a Certificate of Occupancy has been issued by the Building Inspector or similar official for Jasper County, South Carolina. No temporary house, shack, tent, barn, or other outbuilding shall be permitted on any Unit at any time. During the continuance of construction by an Owner, such Owner shall require its contractors to maintain the Unit in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuse containers. Upon completion of construction, such Owner shall cause its contractors to immediately remove all equipment, tools, and construction material and debris from the Unit, on which such construction has been completed.

(c) The exterior of all Dwellings and other structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency, or natural calamities. Dwellings may not be occupied until the issuance of a certificate of occupancy by the appropriate governmental authority.

(d) All Dwellings constructed on any portion of the Property shall be designed by and built in accordance with the plans and specifications of a licensed architect or other qualified building designer unless the Board or its designee, in its sole discretion, otherwise approve.

9.07 Architectural Approval. To preserve the architectural and aesthetic appearance of the Development, no construction of improvements of any nature whatsoever shall be commenced or maintained by any Owner, other than Declarant, with respect to the construction or exterior of any Dwelling or with respect to any other portion of the Development, including, without limitation, the construction or installation of sidewalks, driveways, parking lots, mail boxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, awnings, walls, fences, exterior lights, garages, guest or servants' quarters, or other outbuildings, nor shall any exterior addition to or change or alteration therein be made (including, without limitation, painting or staining of any exterior surface), unless and until three (3) copies of the plans and specifications and related data

(including, if required by the Architectural Standards Committee, a survey showing the location of trees of six (6) inches in diameter at a height of four (4) feet and other significant vegetation on such Unit) showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to: (i) the harmony of external design; (ii) location; (iii) quality of design, workmanship and materials; and (iv) appearance in relation to surrounding structures and topography by the Architectural Standards Committee. At least one copy of such plans, specifications, and related data so submitted shall be retained in the records of the Architectural Standards Committee, and one copy shall be returned to the Owner marked "approved" or "disapproved". The Architectural Standards Committee shall establish a fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms hereof. Notwithstanding the foregoing, an Owner may make interior improvements and alterations within his Dwelling without the necessity of approval or review by the Architectural Standards Committee. The Architectural Standards Committee shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable to the Association. Following approval of any plans and specifications by the Architectural Standards Committee, representatives of the Architectural Standards Committee shall have the right during reasonable hours to enter upon and inspect any Unit, with respect to which construction is underway to determine whether or not the plans and specifications therefor have been approved and are being complied with. In the event the Architectural Standards Committee shall determine that such plans and specifications have not been approved or are not being complied with, the Architectural Standards Committee shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In the event the Architectural Standards Committee fails to approve or disapprove in writing any proposed plans and specifications within sixty (60) days after such plans and specifications shall have been submitted, such plans and specifications will be deemed to have been expressly approved. Upon approval of plans and specifications, no further approval under this Article IX shall be required with respect thereto, unless such construction has not substantially commenced within sixty (60) days of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. Refusal of approval of plans and specifications may be based by the Architectural Standards Committee upon any ground which is consistent with the objects and purposes of this Declaration, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

9.08 Approval Not a Guarantee. No approval of plans and specifications and no publication of architectural standards shall be construed as representing or implying that such plans, specifications, or standards will, if followed, result in properly designed improvements. Such approvals and standards shall in no event be construed as representing or guaranteeing that any Dwelling or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the Association, nor the Architectural Standards Committee shall be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Article IX, nor any defects in construction undertaken pursuant to such plans and specifications.

9.09 Service Yards. Each Owner shall provide a fenced area not generally visible from the road to serve as a service yard and storage area, the design of which must be approved by the Architectural Standards Committee.

9.10 Parking. Each Owner subject to these Covenants shall provide space for the parking of automobiles off of community streets and roads prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Declarant or Architectural Standards Committee.

9.11 Fishing. Fishing, shrimping, and crabbing privileges in the bodies of water of Telfair Plantation are restricted to Owners and their guests. South Carolina laws and the regulations of the South Carolina Game and Fishing Commission shall be observed while fishing, shrimping, or crabbing.

9.12 Time-share or Similar Ownership Prohibited. No Units may be sold under or utilized for or pursuant to any time-sharing, time interval, or similar right-to-use, lease, or license programs as those terms are currently generally utilized in the real estate industry or as those or similar terms are expressed, used or defined in the Vacation Time Share Plan Act, Section 27-32-10 *et seq.*, of the South Carolina Code of Laws, 1976, as amended, or any similar successor or supplementary laws or regulations.

9.13 Water Wells and Septic Tanks. No private water wells may be drilled or maintained on the Property. In addition, no septic tanks are allowed on the Property without the express written consent of the Declarant. Prior to the occupancy of a Unit, proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer mains of Beaufort/Jasper Water and Sewer Authority.

9.14 Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant and its agents, employees, successors, and assigns to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the completion, improvement, and sale of Units or the developing of Units, including, without limitation, the installation and operation of construction trailers and sales offices, signs and model Dwellings, provided that the location of any construction trailers of any assignees of Declarant's under this Section 9.14 shall be subject to Declarant's approval. The right to maintain and carry on such facilities and activities shall include specifically the right to use Dwellings as model residences, and to use any Dwelling as an office for the sale of Lots and/or Dwellings and for related activities.

9.15 Repurchase Option. Subject to the provisions of Sections 12.05 and 12.06 hereof, Declarant hereby reserves unto itself and its successors and assigns the right and option to purchase any Unit, within the Development which is offered for sale by the Owner thereof, such option to be at the price and on the terms and conditions of any bona fide offer for such Unit, which is acceptable to such Owner and which is made in writing to such Owner by a third party. Upon the receipt of any such offer by an Owner, such Owner shall promptly submit a copy of the same to Declarant, and Declarant shall have a period of thirty (30) days from and after the presentation of such offer to Declarant in which to exercise its purchase option by giving such Owner written notice of such exercise. If Declarant fails to respond or to exercise such purchase option within said thirty (30) day period, Declarant shall be deemed to have waived such purchase option. If Declarant declines to exercise such option, Declarant shall execute an instrument evidencing its waiver of its repurchase option, which instrument shall be in recordable form. In the event that Declarant does not exercise

its purchase option and such sale to a third party is not consummated on such terms within six (6) months of the date in which the offer is transmitted to Declarant, the terms and limitations of this Section 9.15 shall again be imposed upon any sale by such Owner. If Declarant shall elect to purchase such Unit, the transaction shall be consummated within sixty (60) days following delivery of written notice by Declarant to such Owner of Declarant's decision to so purchase such Unit.

ARTICLE X RULE MAKING

10.01 Rules and Regulations. Subject to the provisions hereof, the Board of Directors may establish reasonable rules and regulations concerning the use of Units and the Common Areas and facilities located thereon. The initial rules are attached as **Exhibit "C"**. Copies of rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants, and agents, until and unless any such rule or regulation be specifically overruled, canceled, or modified by the Board of Directors or in a regular special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the total votes in the Association, provided that in the event of such vote, such action must also be approved by Declarant, for so long as Declarant owns any Unit primarily for the purpose of sale.

10.02 Authority and Enforcement. Subject to the provisions of Section 10.03 hereof, upon the violation of this Declaration, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments or charges, the Board shall have the power (i) to impose reasonable monetary fines which shall constitute an equitable charge and a continuing lien upon the Unit, the Owners, Occupants, or guests of which are guilty of such violation, (ii) to suspend an Owner's right to vote in the Association, or (iii) to suspend an Owner's right and the right of such Owner's family, guests, and tenants and of the co-Owners of such Owner and their respective families, guests, and tenants to use any of the Common Areas. The Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants or by his co-Owners or the family, guests, or tenants of his co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days. The fines levied and assessed as provided for in this Section 10.02 herein shall be a lien upon the applicable Unit in the same manner as that provided for in Section 8.09 herein. The effect of the non-payment of such fines and the remedies of the Association to enforce collection thereof shall be the same as those provisions provided for in Section 8.10 herein.

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

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

(i) The alleged violation;

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

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

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

(i) The nature of the alleged violation;

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

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

(iv) The proposed sanction to be imposed.

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

ARTICLE XI

EQUESTRIAN FACILITIES AND TRAILS

11.01 Facilities. The Declarant has conveyed a tract of land adjacent to the Property to SCAD for the development, construction, and operation of certain equestrian and recreational facilities described in the Use Agreement. All Owners' use of such facilities is governed by the applicable provisions set forth in these Covenants and the Use Agreement.

11.02 Owners' Boarding Rights. The Use Agreement contains certain rights of Owners to board horses within the barn and stable facilities constructed within the Equestrian Property.

11.03 Restrictions on Use of Equestrian Trails. The Equestrian Trails may not be fenced or obstructed, and must remain open for the use intended under Section 3.03; furthermore, the Equestrian Trails may not be used for any purpose other than pedestrian, non-motorized bicycle or equine access by Owners. The use of motorized bicycles, dirt bikes, all terrain vehicles, mopeds, golf carts, and any other vehicles, including but not limited to cars, trucks, and motorcycles is strictly prohibited on the Equestrian Trails.

11.04 Access Road. An access road shall be constructed across a portion of the Equestrian Property. SCAD has granted the Roadway Easement to the Declarant, Owners, the Association, and any successors, successors-in-title, and assigns. The Roadway Easement provides for a non-exclusive easement for pedestrian and vehicular access over and across the property encumbered by the Roadway Easement. All costs and expenses associated with the construction, maintenance, and repair of the paved wearing surface within the Roadway Easement shall be paid by the Declarant, or at the Declarant's sole discretion, the Association.

11.05 Maintenance. The cost of maintaining the Equestrian Trails shall be borne by the Association. However, SCAD shall be responsible for clearing manure from the Equestrian Trails on a twice-a-month basis, and shall bear the cost for such clearing. SCAD shall control the insects, including but not limited to mosquitoes, deer flies, and horse flies, on the Equestrian Property and Association shall do so within the Development. The term "control" as used in this section shall include, but not be limited to (i) acts of spraying insecticide, provided all chemicals and insecticides used are approved by the Federal Government and/or the State of South Carolina for use in residential developments and are not harmful to humans or horses; and (ii) providing adequate drainage to low lying areas or areas of standing water, provided such drainage activities do not require the issuance of a permit or permits from the United States Army Corps of Engineers or South Carolina Department of Health and Environmental Control.

ARTICLE XII GENERAL PROVISIONS

12.01 Amendments by Declarant. During any period in which Declarant retains the right to appoint and remove any directors and officers of the Association, Declarant may amend this Declaration by an instrument in writing filed and recorded in the records of the Office of the Register of Deeds for Jasper County, South Carolina, without the approval of any Owner or Mortgagee; provided, however, that (i) in the event that such amendment materially and adversely alters or changes any Owner's right to the use and enjoyment of his Unit, as set forth in this Declaration or adversely affects the title to any Unit, such amendment shall be valid only upon the written consent thereto by a majority in number of the then existing Owners affected thereby, or (ii) in the event that such amendment would materially and adversely affect the security title and interest of any Mortgagee, such amendment shall be valid only upon the written consent thereto of all such Mortgagees so affected. Any amendment made pursuant to this Section 12.01 shall be certified by Declarant as having been duly approved by Declarant, and by such Owners and Mortgages if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Unit, agrees to be bound by such amendments as are permitted by this Section 12.01 and further agrees that, if requested to do so by Declarant, such Owner will consent to the amendment of this Declaration or any other instruments relating to the Development (a) if such amendment is necessary to bring any

provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule, or regulation or any judicial determination which shall be in conflict therewith, (b) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to any Units, subject to this Declaration, (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on a Unit, subject to this Declaration, or

(d) if reputable private insurance company to insure Mortgages on the Units, subject to this Declaration.

12.02 Amendments by Association. Amendments to this Declaration, other than those authorized by Section 12.01 hereof, shall be proposed and adopted in the following manner:

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

(b) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board of Directors or by members of the Association. Such amendment must be approved by Owners holding at least two-thirds (2/3) of the total votes in the Association; provided, however, (i) that any amendment which materially and adversely affects the security title and interest of any Mortgagee must be approved by such Mortgagee, and (ii) during any period in which Declarant owns a Unit primarily for the purpose of sale.

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

12.03 Enforcement. Each Owner shall comply strictly with the By-Laws and the published rules and regulations of the Association adopted pursuant to this Declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed or other instrument of conveyance to his Unit, if any. Failure to comply with any of the same shall be grounds for imposing fines, for suspending voting rights or rights of use in and to the Common Areas, or for instituting an action to recover sums due, for damages, and/or for injunctive relief, such actions to be maintainable by Declarant, the Board of Directors on behalf of the Association, or, in a proper case, by an aggrieved Owner. Should Declarant or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the violating Owner. Inasmuch as the rules and regulations of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of

present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and that Declarant, the Association, or any aggrieved Owner, in addition to all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or any threatened violation or breach. No delay, failure, or omission on the part of Declarant, the Association, or any aggrieved Owner in exercising any right, power, or remedy herein provided shall be construed as an acquiescence thereto or shall be deemed a waiver of the right to enforce such right, power, or remedy thereafter as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against Declarant or the Association for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, by any person of the provisions of this Declaration, the By-Laws, or any rules and regulations of the Association, however long continued.

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

12.05 Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Robert Lee McCorkle, III.

12.06 Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Declarant or the Board of Directors will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive. The effective date of this Declaration shall be the date of its filing for record in the Office of the Register of Deeds for Jasper County, South Carolina. The captions of

each Article and Section hereof as to the contents of each article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer. This Declaration shall be construed under and in accordance with the laws of the State of South Carolina.

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

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

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

12.10 Notice of Sale, Lease, or Mortgage. In the event an Owner sells, leases, mortgages, or otherwise disposes of any Unit, the Owner must promptly furnish to the Association in writing the name and address of such purchaser, lessee, mortgagee, or transferee.

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

12.12 Notices. Notices required hereunder shall be in writing and shall be delivered by hand or sent by United States Mail, postage prepaid. All notices to Owners shall be delivered or sent to such addresses as have been designated, at the addresses of such Owners' respective Units. All notices to the Association shall be delivered or set in care of Declarant to Declarant's main office in Savannah, Georgia, or to such other address as the Association may from time to time notify the Owners. All notices to Declarant shall be delivered or sent to Declarant's main office in Savannah, Georgia or to such other address as Declarant may from time to time notify the Association. Notices to Mortgagees shall be delivered or sent to such addresses as such Mortgagees specify in writing to the Association.

[SIGNATURE LINES ON NEXT PAGE]

IN WITNESS WHEREOF, duly authorized officers of the undersigned Declarant have executed this Declaration under seal, this 5th day of September, 2007.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

DECLARANT:
NORTH SAVANNAH PROPERTIES,
LLC, a South Carolina limited liability
company

By: North Savannah Management, LLC,
a South Carolina limited liability
company, its Manager

By: Jerry Whitlow
Its: Co-Manager

Robert H. Little

Jacquelyn C. Taglie

STATE OF GEORGIA)
COUNTY OF CHATHAM)

ACKNOWLEDGEMENT

I, the undersigned Notary Public for Chatham County, Georgia do hereby certify that Jerry Whitlow, Co-Manager of North Savannah Management, LLC, a South Carolina limited liability company, Manager of NORTH SAVANNAH PROPERTIES, LLC, a South Carolina limited liability company, personally appeared before me this day and, in the presence of the two witnesses above named, acknowledged the due execution of the foregoing instrument.

Witness my hand and seal this 5th day of September, 2007.

Brenda G. Krause
BRENDA G. KRAUSE
Notary Public, Chatham County, GA
My Commission Expires February 7, 2009

EXHIBIT "A"

LEGAL DESCRIPTION

Being all those certain pieces, parcels, or tracts of land located in Jasper County, South Carolina, containing approximately 562.84 acres, more or less, designated as Lot "D" and being more particularly shown and described on that certain "Subdivision of 1609.07 acres located in Jasper County, South Carolina, a portion of the Delta Plantation" prepared for North Savannah Properties, LLC by Charles W. Tuten, Jr., South Carolina RLS # 13522, dated August 12, 2004 and recorded in the Office of the Registrar of Deeds for Jasper County, South Carolina, in Plat Book 27, Page 357. For a more detailed description as to courses, metes and bounds, reference may be made to said plat of record.

EXHIBIT "B"

BY-LAWS OF TELFAIR PLANTATION PROPERTY OWNERS ASSOCIATION

**BY-LAWS
OF
TELFAIR PLANTATION PROPERTY OWNERS ASSOCIATION, INC.**

**Article I
Name, Principal Office, and Definitions**

1.1. Name.

The name of the corporation is Telfair Plantation Property Owners Association, Inc. ("Association").

1.2. Principal Office.

The Association's principal office shall be located in Jasper County, South Carolina. The Association may have such other offices, either within or outside South Carolina, as the Board of Directors may determine or as the Association's affairs may require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Declaration of Covenants, Conditions, and Restrictions for Telfair Plantation recorded in the Office of the Register of Deeds for Jasper County, South Carolina as it may be amended ("Declaration"), unless the context indicates otherwise.

**Article II
Association: Membership, Meetings, Quorum, Voting, Proxies**

2.1. Membership.

The Association initially shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration. The provisions of the Declaration pertaining to membership are incorporated herein by this reference.

2.2. Place of Meetings.

Meetings of the membership shall be held at the principal place of the Association or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual Meetings.

The Association's first membership meeting, whether a regular or special meeting, shall be held within two (2) years from the date of recording of the Declaration. The Board shall set the date and time of subsequent regular annual meetings.

2.4. Special Meetings.

The President may call special meetings. In addition, it shall be the President's duty to call a special meeting if so directed by resolution of the Board or upon a petition signed by Members representing at least ten (10%) percent of the total Class "A" votes of the Association.

2.5. Notice of Meetings.

The Association's Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be given to each Member in any manner permitted by South Carolina law. If permitted, notice may be posted in a conspicuous, prominent place within the community, delivered by hand delivery, or sent by facsimile, electronic mail, or other electronic communication device, or such other manner which is reasonably calculated, as determined in the Board's discretion, to provide personal notice to the Members. Notice shall be sent to all Members not less than fifteen (15) days nor more than forty-five (45) days before the date of the meeting, by or at the direction of the President, the Secretary, or the officers or Persons calling the meeting.

In the case of a special meeting or when otherwise required by South Carolina law or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No other business shall be transacted at a special meeting except as stated in the notice.

If posted, notice shall be deemed delivered when posted. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the Member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, electronic mail, or such other electronic communication device, notice shall be deemed delivered when transmitted to the Member at his or her address or number as it appears on the Association's records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall be deemed a waiver of notice of all business transacted at such meeting, unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If any meeting of the membership cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may call another meeting subject to the notice requirement set forth in Section 2.5. The required quorum at the subsequent meeting shall be the presence in person or by proxy of Members having one-third (1/3) of the total votes of the Association. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Members present at a duly called or held meeting at which a

quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a Majority of the votes required to constitute a quorum.

2.8. Voting.

The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions in the Declaration are specifically incorporated herein by this reference.

Members may vote at a meeting by voice vote or ballot or may vote by mail without the necessity of a meeting, as determined by the Board; provided, the Board shall hold meetings when required by the Declaration, these By-Laws, or South Carolina law. Votes for the election of Directors shall be cast by secret written ballot. All Member votes cast at meetings are subject to the quorum requirements of Section 2.10. The Board may permit votes to be cast electronically (*i.e.*, via the Internet, intranet, or electronic mail) with sufficient verification of authenticity and if permitted by law.

2.9. Proxies.

Members may vote in person or by proxy, subject to the limitations of South Carolina law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these By-Laws.

Every proxy shall be in writing specifying the Unit for which it is given, signed by the Member or such Member's duly authorized attorney-in-fact, dated, and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast. In the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Unit for which it was given; (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person; or (c) eleven (11) months from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence of Members or their proxies representing at least fifty (50%) percent of the total Class "A" votes in the Association shall constitute a quorum at all Association meetings.

2.11. Conduct of Meetings.

The President shall preside over all Association meetings, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.12. Action Without a Meeting.

Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice, and without a vote, if written consent specifically authorizing the proposed action is signed by the Members holding at least the minimum number of votes necessary to authorize such action at a meeting. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated and delivered to the Association. Such consents shall be filed with the Association's minutes and shall have the same force and effect as a vote of Members at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give notice to all Members entitled to vote who did not give their consent, fairly summarizing the material features of the authorized action.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1. Governing Body; Composition.

The Board of Directors shall govern the Association's affairs. Each director shall have one vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Members or residents; provided, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Unit within Telfair Plantation. In the case of a Member which is not a natural person, any officer, director, partner, or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

3.2. Number of Directors.

The Board shall consist of no less than three, nor more than seven directors, as provided in Section 3.5. The initial Board shall consist of three directors appointed by the Class "B" Member.

3.3. Directors Appointed by the Class "B" Member.

The Directors appointed by the Class "B" Member pursuant to Section 3.5 shall be appointed by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member.

3.4. Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any position to be filled by Class "A" votes. The Board shall establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner. Nominations also may be permitted from the floor.

Nominations for election to the Board may also be made by a nominating committee ("Nominating Committee"). The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three (3) or more Members. The Board shall appoint the members of the Nominating Committee not less than thirty (30) days prior to each annual meeting to serve a term of one (1) year and until their successors are appointed, and such appointment shall be announced in the notice of each election.

The Nominating Committee may make as many nominations for election to the Board as it shall, in its discretion, determine. The Nominating Committee shall nominate a slate of directors to be elected by the Class "A" votes.

In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. Each candidate shall be given a reasonable, uniform opportunity to communicate qualifications to the Members and to solicit votes.

(b) Election Procedures.

Each Member may cast the entire vote assigned to his or her Unit for each position to be filled. There shall be no cumulative voting. That number of candidates which equals the number of positions to be filled and receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

(c) Application to Class "B" Member-appointed Directors. The provisions of this Section shall not apply to the appointment of directors by the Class "B" Member.

3.5. Election and Term of Office.

Except as otherwise specifically provided, election of Directors shall take place at the Association's annual meeting. Notwithstanding any other provision of these By-Laws:

(a) Within ninety (90) days after termination of the Declarant Management Period, the President shall call for an election by which the Class "A" Members shall be entitled to elect all of the directors. Upon the expiration of the term of office of each director elected by the Class "A" Members, a successor shall be elected to serve a term of two years. The Class "A" directors shall hold office until their respective successors have been elected.

3.6. Removal of Directors and Vacancies.

Any Class "A" director may be removed, with or without cause, by the vote of Class "A" Members representing a majority of the votes entitled to be cast for the election of such director.

Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, the Class "A" Members shall elect a successor to fill the vacancy for the remainder of the term of such director.

Any director elected by the Class "A" Members who has three consecutive unexecuted absences from Board meetings, or who is more than thirty (30) days delinquent in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Class "A" Members may elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by the Class "B" Member. The Class "B" Member shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class "B" Member.

B. Meetings.

3.7. Organizational Meetings.

The Board's first meeting following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place the Board shall fix.

3.8. Regular Meetings.

Regular Board meetings may be held at such time and place a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

3.9. Special Meetings.

Special Board meetings shall be held when called by written notice signed by the President or Vice President or by any two directors.

3.10. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be conducted. The Board shall give notice to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone (either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director); or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least five (5)

business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least seventy-two (72) hours before the time set for the meeting.

(b) Except for emergency meetings, notice of a Board meeting shall be posted in a conspicuous place within the community at least forty-eight (48) hours in advance of the meeting or provided in any other manner reasonably anticipated to provide notice to all Members. In lieu of notice of each regular Board meeting, the Board may post or publish a schedule of upcoming Board meetings.

(c) The transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Telephonic Participating in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of telephone or other electronic means, through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in persons at such meeting.

3.12. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Compensation.

Directors shall not receive any compensation from the Association for acting as such unless Members representing a majority of the total Class "A" votes in the Association approve such compensation at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than a director pursuant to a contract or agreement with the Association,

provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a Majority of the Board, excluding the interested director.

3.14. Conduct of Meetings.

The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.15. Open Meetings.

Subject to the provisions of Section 3.16, all meetings of the Board shall be open to all Members and, if required by law, all Owners, but attendees other than Directors may not participate in any discussion or deliberation unless permission to speak is requested on their behalf by a director. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16. Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.17. Powers.

The Board of Directors shall have all of the powers and duties necessary for administering the Association's affairs and for performing all of the Association's responsibilities and exercising all of the Association's rights as provided by law.

3.18. Duties.

The duties of the Board shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget and establishing each Owner's share of the Common Expenses;
- (b) levying and collecting assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Common Areas;
- (d) designating, hiring, and dismissing the personnel necessary to carry out the Association's rights and responsibilities and, where appropriate, providing for the compensation

of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's business judgment, in depositories other than banks;

(f) making and amending use restrictions and rules in accordance with the Declaration;

(g) opening bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Areas in accordance with the Declaration and these By-Laws;

(i) enforcing the provisions of the Declaration and these By-Laws and bringing any legal proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of Telfair Plantation;

(n) indemnifying a director; officer or committee member, or former director, officer, or committee member of the Association to the extent such indemnity is authorized by South Carolina law, the Articles of Incorporation, or the Declaration.

3.19. Right of Class "B" Member to Disapprove Actions.

So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in the sole judgment of the Class "B" Member, would tend to impair rights of Declarant under the Declaration or these By-Laws, or interfere with development or construction of any portion of Telfair Plantation, or diminish the level of services being provided by the Association.

(a) Notice. The Association, the Board, and each committee shall give the Class "B" Member written notice of their meetings and proposed actions to be approved at their meetings (or by written consent in lieu of a meeting). The notice shall comply with Section 3.10 and shall,

except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) Opportunity to Be Heard. The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agent join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

(c) Exercise of Rights. The Class "B" Member, its representatives or agent, shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent, or authorized representative, may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, the Board, or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level or services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

(d) Condition of Implementation. No action, policy, or program subject to the Class "B" Member's right of disapproval shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

3.20. Management.

The Board may employ a professional manager agent or agent at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize, including, but not limited to, polling members or utilizing other forms of reporting processes. The manager may be a corporation or an individual. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policy making authority or those duties set forth in Sections 3.18(a) (with respect to adoption of the budget), 3.18(b), 3.18(f), 3.18(g) and 3.18(i). Declarant or an affiliate of Declarant may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the manager, if any, which might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Class "B" Declarant Management Period unless such contract contains a right of termination which the Association may exercise with or without cause and without penalty at any time after termination of the Class "B" Declarant Management Period upon not more than 90 days written notice. After the Declarant Management Period terminates, the Association may not terminate any management contract, or retain a new managing agent, without the approval of Members representing a majority of the Association's total Class "A"

votes, and Declarant, for so long as Declarant or any Declarant affiliate owns any property described in Exhibit "A" or "B" to the Declaration.

The Class "A" Members shall have no right to terminate a management contract during the Class "B" Control Period. Unless the Board otherwise grants such right, or unless the management contract otherwise provides, the Board may act in its discretion with respect to executing and terminating management contracts during the Class "B" Control Period. Any management contract may, among other things, authorize the managing agent to act as the Association's agent with respect to the expenditure of Association funds within the scope of the approved Association budget; provided, the managing agent shall not be permitted to spend money in excess of the budget or reallocate greater than ten (10%) percent of any budget line item without the Board's prior approval.

3.21. Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) the managing agent shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;

(e) the managing agent shall disclose promptly to the Board any financial or other interest which it may have in any firm providing goods or services to the Association;

(f) commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution).

(g) an annual report consisting of at least the following shall be made available to all Members within one hundred twenty (120) days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor, or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement. During the Declarant Management Period, the annual report shall include certified financial statements.

3.22. Borrowing.

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

3.23. Rule Making.

(a) Rules and Regulations. Subject to the provisions hereof and the Declaration, the Board of Directors may establish reasonable rules and regulations concerning the use of Units and the Common Areas and facilities located thereon. The initial rules are attached to the Declaration as **Exhibit "D"**. Copies of rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants, and agents, until and unless any such rule or regulation be specifically overruled, canceled, or modified by the Board of Directors or in a regular special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the total votes in the Association, provided that in the event of such vote, such action must also be approved by Declarant, for so long as Declarant owns any Unit primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development.

(b) Authority and Enforcement. Subject to the provisions hereof and the Declaration, upon the violation of the Declaration, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments or charges, the Board shall have the power (i) to impose reasonable monetary fines which shall constitute an

equitable charge and a continuing lien upon the Unit, the Owners, Occupants, or guests of which are guilty of such violation, (ii) to suspend an Owner's right to vote in the Association, or (iii) to suspend an Owner's right and the right of such Owner's family, guests, and tenants and of the co-Owners of such Owner and their respective families, guests, and tenants to use any of the Common Areas. The Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants or by his co-Owners or the family, guests, or tenants of his co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days. The fines levied and assessed as provided for in this Section herein shall be a lien upon the applicable Unit in the same manner as that provided for in Section 8.09 of the Declaration. The effect of the non-payment of such fines and the remedies of the Association to enforce collection thereof shall be the same as those provisions provided for in Section 8.10 of the Declaration.

(c) Procedure. Except with respect to the failure to pay assessments or charges, the Board shall not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other Occupant of the Development for violations of the Declaration, the By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

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

(aa) The alleged violation;

(bb) The action required to abate the violation; and

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

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

(aa) The nature of the alleged violation;

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

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

(dd) The proposed sanction to be imposed.

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

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or, following compliance with the dispute resolution procedures set forth in the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed a trespass.

3.24. Board Standards.

In performing their duties, Directors and officers shall act as fiduciaries and are subject to insulation from liability as provided for directors of corporations by South Carolina law and as otherwise provided by the Governing Documents. Directors shall exercise the ordinary and reasonable care of directors of a corporation, subject to the business judgment rule.

A director shall be deemed to act in accordance with the business judgment rule so long as the director:

- (a) acts within the expressed or implied scope of the Declaration and his or her actions are not *ultra vires*;
- (b) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis;
- (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and
- (d) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.

A director acting in accordance with the business judgment rule shall be protected from personal liability. Unless the Declaration requires that specific action be taken, failure to take such specific action shall not, without further showing that the Board acted in violation of the business judgment rule, be deemed a violation of a Board duty.

Board determination of the meaning, scope, and application of Declaration provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair, nondiscriminatory manner and shall adhere to the procedures established in the Declaration.

3.25. Liability.

(a) A director shall not be personally liable to the Association, any Member, or any other Person for any action taken or not taken as a director if the director has acted in accordance with Section 3.26.

(b) The officers, directors, and committee members of the Association shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association).

3.26. Indemnification.

Subject to the limitations of South Carolina law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the Association shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the Association, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under the South Carolina Nonprofit Corporation Code; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

- (i) appropriation, in violation of his or her duties, of any business opportunity of the Association;
- (ii) intentional misconduct or knowing violation of the law;
- (iii) an unlawful distribution to members, directors or officers; or
- (iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be qualified. The Association may, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

3.27. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in the South Carolina Nonprofit Corporation Code, the Board may authorize the Association to advance funds to pay for or reimburse the reasonable expenses incurred by a present or former officer, director or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member of the Association.

Article IV Officers

4.1. Officers.

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more officers may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office.

The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Members, to serve until their successors are elected.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in the Board's judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, manager, or both.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13.

Article V
Committees

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution. Committees shall exercise only such authority as granted by Board resolution, provided the Board may, in the exercise of its reasonable discretion, elect not to follow a committee's advice on any manner. Committees may not act without specific Board authority and may not bind the Association contractually or financially. Committee members may serve no more than two (2) consecutive two (2) year terms on the same committee.

Article VI
Miscellaneous

6.1. Fiscal Year.

The Association's fiscal year shall be set by Board resolution. In the absence of a resolution, the fiscal year shall be the calendar year.

6.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (the then current edition) shall govern the conduct of Association proceedings when not in conflict with South Carolina law or the Governing Documents.

6.3. Conflicts.

If there are conflicts among the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of South Carolina law, the Declaration, the By-Laws, and the Articles of Incorporation (in that order) shall prevail.

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, By-Laws, and Articles of Incorporation, including any amendments, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within Telfair Plantation as the Board shall designate.

(b) Rules for Inspection. The Board shall establish rules with respect to: (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

6.5. Notices.

Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member;

(b) if to the Association, the Board, or the manager, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(c) if to a committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

6.6. Amendment.

(a) By Class "B" Member. Prior to termination of the Class "B" Control Period, the Class "B" Member shall unilaterally amend these By-Laws. Thereafter, the Class "B" Member may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, including, for example, the Federal National Mortgage Association or Federal

Home Loan Mortgage Corporation, to make, or purchase, mortgage loans on the Units. However, any such amendment shall not adversely affect the rights of any Member granted herein unless the Member gives its prior consent thereto in writing.

So long as the Class "B" membership exists, the Class "B" Member may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any right granted to any Member herein unless the Member gives its prior consent in writing.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing a majority of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists. In addition, any additional approval requirements set forth in the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon the execution of such amendment by the President.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

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EXHIBIT "C"

INITIAL RULES

The following rules shall apply to all of the Property until such time as they are amended, modified, repealed, or limited pursuant to Article X of the Declaration.

1. Restricted Activities. The following activities are prohibited within the Development unless expressly authorized by, and then subject to such conditions as may be imposed by the Board of Directors.

(a) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, water, or air quality within the Development or which result in unreasonable levels of sound, water, or light pollution.

(b) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of a Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IX of the Declaration. This shall include satellite dishes and antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter;

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals;

(collectively, "Permitted Antennas") shall be permitted on Units, subject to applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. The Board shall have the right, without obligation, to erect an aerial satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of the Development, should any master system or systems be utilized by the Association and require such exterior apparatus.

(c) Raising, breeding, or keeping animals, livestock, or poultry of any kind, except as may be permitted by the Association on specifically designated Units. Dogs, cats, or other usual and common household pets may be permitted in a Unit; however, those pets which are permitted to roam free, or, in the Board's discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the Occupants of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside a Dwelling. Pets shall be registered, licensed, and inoculated as required by law.

(d) Any activity which emits foul or obnoxious odors outside a Unit or creates an unreasonable level of noise or other conditions which tend, in the Board's judgment, unreasonably to disturb the peace or threaten the safety of the Occupants of other Units (this

paragraph shall not preclude normal and customary use or power tools, lawn mowers, and other yard maintenance equipment).

(e) Any activity which violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation.

(f) Pursuit of hobbies or other activities which tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures.

(g) Any noxious or offensive activity which, in the reasonable determination of the Board, tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the Occupants of other Units.

(h) Outside burning of trash, leaves, debris, or other materials.

(i) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to Occupants of other Units, except alarm devices used exclusively for security purposes.

(j) Use and discharge of firecrackers and other fireworks.

(k) Dumping grass clippings leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Development, except that fertilizers may be applied to landscaping provided care is taken to minimize runoff.

(l) Accumulation of rubbish, trash, or garbage except in approved and sealed containers.

(m) Obstruction or rechanneling drainage flows after location and installation of drainage swales or storm drains, except that the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent.

(n) Swimming, boating, use of personal floatation devices, or other active use of lakes, ponds, streams, or other bodies of water within the Development except those uses that are allowed in lakes, ponds, streams or other bodies of water by the Association. The Association or its designee shall be permitted and shall have the exclusive right and easement to draw water from lakes, ponds, and streams within the Development for purposes of irrigation and such other purposes as the Association or its designee shall deem desirable. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of bodies of water within or adjacent to the Development.

(o) Discharge of firearms; provided that the Board shall have no obligation to take action to prevent or stop such discharge.

(p) On-site storage of gasoline, propane, or other fuels, except that a reasonable amount of fuel may be stored at a Unit for reasonable, day-to-day usage and emergency purposes. The storage of propane shall only be in underground storage facilities. The

2. Prohibited Conditions. The following shall be prohibited on the Property:

(a) Cutting or harvesting timber other than for construction purposes as approved by the Architectural Standards Committee, except by the Association, its designees and assigns, or upon the Association's express written or authenticated electronic permission; and

(b) Plants, animals, devices, or other things whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Property.

3. Siting of Dwellings and other Improvements. To assure that buildings and other structures will be located so that there will be maximum privacy and minimum impact on the natural environment of the Property, the location of any building or other structure shall be limited to a "building envelope" as designated on a recorded plat or in the Design Guidelines. No buildings or other structures shall be located outside the designated building envelope for a particular Unit. Any other improvements to a Unit to be performed outside the designated building envelope may only be commenced upon the express written or authenticated electronic approval of the Architectural Standards Committee.

Association, however, shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment.

(q) Any yard sale, garage sale, moving sale, rummage sale, or similar activity, except on such dates as the Board may designate for such activities to be conducted on a community-wide basis.

(r) Capturing, trapping, or killing of wildlife within the Development except in circumstances posing an imminent threat to the safety of persons within the Development.

(s) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area without prior approval pursuant to Article IX, or use of any garage for storage or other purposes which preclude its use for parking of that number of vehicles for which it was originally designed.

(t) Except for the use of certain electric carts as allowed by the Association, operation of motorized vehicles other than maintenance equipment on pathways or trails maintained by the Association and operation of "all-terrain vehicles" or motorized bikes within the Development.

(u) Hunting, except as the Association may expressly authorize.

(v) Pruning of landscape to create a vista for a Unit without the express written permission of the Architectural Standards Committee and the Association.

(w) Erecting mailboxes unless the Association has authorized disbursed mail delivery.

(x) Displaying signs or advertising posters of any kind within any windows or on the exterior of any improvements located within the Development, except as may be required by legal proceedings.

(y) Parking trailers, campers, recreational vehicles, boats, boat trailers, commercial vans, panel trucks, or commercial vehicles overnight on any Lot at any time, either permanently or temporarily, unless such vehicle is kept entirely in a garage;

(z) Operating motor driven cycles upon any portion of the Property;

(aa) Feeding of alligators. Violators of this section shall be subject to penalties and fines of Telfair Plantation and the State of South Carolina.

(bb) Hanging laundry from any area within or outside a Dwelling if such laundry is within the public view.