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, the said Palmetto Dunes Resort, Inc. and its predecessor in title, Phipps Land Company, Inc. have previously made, published and recorded 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, South Carolina in Deed Book 190 at Page 15 and 16; and

WHEREAS, Palmetto Dunes Resort, Inc. is now the overall developer of Palmetto Dunes and the successor in and holder of all rights and privileges formerly reserved unto Phipps Land Company, Inc. in the aforementioned covenants and Palmetto Dunes Resort, Inc. now wishes to make and record a Declaration of Consolidated Covenants to restrict all multi-family dwelling areas within Palmetto Dunes, which covenants are substantially identical to covenants previously recorded for the aforementioned multi-family dwelling areas in Palmetto Dunes, except that certain additional restrictive covenants have been added.

NOW, THEREFORE, Palmetto Dunes Resort, Inc., does hereby declare that the provisions herein contained are covenants running with said described lands as hereinafter set forth 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 covenants in respect to said properties so conveyed, or to limit therein the application of the covenants 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 this Declaration, be the sole applicable covenants restricting and affecting properties designated as multi-family 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 the covenants heretofore recorded. To the extent that there is conflict between those restrictions, covenants and affirmative obligations previously recorded, as hereinabove set forth, and these provisions of this Declaration, the provisions of this Declaration shall govern and restrict properties hereafter conveyed in deeds making reference to the Declaration.
These covenants, restrictions and affirmative obligations hereinafter set forth shall be referred to as the Consolidated Multi-Family Residential Covenants, 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.

1. No building, fence or other structure shall be erected, placed or altered on any lot or parcels of land in a multi-family residential area until proposed building plans, specifications, exterior color or finish, plot plan (showing 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 or 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 prior approval by Palmetto Dunes Resort, Inc. One copy of all plans and related data shall be furnished Palmetto Dunes Resort, Inc., for its records. Palmetto Dunes Resort, Inc., reserves unto itself, its successors and assigns, the right to control absolutely and solely to decide the precise site and location of any dwelling unit or other structure upon any property conveyed subject to these covenants. Once construction or reconstruction has begun, the exterior of all buildings or other structures must be completed within one (1) year after commencement, 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.

2. All lots or tracts of land in said multi-family residential areas shall be used for residential purposes exclusively. No structure or structures shall be erected, altered, placed or permitted to remain on any property other than as provided in these covenants and restrictions or except as provided for in each Deed of Conveyance.

3. It shall be the responsibility of each dwelling unit owner to prevent the development of any unclean, unsightly, or unkempt conditions of buildings or grounds in and around such units which shall tend to substantially decrease the beauty of the neighborhood as a whole or a specific area.

4. No noxious or offensive activities shall be carried on in or around any dwelling unit nor shall anything be done therein tending to cause embarrassment, discomfort, annoyance, or nuisance to the neighborhood. There shall not be maintained any plants or animals or device of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the owners thereof.

5. No commercial signs, including "for rent", "for sale" and other similar signs, shall be erected or maintained on any property 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 such
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 written permission of Palmetto Dunes Resort, Inc.

6. Each property 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.

7. Prior to the occupancy of a villa or other dwelling unit proper and suitable provision shall be made for the disposal of sewage by connection with the sewer mains within Palmetto Dunes and this shall be the sole permissible means of sewage disposal.

8. 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 the 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 property upon which the multi-family dwelling units are constructed and areas comprising the common elements with a given Horizontal Property Regime and such other areas as are shown on the applicable plat; PROVIDED further, that Palmetto Dunes Resort, Inc. may 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 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 designated for such use on the applicable plat of residential subdivision or horizontal property regime 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.

9. No structure of a temporary character shall be placed upon any property at any time without the written consent of Palmetto Dunes Resort, Inc.; provided, however, that this prohibition shall not apply to shelters used by the contractor during the construction of approved improvements, 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.

10. No trailer, tent, barn, tree house or other similar outbuilding or structure shall be placed on any of the property subject to these covenants at any time, either temporarily or permanently.
11. No fuel tanks or similar storage receptacles may be exposed
to view, and the same may be installed only within the main dwelling
unit, within any approved accessory building, or within a screened area
built in accordance with plans approved by Palmetto Dunes Resort, Inc.

12. No private water wells may be drilled or maintained on any
residential property so long as Palmetto Dunes Resort, Inc. or its
licensees, agents, successors or assigns, maintain a water distribution
line within fifty (50) feet of such residential property with an
average daily water pressure in such line adequate for normal household
use in dwellings served by such distribution line; provided further,
that such water distribution line must be completed with ten (10) days
from the date of completion of the residence or a private well may be
drilled by the lot owner.

13. 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.

14. No property subject to these restrictions shall be subdivided,
or its boundary lines changed, except with the written consent of
Palmetto Dunes Resort, Inc.

15. Palmetto Dunes Resort, Inc. expressly reserves to itself,
its agents or assigns, any other provisions in this Declaration not-
withstanding, the right to build any bridges, walkways, or fixed spans
across any of all natural or manmade canals, creeks or lagoons in
Palmetto Dunes; provided that such walkway, bridge or fixed span, if
it be over navigable and tidal waters, shall provide a minimum clearance
of twelve (12) feet at mean sea level, fifteen (15) feet at mean low
tide, and nine (9) feet at mean high tide. 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 and
specifically designated on the recorded plat of the subdivision or
other tract of property referred to and incorporated in the deed of
conveyance to the grantee or dwelling unit owner asserting such
affirmative obligation to the grantor.

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

17. All the covenants, restrictions, and affirmative obligations
set forth in this Declaration shall run with the land, shall be binding
on all parties and persons claiming under them, to specifically include,
but not to be limited to, the successors and assigns, if any, of Palmetto
Dunes Resort, Inc.

18. In the event of a violation or breach of any of the restrict-
ions contained herein, the owners of property or dwelling units 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 herein or to prevent the violation or breach in any event.
In addition to the foregoing, Palmetto Dunes Resort, Inc. shall have the right, whenever there shall have been built on any property governed by the covenants any structure which is in violation of these restrictions, to enter upon the 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, and any such entry and abatement shall not be deemed a trespass. A failure to enforce any rights given hereunder howev 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 or subsequent thereto, and shall not bar or affect its enforcement. The invalidation of any Court of any restrictions in the Declaration shall in no way affect any of the other restrictions, but they shall remain in full force and effect.

19. By acceptance of the Deed or Lease to the property conveyed subject to these restrictions, the purchaser, his heirs and assigns, hereby agrees that in the event that a sale of the property is desired, Palmetto Dunes Resort, Inc., its successors or assigns, shall be appointed 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 (60) days 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 (60) day listing after such reduction in price at such reduced price.

20. In the event the owner desires to sell a residential site, villa, apartment, or dwelling unit, 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 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.

21. 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 for the full enjoyment of the aforementioned water courses and 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.

22. 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, lagoons and other bodies of water 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, security and general safety of the residential communities in Palmetto Dunes, each owner of a multi-family dwelling unit shall pay annually to Palmetto Dunes Resort, Inc. the sum of Sixty ($60.00) Dollars per residential unit, 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.

23. Palmetto Dunes Resort, Inc. reserves the right to modify at any time in its sole discretion the restrictive covenants as contained herein and to impose additional covenants upon the areas within the multi-family residential areas in Palmetto Dunes. Such modified covenants shall be made applicable by reference to conveyances of land made subsequent to such modification or addition.

In addition to the foregoing general restrictions, the following additional restrictions are applicable to the beach front areas of Palmetto Dunes:

24. Owners of oceanfront property may not remove, reduce, cut down or otherwise lower the elevation of sand dunes and ridges located on the rear (oceanside) half of any oceanfront properties to a level lower than fourteen (14) feet above mean low water, except with the written permission of Palmetto Dunes Resort, Inc.

25. 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 property and the high water mark of the Atlantic Ocean directly in front of each property for the use and benefit of residents of the beach 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 oceanfront.
property contiguous to and immediately behind such portion of the trust property involved.

In addition to the foregoing general restrictions, the following additional restrictions are applicable to Golf Fairway residential areas of Palmetto Dunes:

26. The landscaping plan for property within fifty (50) feet of the golf course fairway boundary shall be in general conformity with the overall landscaping pattern for the golf course fairway area established by the golf course architect and all landscaping plans must be approved by Palmetto Dunes Resort, Inc., its agents, successors and assigns, before implementation.

27. There is reserved to the Grantor, Palmetto Dunes Resort, Inc., its agents, successors or assigns, a "Golf Course Maintenance Easement Area" on property adjacent to the fairways or greens of the Palmetto Dunes Golf Course. This reserved easement shall permit the Grantor, its agents, successors and assigns, at its election, to go on to any said fairway property at any reasonable hour and maintain or landscape the golf course maintenance easement area. Such maintenance and landscaping shall include the 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 adjoining property within thirty (30) feet of the property 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 property.

28. Palmetto Dunes Resort, Inc., its agents, successors or assigns, reserves an easement to permit and authorize registered golf course players and their caddies to enter upon that portion of the property included in the Golf Course Maintenance Easement Area to recover balls, but no play shall be permitted in such easement area. Registered players or their caddies shall not be entitled to enter on such property with a golf cart or other vehicle, nor spend unreasonable time on such property, or in any way commit a nuisance while on such property.

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

In addition to the foregoing general restrictions, the following additional restrictions are applicable to all lagoon, pond and lakefront residential areas of Palmetto Dunes:
30. Owners of property abutting on a lagoon, lake or pond shall at all times keep, maintain and preserve said property in a clean, orderly and attractive appearance. In the event such owners fail to maintain said property after ten (10) days written notice from Palmetto Dunes Resort, Inc., then in such event, agents of Palmetto Dunes Resort, Inc. may enter onto said lot for the purpose of mowing, cutting, and clearing the same and do such other work as is necessary to maintain the said property 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 property by Palmetto Dunes Resort, Inc. shall not be deemed a trespass.

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

32. 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 property owner, or on the easement areas adjacent thereto, entering the property taking such action shall not be deemed a trespass.
IN WITNESS WHEREOF, Palmetto Dunes Resort, Inc. has caused this instrument to be executed in its corporate name, by its proper officials, the 1st day of September, 1972.

William E. Kirby

Mary Elizabeth Kolav

STATE OF SOUTH CAROLINA )
COUNTY OF BEAUFORT )

PERSONALLY appeared before me Miriam E. Kyser

who, on oath, says that she saw the within named Palmetto Dunes Resort, Inc. by R. C. Omolade, its President, sign the within instrument, and W. L. Bethea, Jr., its Assistant Secretary, attest the same, and said corporation, by said officers, seal said instrument, and as its act and deed, deliver the same, and that she with Mary Elizabeth Kolav witnessed the execution thereof.

SWORN to before me this 1st day of September, 1972.

Notary Public for South Carolina
My Commission Expires June 23, 1990

William E. Kirby
(Witness)