

The following Amendment was recorded on October 24, 2006, in the Office of the Register of Deeds for Beaufort County, South Carolina, in Deed Book 2463 at Page 1631.

**STATE OF SOUTH CAROLINA) 2006 AMENDMENT TO DECLARATION
OF RIGHTS, RESTRICTIONS,
CONDITIONS,
COUNTY OF BEAUFORT) ETC., WHICH CONSTITUTE
COVENANTS
RUNNING WITH CERTAIN LANDS
WITHIN
PALMETTO DUNES RESORT
(the "2006 Amendment")**

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

WHEREAS, Greenwood Development Corporation, a South Carolina Corporation, ("Greenwood") was the owner and overall developer of certain lands located within Palmetto Dunes Resort on Hilton Head Island, Beaufort County, South Carolina (the "Resort") and was 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, as amended, the most recent amendment being filed of record on December 29, 2004, in Deed Book 2075 at Page 1310 (commonly referred to as the Multi-Family Residential Covenants of 1981 and, for purposes of this 2006 Amendment, said covenants and all amendments thereto being 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

Palmetto
Assignment of
Deeds

WHEREAS, all rights, title and interests of Greenwood under the Covenants, including the right to amend the Covenants, have been assigned by Greenwood to Dunes Property Owners Association, Inc. (the "Association") by that certain Rights Under Covenants dated December 31, 2005, and recorded with the Register of Deeds for Beaufort County, South Carolina in Deed Book 2295, at Page 1306; and

WHEREAS, the Association 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 Community Enhancement Fee for improvements within

Palmetto Dunes; and

WHEREAS, this Amendment has been approved in accordance with the Bylaws of the Association, having been approved by the Board of Directors of the Association at a regular meeting on February 16, 2006, and further approved by a majority of its members present in person or by proxy at the annual membership meeting held on October 14, 2006, at which annual meeting there was a quorum of more than 25% of all members;

NOW, THEREFORE, the Association does hereby amend the Covenants as follows;

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

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

3. Amendment. Two additional Sections are hereby appended to the end of Article IV of the Covenants as Section 4-3 and Section 4-4 with the following language:

Section 4-3: Community Enhancement Fee.

(a) Assessment of Special Fee. In order to provide an additional source of funds, there is hereby established and assessed a special Community Enhancement Fee upon the Owner of each Dwelling Unit, to be paid upon every Transfer of title of such Dwelling Unit. The Community Enhancement Fee shall be charged to the purchaser of the Dwelling Unit and shall be payable to Association at the time of each such Transfer. For purposes of this Section, a "Transfer" shall be deemed to occur upon the execution of a deed, instrument, or other similar writing whereby any Dwelling Unit, or interest therein, is sold, granted, conveyed, or otherwise transferred by the grantor to another person or entity.

(b) Limitation and Calculation of Fee. Except as limited herein, the Association shall have the sole discretion to determine from time to time the amount and method of calculating the Community Enhancement Fee. The Community Enhancement Fee shall not exceed 0.5% of the greater of (i) the W Dwelling Unit's Gross Selling Price or (ii) the fair market value of the Dwelling Unit at the time of the Transfer. The Gross Selling Price is the total cost and consideration (including any assumed mortgage) paid by the purchaser of the Dwelling Unit, excluding transfer taxes and title fees imposed by the City of Hilton Head, Beaufort County, and/or the

State of South Carolina. The Association may require that the grantor and/or grantee of the transferred Dwelling Unit provide documentation associated with the Transfer evidencing the Gross Selling Price and the date of Transfer, such as a copy of an executed closing statement, contract for sale, deed, or other document evidencing the Transfer, and/or provide an executed affidavit attesting to the Gross Selling Price or other consideration for the Transfer. In connection with any Transfer, the Association at its expense may elect to obtain an appraisal of the fair market value of the Dwelling Unit for use in calculating the Community Assessment Fee, if such appraisal is greater than the Gross Selling Price.

(c) Use of Fee. The Community Enhancement Fee shall be placed in a segregated account and used to provide funding for activities and such other purposes as the Association from time to time deems beneficial to the general good and welfare of the Palmetto Dunes. However, the Community Enhancement Fee shall not be used to fund normal and routine day-to-day operations, repairs or maintenance. For example, the Community Enhancement Fee funds may be used for:

- (i) construction, renovations and projects for the enhancement, beautification, and preservation of Palmetto Dunes; and
- (ii) the construction of new capital improvements or the renovation, replacement, rehabilitation, or emergency repair (if such emergency repair is necessitated by reason of storm, fire, flood, hail, natural disaster or Act of God but only to the extent not covered by insurance or the Storm Recovery Reserve Fund) of existing facilities or capital improvements within Palmetto Dunes.

(d) Obligation and Interest. The obligation to pay such Community Enhancement Fee shall be the personal obligation of each Owner acquiring an interest in a Dwelling Unit through a Transfer. If such Fee is not paid within thirty days of the Transfer, then a late charge of one and one-half (1 1/2 %) percent per month shall accrue on the unpaid amount from the date of such Transfer until paid. In addition each such Owner shall also be liable for all costs of collection including reasonable attorneys fees and court costs in any proceeding or collection effort undertaken to collect the unpaid amounts due.

(e) Exempt Transfers. No Community Enhancement Fee shall be levied upon the Transfer of title to a Dwelling Unit:

- (i) by or to the Association;
- (ii) by a co-owner of a Dwelling Unit to any person who was a co-owner of such Dwelling Unit immediately prior to such Transfer;
- (iii) to the estate, surviving spouse, or heirs at law of the owner of a Dwelling Unit upon the death of such owner;

(iv) to a family trust, partnership or other entity created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent Transfer of an ownership interest in such entity, the Community Enhancement Fee shall become due;

(v) to an institutional lender pursuant to a mortgage or upon foreclosure by a first mortgagee or a deed in lieu of foreclosure to a mortgagee; or

(vi) under circumstances which the Association, in its discretion, deems to warrant

classification as an exempt transfer (*e.g.*, a Transfer made solely for estate planning purposes may be, but is

not required to be, deemed exempt from payment of the Community Enhancement Fee).

Section 4-4: Creation of Lien and Personal Obligation for Assessments and other Amounts.

(a) Lien. The Owner of each Dwelling Unit hereby covenants, and by acceptance of a deed thereof, shall be deemed to covenant and agree to all of the terms and conditions of these Covenants and to pay (1) all annual assessments, fees, fines and other charges set forth in the Covenants, (2) all special assessments provided for in the Covenants, and (3) the Community Enhancement Fee. All such amounts, together with such interest thereon and costs of collection as herein provided, shall be a charge and continuing lien on the land and all the improvements thereon against which it is made and on the Dwelling Unit of the Owner upon whom imposed. Sale or transfer of any Dwelling Unit shall not affect any such lien.

(b) Personal obligation. All such assessments, fees, fines, charges and other amounts, together with interest thereon and costs of collection as herein provided, shall also be the personal obligation of the person who was the owner of such Dwelling Unit at the time when such amount was imposed or became due and, except as provided in (d) below, the personal obligation of each subsequent Owner of an interest in such Dwelling Unit. In the case of co-ownership of a Dwelling Unit, all such co-Owners of the Dwelling Unit shall be jointly and severally liable for such entire amounts. The sale or transfer of any Dwelling Unit shall not affect any such lien nor shall such sale or transfer release such Dwelling Unit or subsequent owners from liability for any assessment, fine, charge, fee or other amount then due or thereafter becoming due. Upon written request, the Association will provide any prospective purchaser of an interest in a Dwelling Unit with a written statement of any amounts then due and unpaid with respect to such Dwelling Unit and such prospective purchaser may rely upon such statement as to the status of unpaid amounts.

(c) Enforcement and collection. If any such amount is not paid when due , the Association may bring an action at law against the Owner personally obligated to pay the same or an action to foreclose the lien against his Dwelling Unit, or both, and there shall be added to all other amounts due the cost of preparing and filing a complaint in such action as well as any other costs and expenses incurred, and in the event a judgment is obtained, such judgment shall include interest on the amount due as above provided and reasonable attorney's fees and costs of the action.

(d) Subordination of the Lien to Mortgages. The lien provided for in subsection (a) above shall automatically be subordinate to the lien of any recorded first mortgage on a Dwelling Unit ("First Mortgage"). Such lien shall also be subordinate to any other mortgage or interest in the property approved in writing by the Association ("Approved Interest"). Notwithstanding all of the provisions of this Section 4-4, in the event the holder of a First Mortgage or of an Approved Interest obtains title to a Dwelling Unit as a result of foreclosure, a deed given in lieu of foreclosure, or similar conveyance such acquirer of title, its successors and assigns, shall not be liable for amounts which were imposed or became due with respect to such Dwelling Unit or chargeable to the former Owner of such Dwelling Unit prior to such acquisition of title , unless such amounts are secured by a claim of lien which was recorded prior to the recording of such mortgage. The holder of a First Mortgage or Approved Interest acquiring title to a Dwelling Unit as a result of foreclosure, a deed in lieu of foreclosure, or similar conveyance will be liable for all amounts imposed or becoming due during the period of its ownership of such Dwelling Unit and to the lien for the same created pursuant to subsection (a) above.

4. Effective Date. This Amendment shall be effective January 1, 2007, and as to the Community Enhancement Fee for transfers made on or after such date.

5. Ratification. All terms and conditions of the Multi-Family Residential Covenants referenced above, as previously amended, except as modified herein, are hereby ratified and confirmed by the undersigned. In case of conflict, if any, between the terms of the 1981 Covenants and this 2006 Amendment, this 2006 Amendment shall prevail.

IN WITNESS WHEREOF, the Association has hereunto set its hand and seal this 16th day of October, 2006.

WITNESSES: PALMETTO DUNES PROPERTY OWNERS
ASSOCIATION, INC.

By: /s/ Philip Burger
Philip Burger, President
/s/ Karen Fry

/s/ A.P.Schumacher

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 16th day of October,
2006, by Philip Burger, President of Palmetto Dunes Property Owners
Association, Inc., a South Carolina corporation.

/s/ Mary Sue Perritte
Notary Public for South Carolina
My commission expires January 24, 2015
Affix Seal