WHEREAS, Greenwood Development Corporation, a South Carolina Corporation ("Greenwood"), is the owner and overall developer of certain lands located within Palmetto Dunes Resort on Hilton Head Island, Beaufort County, South Carolina (the "Resort") and is the Declarant with respect to, and the holder of all rights and privileges reserved in, that certain Declaration of Rights, Restrictions, Conditions, Etc., Which Constitute Covenants Running With Certain Lands Within Palmetto Dunes Resort dated January 1, 1981 and recorded on January 19, 1981 in the Office of the Register of Deeds for Beaufort County in Deed Book 314, at Page 505, and amended, the most recent amendment being filed of record on December 2, 2002, in Deed Book 1672 at Page 1813 (commonly referred to as the Multi-Family Residential Covenants of 1981 and, for purposes of this 2004 Amendment, referred to as the "Covenants"), including rights and privileges held by its predecessors-in-title under previous covenants and restrictions, all as referred to in the Covenants; and

WHEREAS, the Consolidated Multi-Family Residential Covenants of Greenwood Development Corporation dated January 1, 1981 were recorded on January 19, 1981, in the Office of the Register of Deeds for Beaufort County, South Carolina in Deed Book 314, at Page 505, and;

WHEREAS, Article IV provides for an Annual Maintenance Assessment applicable to all Multi-Family Residential Areas, and;

WHEREAS, Greenwood finds it necessary and appropriate to amend the provisions of Article IV so as to establish and provide for an additional assessment which will constitute a reserve fund for the purposes of storm cleanup; and,

WHEREAS, all roads and streets within Palmetto Dunes Resort are private and the ownership of such roads and streets is vested in Greenwood, and in order to provide for safe and effective regulation of traffic, Greenwood has previously filed with the Clerk of Court for Beaufort Count, the appropriate Consent documents making the Uniform Act Regulating Traffic on Highways of South Carolina (Chapter V, Title 56 of the Code of Laws of South Carolina, 1976) (hereinafter "Uniform Act") applicable to all of the streets and roadways within Palmetto Dunes Resort; and,
STATE OF SOUTH CAROLINA  
COUNTY OF BEAUFORT  

2004 AMENDMENT TO DECLARATION OF RIGHTS, RESTRICTIONS, CONDITIONS, ETC., WHICH CONSTITUTE COVENANTS RUNNING WITH CERTAIN LANDS WITHIN PALMETTO DUNES RESORT (the "2004 Amendment")

CONSOLIDATED MULTI-FAMILY RESIDENTIAL COVENANTS OF GREENWOOD DEVELOPMENT CORPORATION (DB 314 Page 505)

WHEREAS, Greenwood Development Corporation, a South Carolina Corporation ("Greenwood"), is the owner and overall developer of certain lands located within Palmetto Dunes Resort on Hilton Head Island, Beaufort County, South Carolina (the "Resort") and is the Declarant with respect to, and the holder of all rights and privileges reserved in, that certain Declaration of Rights, Restrictions, Conditions, Etc., Which Constitute Covenants Running With Certain Lands Within Palmetto Dunes Resort dated January 1, 1981 and recorded on January 19, 1981 in the Office of the Register of Deeds for Beaufort County, South Carolina in Deed Book 314, at Page 505, and amended, the most recent amendment being filed of record on December 2, 2002, in Deed Book 1672 at Page 1813 (commonly referred to as the Multi-Family Residential Covenants of 1981 and, for purposes of this 2004 Amendment, referred to as the "Covenants"), including rights and privileges held by its predecessors-in-title under previous covenants and restrictions, all as referred to in the Covenants; and

WHEREAS, the Consolidated Multi-Family Residential Covenants of Greenwood Development Corporation dated January 1, 1981 were recorded on January 19, 1981, in the Office of the Register of Deeds for Beaufort County, South Carolina in Deed Book 314, at Page 505, and;

WHEREAS, Article IV provides for an Annual Maintenance Assessment applicable to all Multi-Family Residential Areas, and;

WHEREAS, Greenwood finds it necessary and appropriate to amend the provisions of Article IV so as to establish and provide for an additional assessment which will constitute a reserve fund for the purposes of storm cleanup; and,

WHEREAS, all roads and streets within Palmetto Dunes Resort are private and the ownership of such roads and streets is vested in Greenwood, and in order to provide for safe and effective regulation of traffic, Greenwood has previously filed with the Clerk of Court for Beaufort Count, the appropriate Consent documents making the Uniform Act Regulating Traffic on Highways of South Carolina (Chapter V, Title 56 of the Code of Laws of South Carolina, 1976) (hereinafter "Uniform Act") applicable to all of the streets and roadways within Palmetto Dunes Resort; and

WHEREAS, Section 3-19 of the Covenants contemplated additional parking and traffic regulations to be promulgated by Greenwood from time to time; and
WHEREAS, Greenwood finds it necessary and appropriate to adopt certain regulations to
govern the conduct of Property Owners, their family members, guests, invitees, lessees, subowners,
contractors, service providers and all other parties (hereinafter all collectively referred to as
“Property Owner’s Guest”) who enter into the Resort upon authorization derived from the Property
Owner’s ownership of real property within Palmetto Dunes.

WHEREAS, in light of the growth of the population within Palmetto Dunes Resort, and in
order to assist in the enforcement of the Covenants, Greenwood finds it necessary and appropriate
to adopt a series of enforcement provisions relating to the Covenants.

WHEREAS, Greenwood has determined to amend the Covenants in accordance with
Section 7-9 and Section 9-2 and to promulgate additional traffic regulations pursuant to Section 3-
19 as well as additional regulations and enforcement procedures; and

WHEREAS, prior to the filing of this Amendment, while not required to do so, Greenwood
has sought the input from the Property Owners and from the Palmetto Dunes Property Owners
Association, Inc. (“Association”), has held not less than six (6) public forums regarding same, has
published and has made available copies of drafts of this Amendment to the Property Owners and
other interested parties on its website, and portions of same in its newsletter.

NOW, THEREFORE, for and in consideration of the Premises, the Multi-Family
Residential Covenants are amended as follows:

1. That the above "Whereas" clauses are hereby incorporated herein as if restated and are
hereby made an integral part hereof.

2. Except as specifically amended herein, the Multi-Family Residential Covenants shall
continue in full force and effect as if fully restated herein.

3. Storm Recovery Assessment. An additional paragraph is hereby appended to the end of
Article IV as Section 4-2 with the following language:

Section 4-2: Storm Recovery Funds.

a. Reserve Assessment. To supplement the annual maintenance assessment referenced
in Article IV, and in order to establish a reserve fund to clean up debris and trees, repair and
replace infrastructure, and otherwise recover from extraordinary wind, rain, flooding or hail
damage resulting from a natural disaster, or Act of God including but not limited to an
earthquake, hurricane, tropical storm, or cyclone, (hereinafter collectively referred to as
“natural disaster”) each Owner of a residential lot (“Lot”) may be required to pay to
Greenwood a sum, not to exceed annually, of Two Hundred ($200.00) Dollars per Lot as a
Storm Recovery Reserve Assessment, said sum to be placed in a separate account and to be
used exclusively for the purposes as specifically provided herein. This account is to be
etitled the “Storm Recovery Reserve Fund.” Once this Storm Recovery Reserve Fund
achieves a level of Two Million ($2,000,000.00) Dollars in collected assessments, the right

- 2 -
to assess for this Reserve Fund shall cease until such time as the Reserve Fund falls below such a level. This Storm Recovery Assessment is intended, and its use is limited, to cover unbudgeted and unexpected expenses as a result of a natural disaster.

b. **Special Assessment.** In the event of a natural disaster as referenced above in Subparagraph 4-2 a. resulting in needed funds for clean up, repair and replacement and otherwise recovery costs, and in the event that the Storm Recovery Reserve Fund is insufficient to address such costs, then Greenwood, or its assigns, shall have the power to levy a Special Storm Recovery Assessment after such a natural disaster in order to cover unbudgeted and unexpected expenses as a result of such a natural disaster which cannot be adequately addressed by the Storm Recovery Reserve Fund. This Special Storm Recovery Assessment is limited to $1,000.00 per Lot on an annual basis. In the event there are excess funds generated by the Special Storm Recovery Assessment after the expenses have been covered, such excess shall be maintained in the Storm Recovery Reserve Fund. Further, in order to replenish the Storm Recovery Reserve Fund after such a natural disaster, the Storm Recovery Reserve Assessment referenced above in Subparagraph 4-2 a. may be reinstated in the following calendar year until such Storm Recovery Reserve Fund has been built back up to the aforementioned level, as adjusted.

c. **Billing Collection.** The Special Storm Recovery Assessment referenced in Subparagraph 4.2b., as hereinafter established and levied, shall be due and payable within thirty (30) days of billing. The Storm Recovery Reserve Assessment referenced in Subparagraph 4-2 a. above shall be due and payable on or before March 1st of the calendar year in which it is billed. In the event that either of these assessments are not paid within thirty (30) days of said due date, then the provisions of Article IV as it relates to the annual maintenance assessment and collection thereof, (including, without limitation, the late fee, the obligation to pay attorney’s fees, and other remedies) shall be applicable to both the Special Storm Recovery Assessment and the Storm Recovery Reserve Fund Assessment, reference being made to the terms and conditions of Article IV which are hereby made applicable.

d. **Adjustments.** The annual maximum amount of the aforementioned Storm Recovery Reserve Assessment and the $2,000,000.00 cap on the amount of the Storm Recovery Reserve Fund described in Section 4-2 a., as well as the maximum amount of the Special Storm Recovery Assessment described in Section 4-2 b. above is subject to an increase each year commencing January 1, 2006, equal to the percentage of increase in the Consumer Price Index (“CPI”) for the previous year. The “Consumer Price Index” shall mean the Consumer Price Index for All Urban Consumers, U.S. cities, all items (1982-1984 - 100). The base year for these purposes shall be calendar year 2005.

4. **Association.** Reference is made to the Amendment to the Covenants which was dated October 21, 2002, and filed in the Office of the Register of Deeds for Beaufort County in Deed Book 1672, at Page 1813 (the “2002 Amendment”), which 2002 Amendment had, among other things, the purpose of adding a new Article XII to the Covenants relating to the Palmetto Dunes Property Owners Association, Inc. (“Association”) and certain financial operational provisions and
transitional matters. Attached as Exhibit “A” is an affidavit of an officer of the Association confirming the current status of membership within the Association. The Association is the representative body for the property owners and is the intended entity for assignment of Greenwood’s rights as Declarant under the Covenants, including, e.g., those rights pursuant to Section 9-3 of the Covenants.

5. **Regulations; Compliance and Enforcement.** A new Article XIII, is added to the Covenants as follows:

“ARTICLE XIII

Compliance With and Enforcement of the Covenants, State Laws and Palmetto Dunes Resort Regulations

13-1: **Regulations.** Greenwood does hereby adopt the Palmetto Dunes Regulations as set forth in Exhibit “B” (hereinafter "Regulations"). Such Regulations and all amendments thereto shall be binding upon all Property Owners, and the Property Owner’s Guest who enter into the Resort to the same extent as if stated fully herein with all other Covenants.

13-2: **All Property Owners, et al Subject to Regulations; Required to Yield to Amber or Blue Flashing Light.** All Property Owners shall comply with these Covenants and the Regulations, and shall be responsible for the conduct of and ensuring the compliance therewith for the Property Owner’s Guest who enter into the Resort upon authorization derived from the Property Owner’s ownership of real property within Palmetto Dunes. All Property Owners and Property Owner’s Guests shall be required to yield right of way and come to a stop upon the approach of a Greenwood Security vehicle displaying a flashing amber or blue light.

13-3: **Sanctions:** Greenwood may impose sanctions for violation of these Covenants, including the non-payment of assessments or for violation of the Regulations. Such sanctions may include, without limitation:

13-3.1: Suspending the right of a Property Owner or the Property Owner’s Guest to use any facility within the Common Properties if the Property Owner is more than 30 days delinquent in paying any assessment or any fine owed pursuant to the Regulations; provided, nothing herein shall authorize Greenwood to limit ingress to or egress from the Property Owner’s property for the Property Owner or an immediate family member of the Property Owner;

13-3.2: Suspending any services provided by Greenwood to a Property Owner or the Property Owner’s Lot or Dwelling if the Property Owner is more than 30 days delinquent in paying any assessment or fine owed pursuant to the Regulations;

13-3.3: Imposing reasonable financial sanctions (“fines”) payable to Greenwood. In the event that any Property Owner’s Guest who enters into the Resort upon authorization derived from the Property Owner’s ownership of real property within Palmetto Dunes, violates these Regulations and a fine is imposed against the Property Owner's Guest (the "violator"), the fine shall first be payable by such violator. If the fine is not paid by the violator within the time
period set forth in 13-3.3.1, the authorizing Property Owner shall then become liable for the fine. Upon the assessment of the unpaid fine against the authorizing Property Owner, the Property Owner shall be entitled to an additional fifteen (15) day period in which to either pay the fine or request a hearing as provided for in 13-3.3.2;

13-3.3.1: Fifteen (15) days after receipt by a Property Owner of a notice of violation setting forth the amount of such fine, or notice of assessment for an unpaid fine imposed upon a Property Owner’s Guest, a late charge of one and one half (1 1/2%) percent per month shall accrue on any unpaid amount of such fine from the fifteenth (15th) day after such notice until the date payment is received by Greenwood. Said Property Owner shall also be liable for costs of collection including reasonable attorneys’ fees, and court costs and filing fees incurred by Greenwood in any proceeding or collection effort undertaken to collect the unpaid fine. Acceptance of a partial payment of a fine or late charge, which is due or past due shall not act as a waiver for the unpaid portion of such fine or late charge and such amount paid shall be applied first against the late charge due and then against the fine due with any remaining balance continuing to be due and owing and subject to the above indicated late charge, lien and collection rights.

13-3.3.2: After receipt of notice of a fine assessed against a Property Owner, or a Property Owner’s Guest who enters into the Resort upon authorization derived from the Property Owner’s ownership of real property within Palmetto Dunes, for violation of these Covenants or for violation of the Regulations, a Property Owner or a Property Owner’s Guest may, within fifteen (15) days, request a hearing in accordance with procedures hereinafter referred to as Palmetto Dunes Resort Notice and Hearing Policies and as set forth in Exhibit “C” (“Hearing Policies”). Upon receipt, by Greenwood, of such request for a hearing prior to the 15th day after receipt of the notice of violation, the tolling of days before which a late fee is imposed shall be suspended until such hearing has taken place and a determination has been made and notice of such determination has been received by the Property Owner or the Property Owner’s Guest. On such date as said notice of determination has been received by the Property Owner, the tolling of days shall resume and a late charge shall be imposed as provided hereinabove in Section 13-3.3.1. If a Property Owner of a Property Owner’s Guest does not request a hearing, or the request is not received by Greenwood within fifteen (15) days of receipt of notice of a fine for violation of these Covenants or the Regulations, the Property Owner or the Property Owner’s Guest will be deemed to have waived such right to a hearing and the fine and all late fees shall be payable by the Property Owner.

13-4: Traffic Violation Enforcement: For emphasis, it is restated that, as it relates to the private roads which have been submitted to the Uniform Act as defined in Section 3-19 of the Covenants, Greenwood has the authority to enforce all applicable state traffic laws in addition to the enforcement of these Covenants and the Palmetto Dunes Resort Regulations, including the right to issue South Carolina Uniform Traffic Citations and/or Palmetto Dunes Private Citations.

13-5: Enforcement Procedures: Greenwood may take the following enforcement procedures to ensure compliance with these Covenants and the Regulations without the necessity of compliance with the procedures set forth in the Hearing Policies:
i. exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicle(s) that is/are in violation of the Regulations); or

ii. bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

13-6: Remedies Cumulative: All remedies set forth herein shall be cumulative of any remedies available at law or in equity. To supplement Section 9-8 of the Covenants, in any action to enforce these Covenants, Greenwood shall be entitled to recover all costs, including, without limitation, attorney’s fees, and court costs, reasonably incurred in such action.

13-7: Discretion to Enforce: The decision to pursue enforcement action in any particular case shall be left to Greenwood’s discretion, except that Greenwood shall not be arbitrary or capricious in taking, or not taking, enforcement action. Without limiting the generality of the foregoing sentence, Greenwood may determine that, under the circumstances of a particular case:

13-7.1: The position is not strong enough to justify taking any or further action; or

13-7.2: The Covenant or Regulation being enforced is, or is likely to be construed as, inconsistent with applicable law; or

13-7.3: Although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending Greenwood’s resources; or

13-7.4: That it is not in Greenwood’s or the Property Owner’s best interest, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of Greenwood’s right to enforce such provision at a later time under other circumstances or preclude Greenwood from enforcing any other Covenant or Regulation.

13-8: Amendments to Regulations: Amendments to or the adoption of additional regulations shall be effective thirty (30) days after mailing notice of same to the record owners of all lots, parcels or dwelling units within Palmetto Dunes Resort as of January 1 of the year in which such regulations are promulgated.

6. List of Property: Attached to the aforementioned 2002 Amendment is a listing of Dwelling Units and Apartments which were the subject of the Multi-Family Covenants. A inadvertent scrivener's error was discovered subsequent to the recording of the 2002 Amendment and Declarant wishes to use this opportunity to correct the Exhibit A list by annexing hereto, as Exhibit D, an updated and corrected list of all Dwelling Units and Apartments in the Inverness and Mariners Sections of Palmetto Dunes, which are subject to these Multi-Family Covenants (“Property”).
7. Ratification. All terms and conditions of the Multi-Family Residential Covenants referenced above, except as modified herein, are hereby ratified and confirmed by Greenwood.

In case of conflict, if any, between the terms of the 1982 Covenants and this 2004 Amendment, including the attached Exhibits to the 2004 Amendment, this 2004 Amendment shall prevail.

IN WITNESS WHEREOF, Greenwood, as Declarant, has hereunto set its hand and seal this 2nd day of Dec., 2004.

WITNESSES:

[Signatures]

STATE OF SOUTH CAROLINA  
COUNTY OF Greenwood

GREENWOOD DEVELOPMENT CORPORATION, 
a South Carolina Corporation

By: Julian J. Nexsen, Jr.  
Its: Senior Vice President

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 2nd day of Dec., 2004 by Julian J. Nexsen, Senior Vice President of Greenwood Development Corporation, a South Carolina Corporation.

[Signature]

NOTARY PUBLIC FOR SOUTH CAROLINA
MY COMMISSION EXPIRES: 05/08/07
AFFIX SEAL

7

(333186.2)
JOINDER AND CONSENT

The undersigned Association joins in and consents to this Amendment to the Multi-Family Residential Covenants.

WITNESSES:

PALMETTO DUNES PROPERTY OWNERS
ASSOCIATION, INC., a South Carolina Non-Profit Corporation

By: Wm. L. Thomas

Its: President

STATE OF SOUTH CAROLINA )
COUNTY OF BEAUFORT )

ACKNOWLEDGMENT

I, the undersigned Notary Public, do hereby certify that William G. Thomas, President of Palmetto Dunes Property Owners Association, Inc., on behalf of the corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 28 day of December, 2004.

Carleen B. Kilgore
NOTARY PUBLIC FOR SOUTH CAROLINA
MY COMMISSION EXPIRES: 5-28-07
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<td>Palmetto Dunes Property Owners Association</td>
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<td>Affidavit of Membership</td>
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<td>Palmetto Dunes Resort Regulations effective</td>
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<td>Palmetto Dunes Resort Notice &amp; Hearing Policies</td>
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<td>List of Dwelling Units and Apartments subject to</td>
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EXHIBIT “A”
TO THE 2004 AMENDMENT TO THE CONSOLIDATED
MULTI-FAMILY RESIDENTIAL COVENANTS

Palmetto Dunes Property Owners Association Affidavit of Membership
AFFIDAVIT

Personally appeared before me, the undersigned attesting authority, WESLEY B. WARREN JR., who, having been sworn, stated on oath as follows:

1. That he is Vice-President of Palmetto Dunes Property Owners Association, Inc. (the “Association”) and is familiar with its books, records and documents;

2. That the Treasurer of the Association furnished him a list of all of the property owners who are members of the Association, which list consists of the names of the owners of 2130 separate lots, villas, condos and properties within Palmetto Dunes Resort (excluding Shelter Cove and Leamington areas) on Hilton Head Resort, South Carolina;

3. That both the 2002 proxy card and the 2003 dues notice card sent to these property owners contained the statement that “the undersigned is a member of the Association…” and further contained a place for the property owner to sign the respective card before returning it to the Association;

4. That the Association has received and possesses not less than 1180 of such cards and/or dues checks signed by persons who were on the above referenced property owners list at the time of such signing;

5. That this affidavit is given for the purpose of verifying that the Association has received written acknowledgements membership or actual dues payment from not less than 51% of persons who were property owners at the time of such signature or payment, and with the knowledge that it will be relied on for such purpose.

IN WITNESS WHEREOF, this affidavit has been executed as of the day and year set forth below.

Wesley B. Warren Jr.

Sworn to and subscribed before me, the undersigned authority, on the __________ day of November, 2003.

Sworn to in Howard (21811)
Notary Public, State of South Carolina
EXHIBIT “B”
TO THE 2004 AMENDMENT TO THE CONSOLIDATED
MULTI-FAMILY RESIDENTIAL COVENANTS

Palmetto Dunes Resort Regulations
Palmetto Dunes Resort Regulations

Pursuant to Section 14.1 of the 2004 Amendment to the Consolidated Limited Residential Covenants of Greenwood Development Corporation and also pursuant to Section 13.1 of the 2004 Amendment to the Consolidated Multi-Family Covenants of Greenwood Development Corporation, said Limited Residential Covenants and Multi-Family Covenants hereafter collectively referred to as "Covenants", each of which as may be subsequently amended, the following Regulations are adopted effective with the recording of the said respective 2004 Amendments in the Office of the Register of Deeds for Beaufort County. These Regulations may be amended without further amendment to the Covenants. Certain of these Regulations are, for the sake of convenience, restated from the Covenants. Any omission of any other provisions contained in the Covenants shall not be construed to in any way diminish or modify the Covenants.

A. ROADS AND STREETS

1. No golf carts may be operated on the roads and streets in Palmetto Dunes Resort except those being used by golf course operations, property maintenance and housekeeping or those being transported between golf cart maintenance or storage areas and the golf pro shop area and those utilized by golfers within designated cart path areas, including those areas which cross the roads. Greenwood may assess a fine for violation of this provision in the amount of $50.00.

2. The roads and streets in Palmetto Dunes Resort are for the exclusive use of automobiles, authorized trucks and buses. All other vehicles, including, but not limited to motorcycles, motorbikes, motorized scooters, go carts, mopeds or all-terrain vehicles may be not operated anywhere within Palmetto Dunes Resort. Greenwood may assess a fine for violation of this provision in the amount of $50.00.

3. Section 3-19 of each of the aforementioned set of Covenants requires compliance with all “No Parking” signs and other restricted parking signs as they are posted within Palmetto Dunes Resort. Greenwood may engage a towing company to remove vehicles parked in violation of such signs. The owners of any vehicles towed shall be required to pay the cost of towing and storage before their vehicles may be recovered. Additional fines may be assessed as provided below in Section A.4 of these Regulations.
4. In addition to penalties assessed by the State of South Carolina under the Uniform Act Regulating Traffic on Highways, Greenwood may assess the following fines:

- (a) Speeding less than 15 miles per hour over the limit: $50.00
- (b) Speeding more than 15 miles per hour over the limit: $100.00
- (c) Failure to obey “stop”, “yield” or other traffic control devices: $75.00
- (d) Violation of any other South Carolina Uniform Traffic law (e.g. driving under the influence; driving without a license; driving the wrong way, etc.): $50.00
- (e) Parking in fire or emergency lane: $100.00
- (f) Parking in an unauthorized spot: $50.00
- (g) Parking in any non-commercial parking area without proper decal or pass: $50.00
- (h) Failure to have vehicle registered and/or licensed: $50.00

B. **BICYCLES** Bicycle riders must obey all signs and ride only on marked bicycle paths. Bicycle riders are not permitted to ride in prohibited areas, including but not limited to golf cart paths unless expressly permitted to do so. Bicycle riders may be required to possess a bicycle tag. The fine for violation of this provision is $50.00.

C. **LAGOONS** Only self-propelled (such as canoes and kayaks) and electric powered boats are permitted in the lagoons. No commercial fishing or other commercial use is allowed without prior approval in the form of a license issued by Greenwood. Boats and fishing must comply with South Carolina law. The entire lagoon system is a no wake zone. Property Owners are responsible to keep bushes and trees from hanging into the lagoon and must remove any that fall into the lagoon. All docks and bulkheads shall be maintained in good repair so as to prevent any unsightly, unclean, unsafe or unkempt condition. The fine for violation of this provision is $75.00.

D. **RENTAL PROPERTIES** Property Owners who rent their Property shall not allow their Property to be occupied by more persons than are permitted pursuant to the terms of the rental agreement or lease. Property Owners who rent their Property shall likewise not allow the number of vehicles permitted pursuant to the terms of the rental agreement or lease to be exceeded. Similarly, those guests or lessees of the Property Owner (i.e. Property Owner's Guests) shall not occupy the Property with more persons permitted pursuant to the rental agreement or lease and shall not have more vehicles on the Property than the number permitted pursuant to the rental agreement or lease. The fine for violation of this provision is $200.00 for each day that the permitted occupancy by persons or vehicles is exceeded.

E. **MISCELLANEOUS**

1. **UNAUTHORIZED ENTRY** - All areas behind the gates and residential areas outside the gates are for Property Owners and authorized Guests and commercial
deliveries. No vehicle may enter these areas without a proper pass or decal. The fine for violation of this provision is $75.00.

2. COVENANT VIOLATIONS - The Covenants set forth certain requirements, rules and regulations. Examples of such include, but are not limited to, prohibitions against noise, nuisance, improper lighting, improper storage of boats, trailers, or trucks, failure to control/leash pets, unkempt yards, landscape debris, and/or other offensive activity. The fine for any violation of the Covenants is $75.00.

3. DISORDERLY CONDUCT - Any conduct which constitutes harassing behavior or a nuisance or disrupts the quiet enjoyment of other property owners will result in a written warning followed by a $75.00 fine for a second or subsequent offense.

4. CONTRACTOR COMPLIANCE. Contractors, subcontractors, landscapers and all other service providers (hereinafter collectively referred to as "Contractors") who enter and use the private roadways within the residential areas of Palmetto Dunes Resort in consideration of gaining such entry and use shall agree to be subject to these Regulations. In consideration for obtaining access into Palmetto Dunes, either on a daily or periodic basis, each Contractor agrees that the acceptance of such a vehicle pass for access constitutes an agreement to comply with these Regulations and the Covenants, including being subject to the enforcement provisions set forth in these Regulations.

   (a) Contractors are prohibited from solicitation, improper storage of construction equipment (such as forklifts, dumpsters, trailers, cars, and trucks) on a building site or on “Common Property”, causing the existence of unkempt yards, landscape debris, dumping of trash or debris and working during restricted hours. Contractors are also subject to additional rules contained in the Architectural Review Board’s Policies, Procedures and Guidelines as those policies may be amended from time to time, and which policies are cross referenced and incorporated by reference herein. Greenwood may assess a fine for violation of this provision in the amount of $100.00

   (b) Commercial vehicles utilized by Contractors are responsible for damage done to any private property within Palmetto Dunes Resort and to the Common Property, including damage to curbs, road pavement, the adjacent rights of way, landscaping and irrigation systems. Operators of commercial vehicles are responsible to clean up any spills on roads or other property. Contractors shall be liable for any damage caused. Greenwood may also assess a fine for violation of this provision in the amount of $100.00

   (c) More than two violations of any of the forgoing provisions or failure to pay any fine for violation of any of these provisions may result in the loss of an access decal and Greenwood may revoke or refuse to grant future access into Palmetto Dunes Resort.
5. DAMAGE TO PROPERTY - Property Owners, and Property Owner’s Guests, who enter into the Resort upon authorization derived from the Property Owner’s ownership of real property within Palmetto Dunes are responsible for the damage they cause to private property and Common Property, including damage to curbs, road pavement, road rights-of-way, landscaping and irrigation systems. They are responsible for the clean up of spills on roads or other property. In addition to liability for damage and the responsibility for mitigation of any damage, Greenwood may assess a fine in the amount of $100.00.

6. CONTINUING VIOLATIONS - With respect to any continuing violation, each day that the violation occurs or remains uncorrected, it may be treated as a separate violation. Additional fines may be imposed for each such additional day that the violation continues.

7. REPEAT OFFENSES - If a second or subsequent violation of the same nature is made within 30 days of a previous violation, then the fine for such violation is double the amount of the fine for the previous violation.

8. REFERENCE TO REGULATIONS. These Regulations shall be referred to as the "Palmetto Dunes Resort Regulations dated December 28, 2004". These Regulations may be amended and/or restated from time to time, any such amendments to reflect the subsequent effective date. These Regulations have been adopted as supplements to both the Consolidated Limited Residential and Consolidated Multi-Family Covenants referenced above.
EXHIBIT “C”
TO THE 2004 AMENDMENT TO THE CONSOLIDATED
MULTI-FAMILY RESIDENTIAL COVENANTS

Palmetto Dunes Resort Notice and Hearing Policies
Palmetto Dunes Resort Notice and Hearing Policies

Greenwood Development Corporation ("Greenwood") has adopted Enforcement and Hearing Procedures in order to effect compliance with the Consolidated Limited Residential Covenants, as amended by the 2004 Amendment and the Consolidated Multi-Family Residential Covenants (hereafter collectively referred to as the "Covenants"), each to which this document is made a part. Any individual receiving a written notice for violation of the Covenants or the Palmetto Dunes Resort Regulations (incorporated by reference and attachment to the Covenants) from Greenwood has the right to a hearing. Specific procedures are outlined below:

1. **Palmetto Dunes Hearing Board.** Greenwood hereby establishes the Palmetto Dunes Hearing Board ("Hearing Board") which shall consist of five (5) members. Two (2) members shall be Property Owners within Palmetto Dunes selected by the Palmetto Dunes Property Owners Association, Inc. (PDPOA). Two (2) members shall be selected by Greenwood. The fifth (5th) member shall be appointed by the other (4) four members and shall be a commercial Property Owner representative, provided the four (4) other members agree on the appointment of the fifth (5th) member. Otherwise the Hearing Board shall consist of four (4) members.

   a. The two (2) PDPOA Hearing Board members shall be appointed by the President of the PDPOA and confirmed by the PDPOA Board of Directors.

   b. The Chairperson of the Hearing Board shall be appointed by Greenwood.

   c. A quorum of the Hearing Board shall consist of a majority of the members of the Board.

   d. The terms of all appointments shall be for one (1) year.

   e. Once the Hearing Board is appointed, a meeting shall be held to establish organizational procedures for the Hearing Board’s functions and operations in compliance with the pertinent provisions of the Covenants.

2. **Procedure.** Greenwood is vested with the authority to assess fines for violation of the Covenants or the Regulations. Once Greenwood has issued a citation to an alleged offender, if the citation is contested, the Hearing Board is vested with the authority to conduct a hearing and determine whether to ratify the citation and fine imposed by Greenwood. Once a citation has been contested, neither Greenwood, nor the Hearing Board shall impose a fine, or infringe upon or suspend any other rights of a Property Owner, or Guest, for said contested violations unless and until the procedures herein are followed. The procedure to be administered will depend on the nature of the violation.
a. **Covenant Violation:**

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

   (1) the alleged violation;

   (2) the action required to abate the violation; and

   (3) a time period of not less than five (5) days during which the violation may be abated without further sanction, provided the violation is not of such a nature that it could be ceased immediately, including but not by limitation the violation of Section 3-6, 3-7, 3-10, 3-11, 3-12, and 3-13 of the Covenants.

ii. 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 or regulation may result in the imposition of sanctions after notice and hearing.

iii. If the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs within twelve (12) months of such demand, Greenwood may serve such person with written notice of a fine assessed against the Owner for failure to take corrective action for the violation.

b. **Regulation Violations:**

i. Written notice of the violation will be left on the offending vehicle, if applicable, or with the Property Owner, or the Property Owner's family member, guest, invitee, lessee, subowner, contractor, service provider or other party (hereinafter collectively referred to as "Property Owner's Guests") if he or she is present. Such notice shall contain:

   (1) the alleged violation;

   (2) the fine imposed for said violation.

c. **Hearing.**

For both a Covenant and Regulation violation, written notice shall be provided to a person responsible for such violation advising him/her of the availability of a hearing. If the alleged offender desires a hearing, he or she must notify the Hearing Board in writing within fifteen (15) calendar days of issuance of the fine. The alleged offender is presumed to have waived his/her right to continue Due Process if a request for a Hearing is not received by the Hearing Board within the
required fifteen (15) days. Within five (5) calendar days of receipt of the request for a hearing, the Hearing Board must acknowledge, by certified mail, receipt of the request for the hearing and notify the offender that the Hearing Board will meet on a date specified therein.

i. The hearing shall be held by the Hearing Board. The Hearing Board shall afford the alleged violator a reasonable opportunity to be heard as well as the opportunity for the individual to present statements, evidence or witnesses on his/her behalf. In all instances the alleged offender shall be given opportunity to question his/her accuser, which in some cases may be an individual representing Greenwood in its capacity as the assessor of the fine.

ii. The alleged offender must appear in person unless the Hearing Board agrees that appearing in person is not feasible. In this case, the Hearing Board shall allow written statements.

iii. Prior to the effectiveness of any fine or sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting to be kept by the Hearing Board.

1. 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 agent of the Hearing Board who delivers such notice.

2. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting.

iv. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

v. The decision established by majority vote of a quorum of the Hearing Board is final, binding and conclusive on all parties for all purposes.

vi. A written report of the decision by the Hearing Board shall be sent to the offender and kept on record.
EXHIBIT "D"
TO THE 2004 AMENDMENT TO THE CONSOLIDATED MULTI-FAMILY COVENANTS

Schedule of Properties Subject to the Multi-Family Covenants

<table>
<thead>
<tr>
<th>Horizontal Property Regime</th>
<th>Unit/Apartment Nos.</th>
<th>Total Number of Units/Apartments</th>
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<tbody>
<tr>
<td>Queen’s Grant HPR I</td>
<td>82 to 135</td>
<td>54</td>
</tr>
<tr>
<td>Queen’s Grant HPR II</td>
<td>1 to 81</td>
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<tr>
<td>Queen’s Grant HPR III</td>
<td>190 to 243</td>
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<td>Queen’s Grant HPR IV</td>
<td>244 to 297</td>
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<td>Queen’s Grant HPR V</td>
<td>136 to 189</td>
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<tr>
<td>Ocean Cove Club HPR</td>
<td>1 to 38</td>
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<tr>
<td>Palmetto Beach Villas</td>
<td>1 to 17</td>
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<tr>
<td>Water Oak</td>
<td>1 to 48</td>
<td>48</td>
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<tr>
<td>Hickory Cove</td>
<td>1 to 52</td>
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<tr>
<td>The Moorings</td>
<td>1 through 95 (odd numbers only)</td>
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<tr>
<td>St. Andrews Common</td>
<td>Phase I - 1651 to 1682; Phase II - 1751 to 1782; Phase III - 1851 to 1882; Phase IV - 1951 to 1982</td>
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<td>Villas on the Fazio</td>
<td>Phases I and II - Units 1 to 39</td>
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<td>Fazio III</td>
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<tr>
<td>Inverness Village II</td>
<td>A-1 to 4; B-5 and 6; C-7 to 9; D-10 and 11</td>
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<td>Inverness Village III</td>
<td>E-12; E-14 to E-16; F-17 to 20; N-45 to 48; O-49 to 51; P-52 to 55; Q-56 to 58; R-59 to 62</td>
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<td>Inverness Village IV</td>
<td>S-63; S-64A and 64-B; S-65; T- 66 to 69; U-70 to 73; V-74 to 77; W-78 to 81; X-82 to 85; Y-86 to 89; Z-90 to 93</td>
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<tr>
<td>Location</td>
<td>Units</td>
<td>Notes</td>
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<td>Tumby Village</td>
<td>201 - 300</td>
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<td>Centrecourt, Phase I and II</td>
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<td>Captain's Walk/Captain's Cove</td>
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<td><strong>TOTAL</strong></td>
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