STATE OF SOUTH CAROLINA ) DECLARATION OF RIGHTS, RESTRICTIONS
COUNTY OF BEAUFORT ) AND AFFIRMATIVE OBLIGATIONS WHICH
 ) CONSTITUTE COVENANTS, RUNNING WITH
 ) CERTAIN LANDS OF PALMETTO DUNES
 ) RESORT, INC., IN PALMETTO DUNES

LIMITED RESIDENTIAL COVENANTS

October 10, 1973

WHEREAS, Palmetto Dunes Resort, Inc., a corporation organized
and existing under the laws of the State of Delaware and authorized
to do business in the State of South Carolina, is the owner of
certain lands located within Palmetto Dunes on Hilton Head Island,
Beaufort County, South Carolina; and

WHEREAS, Palmetto Dunes Resort, Inc. and its predecessor in
title, Palmetto Dunes Development Corporation and Phipps Land
Company, Inc. have previously made, published and recorded various
Declarations of Restrictive Covenants affecting various portions of
said lands in Palmetto Dunes, which covenants and restrictions are
recorded in the Office of the Clerk of Court for Beaufort County;
as follows: Tract A, Deed Book 150 at Page 260; Parcel I of Tract
B, Deed Book 153 at Page 45; Parcel II of Tract B, Deed Book 153
at Page 215; Parcel III of Tract B, Deed Book 169 at Page 210;
Parcel I of Tract F, Deed Book 172 at Page 33; Parcel V of Tract
B, Deed Book 189 at Page 76; and those consolidated covenants of
April 27, 1973 in Deed Book 187 at Page 1516; and

WHEREAS, Palmetto Dunes Resort, Inc. now wishes to make and
record a Declaration of Uniform Covenants to restrict all Palmetto
Dunes areas designated in subsequent deeds of conveyance as Limited
Residential areas, which covenants are substantially identical to
covenants previously recorded for the aforementioned residential
areas in Palmetto Dunes, except that certain additional restrictive
covenants have been added.

NOW, THEREFORE, Palmetto Dunes Resort, Inc. does hereby declare
that the Declaration of Uniform Covenants herein contained, together
with the special covenants of limited application to specified areas
as herein contained, shall be covenants running with the land and
shall apply to lands conveyed in the future in Palmetto Dunes by
deeds hereafter made which make reference to this Declaration of
Covenants. Palmetto Dunes Resort, Inc. expressly reserves unto
itself, its successors or assigns in each instance the right to add
additional restrictive covenants in respect to said properties so
conveyed, or to limit therein the application of the Uniform Coven-
ant herein contained.
It is hereby declared that the true intent and purpose of this Declaration is that those covenants shall, subsequent to the recording of the Declaration, be the sole applicable covenants restricting and affecting properties designated as Limited Residential areas by Palmetto Dunes Resort, Inc., and such other property in Palmetto Dunes as may be deeded subject to this Declaration of Covenants by specific reference in individual deeds, or by subsequent declaration to the extent that there is any variation from and/or addition to covenants heretofore recorded. To the extent that there is conflict between those restrictions, covenants and affirmative obligations previously recorded, as hereinabove set forth, and those provisions of this Declaration, the provisions of this Declaration shall govern and restrict properties hereafter conveyed in deeds making reference to this Declaration.

These covenants, restrictions and affirmative obligations hereinafter set forth shall be referred to as the Uniform Covenants and Restrictions for Limited Residential Areas of October 10, 1973, and will be recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, and will be incorporated by reference in deeds to residential property in Palmetto Dunes by reference to the Deed Book and Page wherein the same are recorded.

PART I

COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS APPLICABLE TO ALL LIMITED RESIDENTIAL AREAS LOCATED WITHIN PALMETTO DUNES

1. No building, fence or other structure shall be erected, placed or altered on any lot in such Residential Areas until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking areas) and construction schedule shall have been approved in writing by Palmetto Dunes Resort, Inc., its successors or assigns. Refusal of approval of plans, location or specifications may be based by Palmetto Dunes Resort, Inc., upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of Palmetto Dunes Resort, Inc. shall seem sufficient. No alterations in the exterior appearance of any building or structure shall be made without like approval by Palmetto Dunes Resort, Inc. One (1) copy of all plans and related data shall be furnished Palmetto Dunes Resort, Inc. for its records.

2. No plans shall be approved unless the proposed house will have the minimum required square footage of enclosed dwelling area. As a general rule the minimum requirement for dwellings constructed on oceanfront lots, lagoon lots and water oriented lots shall be two thousand (2,000) square feet and the minimum requirement for dwellings constructed on Golf Fairway lots and woodland area lots shall be eighteen hundred (1,800) square feet. However, the minimum required square footage of enclosed dwelling area for the lots located within the Inverness area of Palmetto Dunes shall be
eighteen hundred (1,800) square feet whether water, golf course or woodland oriented; provided, however, nevertheless, that Palmetto Dunes Resort, Inc. reserves the right, in its sole an absolute discretion, to waive the minimum stated for the Inverness area only in the event the characteristics of a particular lot warrant such waiver. In no event shall approval be given for a dwelling containing less than fifteen hundred (1,500) square feet of enclosed dwelling area. The term "enclosed dwelling area" as used in these minimum size requirements shall mean the total enclosed area within a dwelling; provided, however, that such term does not include garages, boat sheds, terraces, decks, open porches, and like areas; provided further that shed-type porches, even though attached to the house, are specifically excluded from the definition of the aforesaid term "enclosed dwelling area".

The term does include, however, screen porches, if the roof of such porches forms an integral part of the roof line of the main dwelling or if they are on the ground floor of a two story structure.

The term "water oriented lots" shall include all lots adjoining or abutting on any lagoon, lake, pond or marsh area and all lots located on those areas designated as "Tee Roads". In the event that a lot abuts on both a golf course or wooded area and a lagoon, ocean front or water oriented area, the higher minimum required square footage shall govern for that lot.

While no minimum first floor elevations are established by these covenants, lot owners are encouraged to confer with the appropriate authorities to determine the recommended first floor elevation for the particular lot in question. First floor elevation will be one consideration of the architectural review process established by these covenants and this determination shall be made on a lot by lot basis taking into consideration the topography and location of the lot in question.

3. Since the establishment of standard inflexible building set back lines for location of houses on lots tends to force construction of houses both directly behind and directly to the side of other houses with detrimental effects on privacy, view of the ocean or lagoon, preservation of important trees, etc., no specific setback lines are established by these covenants. In order to assure, however, that location of houses will be staggered where practical and appropriate, so that the maximum amount of view and breeze will be available to each house; that the structure will be located with regard to the topography of each individual lot, taking into consideration the height of the dunes, the location of large trees and similar considerations, Palmetto Dunes Resort, Inc., reserves unto itself, its successors and assigns, the right to control absolutely and solely the decision as to precise site and location of any house or other structure upon all lots and every lot within all Limited Residential Areas in Palmetto Dunes. In no event shall construction of a dwelling be permitted in a location which, in the sole discretion of Palmetto Dunes Resort.
Inc., would infringe upon or detract from the golf course or water oriented areas in Palmetto Dunes or upon other adjoining properties. Provided, however, that such building location shall be determined only after reasonable opportunity is afforded the lot owner to recommend a specific site, but Palmetto Dunes Resort, Inc. shall not be compelled to approve the location recommended by the owner unless, in its sole discretion, it complies with the requirements of this provision, and provided further, that in the event an agreed location is stipulated in writing in the contract of purchase, Palmetto Dunes Resort, Inc. shall approve automatically such location for a residence.

4. The exterior of all houses and other structures must be completed within one (1) year after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the owner or building due to strikes, fires, national emergency or natural calamities.

5. All lots in said Limited Residential Areas shall be used for residential purposes exclusively. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any lot other than one (1) detached single family dwelling not to exceed two (2) stories in height and one (1) small one-story accessory building which may include a detached private garage and/or servant's quarters; provided the use of such dwelling or accessory building does not overcrowd the site and, provided further, that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building.

6. A guest suite or like facility without a kitchen may be included as part of the main dwelling or accessory building, but such suite may not be rented or leased except as part of the entire premises including the main dwelling, and provided, however, that such guest suite would not result in overcrowding the site.

7. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on such lot which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area.

8. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the other property in the neighborhood by the owners thereof.
9. In order to implement effective insect, reptile and wood fire control, Palmetto Dunes Resort, Inc. reserves for itself and its agents the right to enter upon any residential lot on which a residence has not been constructed and upon which no landscaping plan has been implemented (with prior written approval of Palmetto Dunes Resort, Inc. for such plan), such entry to be made by personnel with tractors or other suitable devices, for the purpose of removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of Palmetto Dunes Resort, Inc. detracts from the overall beauty, setting and safety of Palmetto Dunes. Such entrance for the purpose of mowing, clearing, cutting or pruning shall not be deemed a trespass. Palmetto Dunes Resort, Inc. and its agents may likewise enter upon such land to remove any trash which has collected on such lot without such entrance and removal being deemed a trespass. The provisions in this paragraph shall not be construed as an obligation on the part of Palmetto Dunes Resort, Inc. to mow, clear, cut or prune any lot nor to provide garbage or trash removal services.

10. In the event the owner desires to sell a residential site within Palmetto Dunes, together with its improvements, if any, then said property shall be offered for sale to Palmetto Dunes Resort, Inc. at the same price at which the highest bona fide offer has been made for the property, and Palmetto Dunes Resort, Inc. shall have thirty (30) days from receipt by Palmetto Dunes Resort, Inc. of written notice of such offer within which to exercise its option to purchase said property at this price; and should Palmetto Dunes Resort, Inc. fail or refuse within thirty (30) days after receipt of written notice of the price and terms to exercise its option to purchase said property at the offered price, then the owner of said property shall have the right to sell said property subject, however, to all covenants and limitations herein contained, at a price not lower than that at which it was offered to Palmetto Dunes Resort, Inc.

Should, however, such sale not be consummated within six (6) months of the date of the offer transmitted to Palmetto Dunes Resort, Inc., the terms and limitations of this paragraph shall again be imposed upon any sale by the owner.

If Palmetto Dunes Resort, Inc. shall elect to purchase such property, the transaction shall be consummated within thirty (30) days following delivery of notice by Palmetto Dunes Resort, Inc. to the owner of its decision to purchase.

The provisions of this paragraph shall not apply to sales under powers contained in Mortgages, and similar security instruments.

11. No commercial signs, including "for rent" "for sale" and other similar signs, shall be erected or maintained on any lot or any part of any lot by anyone including, but not limited to, the owner, a realtor, a contractor
or subcontractor, except with the written permission of Palmetto Dunes Resort, Inc., or except as may be required by legal proceedings, it being understood that Palmetto Dunes Resort, Inc. will not grant permission for said signs unless their erection is reasonably necessary to avert serious hardship to the property owner. If such permission is granted, Palmetto Dunes Resort, Inc. reserves the right to restrict size, color and content of such signs. Property identification and like signs exceeding a combined total of more than two (2) square feet may not be erected without the written permission of Palmetto Dunes Resort, Inc.

12. Each lot owner shall provide space for parking two automobiles off the street prior to the occupancy of any dwelling constructed on said lot in accordance with reasonable standards established by Palmetto Dunes Resort, Inc.

13. Each lot owner shall provide receptacles for garbage, in a screened area not generally visible from the road, or provide underground garbage receptacles or similar facility in accordance with reasonable standards established by Palmetto Dunes Resort, Inc.

14. Prior to the occupancy of a residence on any lot, proper and suitable provision shall be made for the disposal of sewage by connection with the sewer mains of Palmetto Dunes Resort, Inc. or the Broad Creek Public Service District (as appropriate), or if no such main has been constructed in the vicinity of such lot, then such disposal shall be made by means of a septic tank or tanks constructed on such lot for the disposal of all sewage and all sewage shall be emptied or discharged into such main or tanks. No sewage shall be emptied or discharged into the ocean, any creek, marsh, lagoon, river, sound or beach or shorelines thereof. No sewage disposal system shall be permitted on any lot nor may any sewage disposal system be used unless such system is designed, located, constructed and maintained in accordance with the required standards and recommendations of the appropriate public health authority. Approval of such system shall be obtained from such authority after the completion of said system and prior to the use of such system.

15. Palmetto Dunes Resort, Inc. reserves unto itself, its successors and assigns, a perpetual, alienable and releaseable easement and right on, over and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities, on, in or over the rear ten (10') feet of each lot and ten (10') feet along one (1) side of each lot and such other areas as are shown on the applicable plat. Palmetto Dunes Resort, Inc., further reserves the right to cut drainways for surface water wherever and whenever such action may appear to Palmetto Dunes Resort, Inc. to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to
take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. It further reserves the right to locate wells, pumping stations, and tanks within residential areas, on any walkway, or any residential lot designed for such use on the applicable plat of a residential subdivision or to locate same upon any lot that it may own or upon any lot with the permission of the owner of such lot. Such rights may be exercised by any licensee of Palmetto Dunes Resort, Inc., but this reservation shall not be considered an obligation of Palmetto Dunes Resort, Inc. to provide or maintain any such utility or service.

16. Whenever Palmetto Dunes Resort, Inc. is permitted by these covenants to correct, repair, clear, preserve, clear out, or do any action on the property of any lot owners, entering the property and taking such action shall not be deemed a trespass.

17. No structure of a temporary character shall be placed upon any lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of the main dwelling house, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the lot after completion of construction. The design and color of structures temporarily placed on a lot by a contractor or subcontractor shall be subject to the reasonable aesthetic control of Palmetto Dunes Resort, Inc. No trailer, tent, barn, tree house or other similar out-building or structure shall be placed on any lot at any time, either temporarily or permanently.

18. No fuel tanks or similar storage receptacles may be exposed to view, and they may be installed only within the main dwelling house, within the accessory building, within the screened area required in Paragraph 19 herein, or buried underground.

19. Each lot owner must construct a screening fence to shield and hide from view a small service yard. Plans for such fence delineating the site, design, texture, appearance and location must be approved by Palmetto Dunes Resort, Inc., prior to construction.

20. No private water wells may be drilled or maintained on any residential lot so long as Palmetto Dunes Resort, Inc., or the Broad Creek Public Service District Commission, as appropriate, or their agents, successors or assigns, plans a water distribution line adequate for normal household use in dwellings served by such distribution line; provided further, that such water distribution line must be completed within five (5) days from the date of completion of the residence or a private well may be drilled by the lot owner.
21. No large trees measuring six (6) inches or more in diameter at ground level may be removed without the written approval of Palmetto Dunes Resort, Inc., unless located within ten (10) feet of the main dwelling or accessory building or within ten (10) feet of the approved site for such building.

22. No lot shall be subdivided, or its boundary lines changed, except with the written consent of Palmetto Dunes Resort, Inc. However, Palmetto Dunes Resort, Inc. expressly reserves to itself, its successors or assigns, the right to replat any two (2) or more lots shown on the plat of any subdivision in order to create a modified building lot or lots, and to take such other steps as are reasonably necessary to make such replatted lot suitable and fit as a building site to include, but not be limited to, the relocation of easements, walkways and rights of way to conform to the new boundaries of the said replatted lots, provided that no lot originally shown on a recorded plat is reduced by more than twenty (20) percent from its original size, but further provided, that any such lot may be reduced in size to a minimum of one acre whether or not such reduction in size is more than twenty (20) percent of the area of the lot as originally platted. The restrictions and covenants herein apply to each such lot so created.

23. Palmetto Dunes Resort, Inc. expressly reserves to itself, its agents or assigns, any other provisions in the Declaration notwithstanding, the right to build any bridges, walkways or fixed spans across any or all natural or manmade canals, creeks or lagoons in Palmetto Dunes. Nothing in this paragraph shall be construed as placing an affirmative obligation on Palmetto Dunes Resort, Inc., to provide or construct any bridge, walkway or fixed span unless such bridge, walkway or fixed span shall be shown specifically on the recorded plat of the subdivision or section of lots referred to and incorporated in the deed of conveyance to the grantee lot owner asserting such affirmative obligation to the grantor.

24. The lagoons, lakes, ponds and other bodies of water within the boundaries of Palmetto Dunes are intended for the use and enjoyment of Palmetto Dunes property owners, their guests and invitees and the enhancement of the entire Palmetto Dunes property. To provide the full enjoyment of the aforementioned water courses, bodies of water and to preserve water quality and to minimize erosion due to water turbulence, no combustion type engines shall be operated in said water courses or bodies of water within Palmetto Dunes without the express written permission of Palmetto Dunes Resort, Inc. which permission may be arbitrarily withheld.

Palmetto Dunes Resort, Inc. expressly reserves unto itself, its successors and assigns, every reasonable use and enjoyment of said lagoons, water courses and bodies of water in a manner not inconsistent with this Declaration.
25. By acceptance of the Deed to the property conveyed, subject to these restrictions, the Purchaser, his heirs and assigns, hereby agrees that in the event of sale of this property is desired, to appoint Palmetto Dunes Resort, Inc., as exclusive real estate agent for such property for a period of sixty (60) days, at the price and terms established by the Purchaser as Owner in such subsequent offering of said property for sale. The sales commission on the transaction shall be the then prevailing standard commission under the policies of the South Carolina Board of Realtors. Should no buyer be found, after such sixty-day period, the Purchaser shall be free to list the property with any licensed South Carolina real estate broker provided, however, that in the event the Purchaser reduces the price that he will accept for the property, Palmetto Dunes Resort, Inc. shall be entitled to an exclusive sixty-day listing after such reduction in price, at such reduced price.

26. Palmetto Dunes Resort, Inc., expressly reserves the right to impose additional restrictive covenants upon the areas within the Limited Residential Areas in Palmetto Dunes provided that the same are not inconsistent with and do not lower the standards of the restrictions as herein provided. Said additional covenants, if any, shall be effective only upon property transferred by Palmetto Dunes Resort, Inc. simultaneously with or subsequent to the imposition of said covenants and shall be made effective upon said property by reference to said additional or amended provisions in the deed transferring said property.

PART II

SPECIAL RESTRICTIONS AFFECTING

BEACH RESIDENTIAL AREAS

1. For the purpose of this Declaration, "Beach Residential Areas" shall be defined as those lots covered by these restrictions which abut on those areas in Palmetto Dunes known as "Tee Roads".

2. In order to provide a permanent fund to maintain, landscape and repair private streets (except those located within a privately owned lot), walkways and like community areas, maintain the beachfront in a clean and orderly condition, provide for pest control when needed and in general provide those services important to the development and preservation of an attractive community appearance, and further, to maintain the privacy and general safety of the residential communities in Palmetto Dunes, each owner of a lot shall pay annually to Palmetto Dunes Resort, Inc. the sum of One Hundred ($100.00) Dollars per residential lot, said sum to be placed in an account and to be used exclusively for the purposes hereinabove noted. From and after January 1, 1974, this annual payment may be increased each year by the percentage of increase in the consumer price index for the previous year, or at the option of Palmetto Dunes Resort, Inc. may be increased each year up to five (5) percent.
of the maximum authorized payment for the previous year. Palmetto Dunes Resort, Inc. assumes the obligation to provide maintenance and all other services stated above only to the extent such maintenance and services can be provided with the proceeds of each payment. Palmetto Dunes Resort, Inc. further reserves the right to assign the rights under this paragraph to a community association or Public Service District created to undertake the services set forth herein.

3. Owners of oceanfront lots may not remove, reduce, cut down or otherwise lower the elevation of sand dunes and ridges located on the rear (ocean-side) half of any oceanfront lot to a level lower than fourteen (14) feet above mean sea level, except with the written permission of Palmetto Dunes Resort, Inc.

4. There shall be reserved for the use and benefit of adjacent second-row lot owners an easement of view running along the side boundary lines of oceanfront lots for a width of five (5) feet on each side of each oceanfront lot. It is herein specified that the main purpose of this easement is to enable second-row lot owners to maintain permanently an open area sufficiently unobstructed to afford a direct view of the ocean and direct circulation of ocean breezes. Owners of oceanfront lots may not erect any fence, wall or other structure interfering with such easements. Agents of Palmetto Dunes Resort, Inc., acting at the request of the owners of second-row lots, may enter onto front-row lots cut or trim any trees, limbs, bushes, or shrubs or other obstructions located within the easement areas and interfering with the view of second-row property owners. Such clearing and maintenance shall be at the expense of the oceanfront lot owner who obstructed or authorized the obstruction of the easement of view. Such side boundary line easements of view shall not be applicable, however, to the center dividing line between two lots combined to form one building site.

5. Palmetto Dunes Resort, Inc. covenants and agrees that it will hold in trust all lands, if any, located between the front property lines of any oceanfront lot and the high water mark of the Atlantic Ocean directly in front of each such lot for the use and benefit of residents of the residential areas of Palmetto Dunes and that it will not subdivide, sell or otherwise dispose of such land under conditions which would permit its use for the erection of any structure whatsoever without the written permission of the owner of the one oceanfront lot contiguous to and immediately behind such portion of the trust property involved. Palmetto Dunes Resort, Inc. further covenants and agrees that it will hold in trust all land upon which walkway easements are located as shown on the recorded plats of record, said easements being intended for the use, benefit and enjoyment of all property owners in Palmetto Dunes, their guest or invitees.
6. Whenever Palmetto Dunes Resort, Inc. is permitted by these covenants to correct, repair, clean, preserve, clear out, or do any action on the property of any lot owners, entering the property and taking such action shall not be deemed a trespass.

7. The minimum requirement for dwellings constructed on all lots in Beach Residential Areas is two thousand (2,000) square feet of enclosed dwelling area as hereinbefore defined.

PART III

SPECIAL RESTRICTIONS AFFECTING GOLF FAIRWAY AND WOODLAND RESIDENTIAL AREAS LOCATED IN PALMETTO DUNES

1. For the purpose of this Declaration, "Golf Fairway and Woodland Residential Areas" shall include all areas covered by these restrictions which are not included in the Beach Residential Area or Lagoon Areas in Palmetto Dunes.

2. In order to provide a permanent fund to maintain, landscape and repair private streets (except those located within a privately owned lot), walkways and like community areas, maintain adjacent areas used by residents in a clean and orderly condition, provide a fund for pest control when needed, and generally provide a fund for those services important to the development and preservation of an attractive community, and to further maintain the privacy and general safety of the residential communities which are in Palmetto Dunes, each owner of a lot within such Golf Fairway or Woodland Residential Areas shall pay annually to Palmetto Dunes Resort, Inc., the sum of One Hundred ($100.00) Dollars per residential lot, said sum to be placed in an account to be used exclusively for the purpose above described. From and after January 1, 1971, this annual payment may be increased each year by the percentage of increase in the consumer price index for the previous year, or at the option of Palmetto Dunes Resort, Inc. may be increased each year up to five (5%) percent of the maximum authorized payment for the previous year. Palmetto Dunes Resort, Inc. assumes the obligation to provide maintenance and all other services stated above only to the extent such maintenance and services can be provided with the proceeds of each payment. Palmetto Dunes Resort, Inc. further reserves the right to assign the rights under this paragraph to a community association or Public Service District created to undertake the services set forth herein.

3. The landscaping plan for the areas of any lot or block of future lots within fifty (50) feet of the boundary of the lot or block line adjacent to golf fairway property shall be in general conformity with the overall landscaping pattern for the golf course fairway area established by the golf course architect and all individual lot or block landscaping plans must be approved by Palmetto Dunes Resort, Inc., its agents, successors and assigns, before implementation.
4. There is reserved to the Grantor, Palmetto Dunes Resort, Inc., its agents, successors or assigns, a "Golf Course Maintenance Easement Area" on each lot adjacent to the fairways or greens of the golf courses within Palmetto Dunes. This reserved easement shall permit the Grantor, its agents, successors and assigns, at its election, to go onto any fairway lot at any reasonable hour and maintain or landscape the Golf Course Maintenance Easement Area. Such maintenance and landscaping shall include regular removal of underbrush, trees less than six (6) inches in diameter, stumps, trash or debris, planting of grass, watering, application of fertilizer and mowing the Easement Area. This Golf Course Maintenance Easement Area shall be limited to the portion of such lots within thirty (30) feet of the lot line bordering the fairway, or such lesser area as may be shown as a "Golf Course Maintenance Easement Area" on the recorded plat of such lot; provided, however that the above described maintenance and landscaping rights shall apply to the entire lot until there has been filed with Palmetto Dunes Resort, Inc., a landscaping plan for such lot by the owner thereof, or alternatively, a residence constructed on the lot.

5. Until such time as a residence is constructed on a lot, the Grantor, its agents, successors or assigns, reserves an easement to permit and authorize registered golf course players and their caddies to enter upon a lot to recover a ball or play a ball, subject to the official rules of the course, without such entering and playing being deemed a trespass. After a residence is constructed, such easement shall be limited to that portion of the lot included in the Golf Course Maintenance Easement Area, and recovery of balls only, not play, shall be permitted in such Easement Area. Registered players or their caddies shall not be permitted to enter on any such lot with a golf cart or other vehicle, nor spend unreasonable time on such lot, or in any way commit a nuisance while on such lot. After construction of a residence on a Golf Fairway lot, "Out of Bounds" markers shall be placed on said lot at the expense of Palmetto Dunes Resort, Inc.

6. Owners of golf fairway lots shall be obligated to refrain from any actions which would detract from the playing qualities of golf courses within Palmetto Dunes or the development of an attractive overall landscaping plan for the entire golf course area. Such prohibited actions shall include, but are not limited to, such activities as burning trash on a lot when the smoke would cross onto the fairway, and the maintenance of unfenced dogs or other pets on the lot under conditions interfering with play due to their loud barking, running on the fairways, picking up balls or other like interference with play.

7. Whenever used in the foregoing special restrictions affecting "Golf Fairway or Woodland Residential Areas", the term "lot" shall mean a platted lot or two (2) or more contiguous platted lots if owned by the same party or parties and a residence has been constructed on one (1) of the contiguous lots.
8. The minimum square footage requirement for dwellings constructed in Golf Fairway and Woodland Residential Areas shall be eighteen hundred (1,800) square feet of enclosed dwelling area as hereinbefore defined subject, however, to the special provision applicable to the Inverness area as hereinbefore set forth.

PART IV

SPECIAL RESTRICTIONS AFFECTING ALL LAGOON RESIDENTIAL AREAS

LOCATED IN PALMETTO DUNES

1. For the purpose of these restrictions, "Lagoon Residential Areas" shall be defined as those areas subject to these restrictions, all or a portion of which abutt on a lagoon lake, pond or tidal or marsh area within Palmetto Dunes.

2. In order to provide a permanent fund to maintain, landscape and repair private streets (except those located on a privately owned lot), walkways and like community areas in a clean and orderly fashion, provide for pest control when needed, and in general provide those services important to the development and preservation of an attractive community appearance, and further maintain the privacy and general safety of all lagoon and water oriented areas, each owner of a lot in such lagoon areas shall pay annually to Palmetto Dunes Resort, Inc. the sum of One Hundred ($100.00) Dollars, said sum to be placed in an account and to be used exclusively for the purposes hereinabove mentioned. From and after January 1, 1974, this annual payment may be increased each year by the percentage of increase in the consumer price index for the previous year, or at the option of Palmetto Dunes Resort, Inc. may be increased each year up to five (5) percent of the maximum authorized payment for the previous year. Palmetto Dunes Resort, Inc. assumes the obligation to provide maintenance and all other services stated above only to the extent such maintenance and services can be provided with the proceeds of each payment. Palmetto Dunes Resort, Inc. further reserves the right to assign the rights under this paragraph to a community association or Public Service District created to undertake the services set forth herein.

3. Each owner of a Lagoon lot shall at all times keep, maintain and preserve the same in a clean, orderly and attractive appearance. In the event such owners fail to maintain said lot, after ten (10) days written notice from Palmetto Dunes Resort, Inc., then in such event, agents of Palmetto Dunes Resort, Inc. may enter upon said lot for the purpose of mowing, cutting and clearing the same and do such other work as to maintain the said lot in an orderly and attractive appearance. It is expressly understood that such work shall be performed at the expense of the owner and such entrance upon the lot by Palmetto Dunes Resort, Inc. shall not be deemed a trespass.
4. There shall be reserved for the use and benefit of adjacent second-row lot owners, if any, an easement of view, with said easement running along the side boundary lines of all lots located on and facing towards any lagoon, creek, sound, tidal marshlands or wet lands. Said lots located on and facing any lagoon, creek, sound, tidal marshlands, or wet lands are hereinafter referred to as outer perimeter lots. Said easement shall extend five (5) feet on either side of said boundary lines, it being the purpose of this easement to enable second-row lot owners to maintain permanently an open area sufficiently unobstructed to afford a view of and direct circulation of breezes. Owners of outer perimeter lots may not erect any fence, wall or other structure interfering with such easement. Agents of Palmetto Dunes Resort, Inc., acting at the request of owners of second-row lots, may enter onto said outer perimeter lots and cut or trim trees, limbs, bushes, shrubs, or other obstructions located within such easement area and interfering with the view of said second-row property owners. Such clearing and maintenance shall be at the expense of the second-row lot owners, except when the easement of view was willfully obstructed by the owner or agent thereof of an outer perimeter lot, in which event removal of such obstruction shall be at the expense of the outer perimeter lot owner who so obstructed such easement. Such side boundary line easements of view shall not be applicable, however, to the center dividing line between two lots combined to form one building site.

5. It is expressly understood and agreed that Palmetto Dunes Resort, Inc. shall not be liable for any damage to any lot or the improvements thereon caused by or in any way contributed by flood waters of the Lagoons.

6. The minimum requirement for dwellings constructed on Lagoon and water oriented lots shall be two thousand (2,000) square feet of enclosed dwelling area as hereinbefore defined except that water oriented lots located in the Inverness area shall have a minimum enclosed dwelling area of eighteen hundred (1,800) square feet of enclosed dwelling area as hereinbefore defined, subject to the special provisions for the Inverness area as hereinbefore set forth.

7. Whenever Palmetto Dunes Resort, Inc. is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on the property of any lot owner, or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

8. Owners of lots fronting lagoon areas may construct docks and/or boat houses upon their property located between the outer boundary of their lots and contiguous to same and the high water mark upon complying with one of the following terms and conditions:
(a) Complete plans and specifications including site, color or finish must be submitted to Palmetto Dunes Resort, Inc., in writing;

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

Any alterations of the plans and specifications or of the completed structure must also be submitted to Palmetto Dunes Resort, Inc., in writing and its approval in writing must be similarly secured prior to construction, Palmetto Dunes Resort, Inc. reserving the same rights to disapprove alterations as it retains for disapproving the original structures.

9. All lot owners who construct or cause to be constructed said docks and/or boat houses must maintain said structures in good repair and keep the same safe, clean and orderly in appearance at all times, and further agree to paint or otherwise treat with preservatives all wood or metal located above the high water mark, exclusive of piling, and to maintain such paint or preservatives in an attractive manner. Palmetto Dunes Resort, Inc. shall be the judge as to whether the docks and/or boat houses are safe, clean, orderly in appearance, and properly painted or preserved in accordance with reasonable standards, and where Palmetto Dunes Resort, Inc. notifies the particular lot owner in writing that said dock and/or boat house fails to meet acceptable standards, said lot owner shall thereupon remedy such conditions within thirty (30) days to the satisfaction of Palmetto Dunes Resort, Inc. and that failing to so remedy such conditions, the lot owners hereby covenant and agree the Palmetto Dunes Resort, Inc. may make the necessary repairs, but it is not obligated to make such repairs or take such action as will bring the said dock and/or boat house up to acceptable standards, all such repairs and actions to be at the expense, solely of the lot owner in question.

PART V

INVERNESS RESIDENTIAL AREA LOCATED IN PALMETTO DUNES

1. Various provisions of these covenants make reference to the Inverness area of Palmetto Dunes. Said area shall consist of those lots in Palmetto Dunes designated by the recorded plats of record as shall be recorded from time to time as lying within said Inverness area of Palmetto Dunes. All provisions of these covenants shall apply to said Inverness areas when incorporated into the deeds transferring said properties in the same manner as all other lots within Limited Residential Areas of Palmetto Dunes as herein provided.
except that where these covenants make special provision for said lots within the Inverness area of Palmetto Dunes, those provisions shall control.

2. The minimum requirements for dwellings constructed on lots in the Inverness area of Palmetto Dunes shall be eighteen hundred (1,800) square feet of enclosed dwelling area as hereinbefore defined, whether water, woodland or golf course oriented; provided, however, that Palmetto Dunes Resort, Inc. reserves the right, in its sole and absolute discretion, to waive the minimum square footage above stated in the event the characteristics of a particular lot warrant, in the sole discretion of Palmetto Dunes Resort, Inc., a waiver of such minimum square footage requirement. In no event, however, shall approval be given for a dwelling containing less than fifteen hundred (1,500) square feet of enclosed dwelling area.

3. In order to provide a permanent fund to maintain, landscape and repair private streets (except those located within a privately owned lot), walkways and like community areas, maintain adjacent areas used by residents in a clean and orderly condition, provide a fund for pest control when needed, and generally provide a fund for those services important to the development and preservation of an attractive community, and to further maintain the privacy and general safety of the residential communities which are in Palmetto Dunes, each owner of a lot within such Golf Fairway or Woodland Residential Areas shall pay annually to Palmetto Dunes Resort, Inc., the sum of One Hundred ($100.00) Dollars per residential lot, said sum to be placed in an account to be used exclusively for the purposes above described. From and after January 1, 1974, this annual payment may be increased each year by the percentage of increase in the consumer price index for the previous year, or at the option of Palmetto Dunes Resort, Inc. may be increased each year up to five (5) percent of the maximum authorized payment for the previous year. Palmetto Dunes Resort, Inc. assumes the obligation to provide maintenance and all other services stated above only to the extent such maintenance and services can be provided with the proceeds of each payment. Palmetto Dunes Resort, Inc. further reserves the right to assign the rights under this paragraph to a community association or Public Service District created to undertake the services set forth herein.

4. All the provisions of PART III and PART IV hereof setting forth special provisions for Golf Fairways and Woodland Areas and water oriented areas, except the provisions dealing with the minimum square footage requirements, shall have full application in the Inverness area of Palmetto Dunes, as determined by the location thereof with respect to Woodland areas and the golf courses, a lagoon or other water body.
PART VI

DURATION OF COVENANTS

All covenants, restrictions and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them to specifically include, but not be limited to, the successors and assigns, if any of Palmetto Dunes Resort, Inc. for a period of Forty (40) years from the execution date of this Declaration, subject to the right reserved unto Palmetto Dunes Resort, Inc., its successors and assigns, to add additional restrictive covenants in respect to the property subject to this Declaration and the further right to limit the application of the covenants herein contained. After the initial forty (40) year period of duration, all said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by a majority of the then owners of lots substantially affected by such change in covenants, has been recorded, agreeing to change said covenants in whole or in part.

PART VII

VIOLATION OF COVENANTS

1. In the event of a violation or breach of any of the restrictions contained herein by any lot owner, or agent of such owner, the owners of lots in the neighborhood or subdivision, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, Palmetto Dunes Resort, Inc., its successors and assigns, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, Palmetto Dunes Resort, Inc., its successors and assigns, shall have the right, whenever there shall have been built on any lot in the subdivision any structure which is in violation of these restrictions, to enter upon such property where such violation exists, and summarily abate or remove the same at the expense of the owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any rights, reservations, restrictions or conditions contained in this Declaration, however long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach, or as to a breach occurring prior to or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any court of any restrictions of these covenants shall in no way affect any of the other restrictions, but they shall remain in full force and effect.
2. Palmetto Dunes Resort, Inc. may include in any contract or deed hereafter made, modifications and/or additions to the restrictive covenants as contained in this Declaration of Covenants, with such modified covenant being made applicable by reference to conveyances of land made subsequent to such modifications.

3. The Covenants, restrictions and affirmative obligations contained herein supersede, to the extent made applicable, the following prior Declarations of rights, restrictions, conditions and covenants made by Palmetto Dunes Development Corporation and Phipps Land Company, Inc., recorded in the Office of the Clerk of Court for Beaufort County: Covenants for Tract A in Deed Book 150 at Page 260; Covenants for Parcel I of Tract B in Deed Book 158 at Page 45; Covenants for Parcel II of Tract B in Deed Book 163 at Page 213; Covenants for Parcel III of Tract B in Deed Book 169 at Page 210; Covenants for Parcel I of Tract F in Deed Book 172 at Page 89; Covenants for Parcel V of Tract B in Deed Book 174 at Page 107 and Deed Book 189 at Page 76; and the Consolidated Covenants of April 27, 1972 in Deed Book 197 at Page 1516. The consolidated uniform covenants contained herein are in many paragraphs substantially identical to those covenants and restrictions previously recorded as set forth above, except that additional restrictions and provisions have been added herein.

It is the true intent and purpose of Palmetto Dunes Resort, Inc. that the covenants and restrictions contained herein shall be the sole applicable covenants restricting and affecting Limited Residential Area properties conveyed by Palmetto Dunes Resort, Inc. to grantees of Palmetto Dunes Resort, Inc. subsequent to the date of the Declaration adopting these covenants, with these covenants and restrictions being made applicable to such conveyances by specific reference in individual deeds, or by subsequent declaration to the extent that there is any variation from and addition to, covenants herein recorded; however, those properties in Palmetto Dunes conveyed prior to the effective date of this instrument are not governed or otherwise restricted by the consolidated uniform provisions of this Declaration, but are so governed and restricted by those covenants and restrictions previously recorded as set forth above and to which specific reference was made in the particular and appropriate deed of conveyance unless and until said properties are reacquired by Palmetto Dunes Resort, Inc.
IN WITNESS WHEREOF, Palmetto Dunes Resort, Inc. has caused this instrument to be executed in its corporate name by William M. Peterson, its Vice President, and William L. Bethea, Jr., its Assistant Secretary, this 10th day of October, 1973.

In the presence of:

[Signatures]

PALMETTO DUNES RESORT, INC.

By [Signature]
William M. Peterson, Vice President

ATTEST:
By [Signature]
William L. Bethea, Jr.
Assistant Secretary

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

PERSONALLY appeared before me Michael L. M. Jordan who, on oath, says that he saw the within named Palmetto Dunes Resort, Inc., by William M. Peterson, its Vice President, sign the within instrument, and William L. Bethea, Jr., its Assistant Secretary, attest the same, and the said Corporation, by said officers, seal said instrument and, as its act and deed, deliver the same, and that he with Miriam E. Kyzer witnessed the execution thereof.

SWORN to before me
this 10th day of October, 1973.

[Signature] (Witness)

Notary Public for South Carolina
My Commission Expires February 6, 1983

[Stamp]