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DJG

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF BEAUFORT )

**AMENDMENT TO DECLARATION  
OF RIGHTS, RESTRICTIONS, CONDITIONS,  
ETC., WHICH CONSTITUTE COVENANTS  
RUNNING WITH CERTAIN LANDS WITHIN  
PALMETTO DUNES RESORT**

**CONSOLIDATED LIMITED RESIDENTIAL COVENANTS  
OF GREENWOOD DEVELOPMENT CORPORATION  
(DB 344 Page 1750)**

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 February 1, 1982 and recorded on February 8, 1982 in the Office of the Clerk of Court of Beaufort County in Book 341, at Page 657, and amended and restated by recording on April 8, 1982 in Book 344 at Page 1750, and as further amended (commonly referred to as the Limited Residential Covenants of 1982 and, for purposes of this Amendment, referred to as the "Limited Residential Covenants"), including rights and privileges held by its predecessors-in-title under previous covenants and restrictions, all as referred to in the Limited Residential Covenants; and

WHEREAS, Greenwood has determined to amend the Limited Residential Covenants in accordance with Section 10-2.

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

1. Except as specifically amended herein, the Limited Residential Covenants shall continue in full force and effect as specifically stated therein.
2. A new Article XIII, is added as follows:

**ARTICLE XIII  
PALMETTO DUNES PROPERTY OWNERS ASSOCIATION, INC.**

Section 13-1: Palmetto Dunes Property Owners Association, Inc., a South Carolina Non-Profit Corporation formed on August 19, 1977 (the "Association"), shall be designated as the property owners' association and the representative of the property owners referenced in, e.g., Section 8-5 of the Limited Residential Covenants, and shall constitute the sole association which

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represents all Lot Owners and Property Owners whose properties are subject to the Limited Residential Covenants.

Section 13-2: Each and every owner of a Lot, Residential Lot, or Property accepting a deed for any Lot in the Property and the Resort subsequent to the recording of this Amendment shall be a member of the Association and be subject to the obligations and duly enacted Bylaws and rules of the Association.

Section 13.3: Each and every owner of a Lot, Residential Lot, or Property as of the date of this Amendment shall also be considered a member of the Association, and be subject to the obligations of the and duly enacted By-Laws and rules of the Association if said owner accepts such membership by taking either of the following affirmative action: (a) providing a written acknowledgment to the Association that it is a member of the Association; or (b) payment of annual dues to the Association of not less than \$25.00.

Section 13.4: Greenwood shall be entitled to rely upon the membership roster provided by Association to it from time to time for purposes of determining the percentage of Property Owners who are members of the Association.

3. Article IX of the Limited Residential Covenants is amended by the addition of the following sections:

Section 9-11: Miscellaneous Financial and Operational Provisions. Greenwood agrees as follows:

(a) Greenwood has created and will maintain within its corporate structure the Palmetto Dunes Property Owners Division ("PDPOD"), which division will be responsible for collecting the assessments provided for in the Limited Residential Covenants as well as commercial assessments from commercial properties within the Resort, and performing the property maintenance, security and other functions set forth in the Limited Residential Covenants to be performed by Greenwood. Sources of income for the PDPOD annual operating budgets shall include, but not be limited to, Owners' Maintenance Fees, Commercial Community Fees, Contract Income and Miscellaneous Income in the same manner as those items are included within the PDPOD 2002 Budget, as well as any new sources of income generated in the exercise of rights under the Limited Residential Covenants or with respect to the Transition Property as described below in Section 9-12. Gate Access Income will be included within the PDPOD budget as set forth in that certain Settlement Agreement by and between Greenwood and the Association dated concurrently with this Amendment.

(b) All assessments included within the PDPOD income, including within the categories described in Subparagraph (a) above which comprise the PDPOD annual budget, will be maintained in a separate operations account, a separate

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capital projects account and a separate reserve/emergency clean-up fund account. All such accounts shall be with a commercial bank and all such accounts and to the extent practical, shall be interest bearing with any interest thereon and funds allocable to such accounts will be deposited, maintained and disbursed separately and apart from the accounts and funds of Greenwood and its affiliates.

(c) Greenwood will provide to the Association monthly internal financial reports and reasonable access to source documents for such financial reports. "Source documents" shall mean not only invoices and other back-up documents and information, but also normal financial reports, such as balance sheets, profit and loss statements and comparison of actual to budget.

(d) Greenwood and the Association have agreed that there shall continue to be a Property Owners Communications Committee ("POCC") acting under the auspices of the PDPOD, and which will include, as Members, at least three (3) Members of the Board of Directors of the Association, rotating at the direction of the Association, two (2) representatives of the commercial property owners within the Resort, and at least three (3) representatives of Greenwood, as determined by Greenwood from time to time. The POCC is intended to be advisory in nature. Greenwood and the Association will use the POCC to improve the governance of the Resort and the effectiveness of supporting operations by providing a forum for the parties in interest to discuss performances, finances, priorities and plans. In addition, Greenwood and the Association will use the POCC as a mechanism to air complaints, disagreements and other matters of importance before discussing any matter with the press or any other media.

(e) The annual management fee collected by Greenwood from the PDPOD will not exceed One Hundred Thirty Thousand and No/100 (\$130,000.00) Dollars, without the consent of the Association; provided, however, that such annual fee shall be subject to adjustment (i) beginning January 1, 2003 by a cost of living factor equal to the percentage increase or decrease, if any, in the Consumer Price Index of the United States Department of Labor, as published in the *Wall Street Journal* column "Money Rates" between September 30<sup>th</sup> (or the closest business day) of the previous calendar year and September 30<sup>th</sup> (or the closest business day) of the calendar year before that, and (ii) for any additional responsibilities assumed by Greenwood at the request of or with the consent of the Association (such as, e.g., a special capital project outside the scope of normal Resort requirements or the planned infrastructure improvements) as negotiated with the Association.

(f) The name and type of entity of the PDPOD may be changed by Greenwood in its sole discretion; however, any such change implemented by Greenwood shall be subject to the terms and conditions of this Amendment. The name Palmetto

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Dunes Community Services Division (abbreviated to "PDCSD") has been an alternate name change agreed upon by Greenwood and Association.

Section 9-12: Transition Agreement. Under the terms and conditions of a Settlement Agreement by and between Association and Greenwood, dated concurrently with this Amendment, the Association and Greenwood have expressed their mutual intent to enter into definitive documentation ("Transition Agreement") under the terms and condition of which Greenwood shall convey to the Association, for no consideration, certain Common Properties subject to the Limited Residential Covenants as agreed upon (the "Transition Property") and the Association will assume all of the future rights and obligations of Greenwood under the Limited Residential Covenants (all of the foregoing constituting the "Transition"). Both Greenwood and Association have agreed to utilize reasonable efforts to conclude, within the time frame set forth in the Settlement Agreement, a Transition Agreement which will define the rights, liabilities and obligations of each of Association and Greenwood.

4. This Amendment is being filed by Greenwood to further the terms and conditions reached in that Settlement Agreement referenced above, said Settlement Agreement being entered into by Greenwood and Association for purpose of settling a legal action filed in the Court of Common Pleas for Beaufort County, as Case No. 00-CP-07-319, the terms and conditions of the Settlement Agreement and the Order of Dismissal of said litigation being incorporated herein by reference.

5. To clarify, and not in any way to amend, restrict, modify or relinquish any rights of Greenwood, set forth as Exhibit A to this Amendment is a listing of the Lots and Residential Lots which are the subject of the original Limited Residential Covenants and which are the subject of this Amendment, the general intent being that all of the Lots in what is generally known as the Mariners Section and the Inverness Section of the Resort are the subject of the Limited Residential Covenants ("Property").

6. Said Exhibit A property shall be held, transferred, sold, devised, assigned, conveyed, given, purchased, leased, occupied, possessed, mortgaged, encumbered and used subject to the Limited Residential Covenants as described above and as amended by this Amendment. This Amendment, and the benefits of this Amendment to the Limited Residential Covenants, and the affirmative and negative burdens of same, whether pertaining to items, benefits and the obligations presently existing or to be created or executed in the future, do and shall, in equity and at law, touch and concern and run with the land and estates in the Property herein described and these Limited Residential Covenants, as amended by this Amendment, are intended to be running covenants and servitudes, burdening and benefitting the parties to this Amendment, their respective successors and assigns, and all persons now or hereafter deriving an interest in the Property. All rights and easements reserved by Greenwood under the Limited Residential Covenants shall continue to be reserved to Greenwood and to the assigns and successors in interest of Greenwood.

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7. Ratification. All terms and conditions of the Limited Residential Covenants referenced above, except as modified herein, are hereby ratified and confirmed by Greenwood.

IN WITNESS WHEREOF, Greenwood, as Declarant, has hereunto set its hand and seal this 21 day of Oct, 2002.

WITNESSES:

Carolee B. Helgore  
[Signature]

GREENWOOD DEVELOPMENT CORPORATION, a South Carolina Corporation

By: Julian J. Neysen, Jr.  
Its: President

STATE OF SOUTH CAROLINA )  
BEAUFORT )  
COUNTY OF ~~CHARLESTON~~ )

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 21 day of Oct, 2002, by Greenwood Development Corporation, a South Carolina Corporation, by Julian J. Neysen, Jr., its President.

[Signature]  
NOTARY PUBLIC FOR SOUTH CAROLINA  
MY COMMISSION EXPIRES: \_\_\_\_\_  
AFFIX SEAL  
CARY S. GRIFFIN  
Notary Public for South Carolina  
My Commission Expires: February 14, 2005

JOINDER AND CONSENT

The undersigned Association joins in and consents to this Amendment to the Limited Residential Covenants.

WITNESSES:

Verly B. Ward  
[Signature]

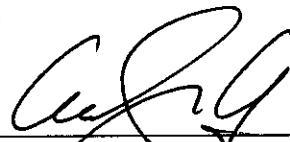
PALMETTO DUNES PROPERTY OWNERS ASSOCIATION, INC., a South Carolina Non-Profit Corporation

By: [Signature]  
Its: Vice President

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STATE OF SOUTH CAROLINA    )  
  )    ACKNOWLEDGMENT  
COUNTY OF CHARLESTON    )

The foregoing instrument was acknowledged before me this 28 day of October, 2002,  
by Palmetto Dunes Property Owners Association, Inc., a South Carolina Non-Profit Corporation, by  
William Pugh, its V.P.



NOTARY PUBLIC FOR SOUTH CAROLINA  
MY COMMISSION EXPIRES: 2/14/05  
AFFIX SEAL

Subdivision Description Block-Parcel-Tract	Lots	Total No. of Lots
I F TRD #. 1A	1 to 25	25
A I B TRD. #1	1 to 28	28
A I B TRD. #2	1 to 13	13
AA TRD. #3	1 to 13	13
AA TRD. #4	1 to 13	13
AA TRD. #5	1 to 13	13
AA TRD. #6	1 to 13	13
AA TRD. #7	1 to 13	13
AA TRD, #8	1 to 13	13
AA TRD. #9	1 to 13	13
AA TRD. #10	1 to 13	13
VB TRD. #11	1 to 12	12
B V B	60 to 72	13
B V B	51 to 59, 73, 74	11
B V B	1 to 50	50
B A	1 to 35	35
C A	2a, 1a, 1 to 31	33
D A	21 to 2	2
E A	2a, 1a, 1 to 9	11
F A	1 to 19	19
F L 1- IB	1 to 11	11
F 2 - IB	1 to 33	33
F 16 - IB	1 to 31	31
A II B	1 to 53	53
B II B	1 to 47	47
A III B	1 to 43	43
B III B	1 to 61	61
C III B	1 to 43	43
IV B	1 to 71	71
I K	1 to 66	66
2 K	67 to 147 & 150	82
5 K	195	1
1 L	1 to 40	40

**TOTAL 938 Lots \*\***

\*\*The above is intended to be a listing of all residential lots in Mariners and Inverness Sections of the Resort.