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STATE OF SOUTH CAROLINA)	
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)	AMENDED AND RESTATED DECLARATION OF
)	COVENANTS, CONDITIONS AND RESTRICTIONS
)	RUNNING WITH CERTAIN LANDS IN WINDMILL
)	HARBOUR IN BEAUFORT COUNTY, SOUTH CAROLINA,
)	AND PROVISIONS FOR MEMBERSHIP IN THE
COUNTY OF BEAUFORT)	WINDMILL HARBOUR ASSOCIATION

TABLE OF CONTENTS

AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS RUNNING WITH
CERTAIN LANDS IN WINDMILL HARBOUR IN BEAUFORT COUNTY,
SOUTH CAROLINA, AND PROVISIONS FOR MEMBERSHIP
IN THE WINDMILL HARBOUR ASSOCIATION

	Page
RECITALS	1
PART ONE	
GENERAL REFERENCES	
ARTICLE I PROPERTY DESCRIPTION	2
Section 1-1 The Property	2
Section 1-2 Additions to Property	2
PART TWO	
LAND USE CLASSIFICATIONS APPLICABLE TO WINDMILL HARBOUR PROPERTY	
ARTICLE II LAND USE CLASSIFICATIONS OF PERMITTED LAND USES	2
Section 2-1 Land Use Classifications	2
Section 2-2 Identification of Designated Land Use	4
Section 2-3 Limitation on the Use of Development and Survey Plats	12
ARTICLE III GENERAL COVENANTS APPLICABLE TO THE DECLARANT, THE ASSOCIATION, ALL PROPERTY OWNERS AND ALL LANDS AND IMPROVEMENTS WITHIN THE PROPERTY	12
Section 3-1 Architectural Review of Plans and Specifications for New Construction or Additions; Reconstructions; Alterations or Changes to Structures and Landscaping	12
Section 3-2 Siting	12
Section 3-3 Tree and Bush Removal	12
Section 3-4 Completion of Construction	12
Section 3-5 Minimizing Construction Disturbances	13
Section 3-6 Service Yards	13
Section 3-7 Lights and Signs	13
Section 3-8 Other Buildings and Vehicles	14
Section 3-9 Water and Sewage	15
Section 3-11 Building Height	15
Section 3-12 Waterfront Setback Requirements	15
Section 3-13 Utilization of Solar Energy	15
Section 3-14 Animals	15
Section 3-15 Unsightly Conditions	16
Section 3-16 Sound Devices	16
Section 3-17 Offensive Activity	16
Section 3-18 Laundry Drying	16
Section 3-19 Duty to Rebuild or Clear and Landscape Upon Casualty or Destruction	17
Section 3-20 Prohibition of Oil and Gas Wells and Subsurface Mining	17

Section 3-21	Prohibition of Industry	17
Section 3-22	Subdivision of Property	17
Section 3-23	Prohibition of Motorcycles	17
Section 3-24	Willful Destruction of Wildlife	17
Section 3-25	Duty to Keep Property Attractive and in Good Repair	18
Section 3-26	Drainage	18
Section 3-27	Smells and Odors	18
Section 3-28	Installation of Piers; Bulkheads; Filling and Excavation of Shorelands by Property Owner	18
Section 3-29	Duty to Insure	18
Section 3-30	Duty to Reconstruct or Clear and Landscape Upon Casualty to Building	18
ARTICLE IV	OPEN SPACE	19
Section 4-1	Designation of Open Space and Types of Open Space	18
Section 4-2	Members' Easement of Enjoyment of Open Space	19
Section 4-3	Festivals in Open Space	19
Section 4-4	Prohibited Uses of Open Space	19
Section 4-5	Provisions Regarding Open Space Between Patio Lots and Lagoons	19
ARTICLE V	SPECIAL COVENANTS APPLICABLE TO PROPERTY CLASSIFIED FOR SINGLE PRIVATE HOUSEHOLD AND RESIDENTIAL USE (B-1, B-3, AND B-5)	20
Section 5-1	Intended Use for Single Private Household and Residential Purposes	20
Section 5-2	Short Term Leasing Prohibited	21
Section 5-3	Building Height	21
Section 5-4	Limitations on Time Sharing, Interval Ownership and Subdivision of Residential Property	22
Section 5-5	Party Walls	22
Section 5-6	Arbitration of Dispute Relating to Party Wall or Privacy Fence or Wall	22
ARTICLE VI	SPECIAL COVENANTS APPLICABLE TO MARINA AND HARBOUR AREAS (E-1, E-2, E-3, E-4 AND E-5)	23
Section 6-1	Cross Reference	23
Section 6-2	Use and Enjoyment of Harbour Access Zone (E-2).	23
Section 6-3	Use and Enjoyment of Dock Facilities	23
Section 6-4	Prohibition of Severance of Boating Units in E-3 and E-4 Areas from Certain Dwelling Lots or Dwelling Units	23
Section 6-5	Lease of Boating Units	23
Section 6-6	Declarant's Limited Right to Modify Certain Restrictions Relating to Boating Units	23
ARTICLE VII	RIGHTS RESERVED BY THE DECLARANT, ITS SUCCESSORS AND ASSIGNS	24
Section 7-1	Conveyance of Declarant's Reserved Rights to Harbour Basin	24
Section 7-2	Other Rights and Reservations	24
Section 7-3	No Affirmative Obligation Unless Stated	24
Section 7-4	Certain Utility, Communications, Transportation and Public Convenience Easements	24
Section 7-5	Bridges and Walkways	25
Section 7-6	Easements in Open Space and Common Properties	25
Section 7-7	Repurchases by Declarant	25
Section 7-8	Enforcement	26
Section 7-9	Common Properties and Rights Transferred by the Declarant	26
Section 7-10	Use of Trademark	26
Section 7-11	Subdivision and Replatting of Property	26

Section 7-12	Dwelling Lot Consolidations Encouraged	27
Section 7-13	Right to Approve Horizontal Property Regime	27
PART THREE THE WINDMILL HARBOUR ASSOCIATION		
ARTICLE VIII	CREATION AND FUNCTIONS OF WINDMILL HARBOUR ASSOCIATION	28
Section 8-1	Creation of Windmill Harbour Association	28
Section 8-2	Limitations on Liabilities, Duties and Obligations	28
Section 8-3	New Functions	28
Section 8-4	Ownership of Common Properties	28
Section 8-5	Acceptance of Properties Donated by Declarant	28
Section 8-6	Ownership or Lease of Land or Facilities, Whether or Not on the Property	29
Section 8-7	Power to Mortgage and Pledge	29
Section 8-8	Property Maintenance Function	29
Section 8-9	Security Function	29
Section 8-10	Parking Function	29
Section 8-11	Vehicular Control and Road Maintenance Function	29
Section 8-12	Recreation and Festival Functions	30
Section 8-13	Solid and Organic Waste Collection and Recycling Function	30
Section 8-14	Domestic Animal Control Function	30
Section 8-15	Environmental Monitoring Function	30
Section 8-16	Enforcement of Covenants Function	30
Section 8-17	Central Identification Function	31
Section 8-18	Insurance Function	31
Section 8-19	Reconstruction Function	32
Section 8-20	Resource Protection Functions	32
Section 8-21	Architectural, Siting, Vegetation and Building Control Function.	33
Section 8-22	Other Utilities Functions	35
Section 8-23	Assessment Function	35
Section 8-24	Tax Payment Function	35
Section 8-25	Right to Dispose of Common Properties, Other Real Property and Personalty	36
Section 8-26	Governmental Successor	36
Section 8-27	Implied Rights and Functions	36
Section 8-28	Indemnification Function	36
Section 8-29	Limited Regulation Function	36
Section 8-30	Charges for Use of Facilities	36
Section 8-31	User Charges for Service Functions	36
Section 8-32	Annual Reporting Function	37
Section 8-33	Notice Function	37
ARTICLE IX	MEMBERSHIP, NOTICE, VOTING RIGHTS AND CERTAIN OBLIGATIONS OF MEMBERS OF THE ASSOCIATION	37
Section 9-1	Automatic Memberships	37
Section 9-2	Voting Rights.	37
Section 9-3	Board of Directors	38
Section 9-4	Members to Have Power of Referendum in Certain Instances	39
Section 9-5	Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association	40
Section 9-6	Proxies	40
Section 9-7	Duty of Property Owners to Inform Association of Current Address	40
Section 9-8	Notice or Referendum Ballot by Mail	40
Section 9-9	Notice and Referendum Ballots to Predecessor in Title	41

Section 9-10	Notice or Mail Ballot to Co-Owners	41
ARTICLE X	COMMON PROPERTIES	41
Section 10-1	General	41
Section 10-2	Extent of Members' Easements in Common Properties	41
Section 10-3	Easement for Members of the Club	41
Section 10-4	Declarant's Conveyance of Certain Properties to the Association; Properties Donated by the Declarant	41
ARTICLE XI	MAINTENANCE; ANNUAL ASSESSMENTS; SPECIAL ASSESSMENTS AND OTHER CHARGES	42
Section 11-1	Collection and Use of Assessments and Other Revenues	42
Section 11-2	Creation of the Lien and Personal Obligations of Assessments	42
Section 11-3	Transition of Assessment Methodology	43
Section 11-4	Application of Annual Assessment	43
Section 11-5	Transition to Zero-Based Budgeting	45
Section 11-6	Special Assessments for Improvements and Additions	45
Section 11-7	Reserve Fund	46
Section 11-8	Duties of the Board of Directors	46
Section 11-9	Time and Method of Payment of Annual Assessments; Supporting Data	47
Section 11-10	Effect of Non-Payment of Assessments; Personal Obligation of the Property Owner; Lien; Remedies of Association	47
Section 11-11	Subordination of Lien to Mortgage	48
Section 11-12	Exempt Property	48
Section 11-13	Annual Statements	49
Section 11-14	Rounding of Assessment Figures	49
Section 11-15	Change of Classification on Completion of Principal Buildings	49
Section 11-16	South Carolina Yacht Club Assessments	49
PART IV:	GENERAL PROVISIONS	
ARTICLE XII	DURATION, OBLIGATION AND APPURTENANCY OF RIGHTS AND OBLIGATIONS CREATED HEREIN	50
Section 12-1	Duration	50
Section 12-2	Protection of Mortgagees and Other Encumbrances	50
Section 12-3	Owner's Rights and Obligations Appurtenant	50
Section 12-4	Club Property, Including Sports Center Recreational Facilities	51
Section 12-5	Sports Center Agreement	51
ARTICLE XIII	EFFECT OF COVENANTS AND ENFORCEMENT	51
Section 13-1	Effect of Provisions of These Covenants	51
Section 13-2	Who May Enforce	52
Section 13-3	Against Whom and What May the Covenants be Enforced	52
Section 13-4	Enforcement Remedies	52
ARTICLE XIV	INTERPRETATION AND CONSTRUCTION	52
Section 14-1	Severability	52
Section 14-2	Interpretation	52

Section 14-3	Gender, Tense and Number	52
Section 14-4	No Waiver	53
Section 14-5	Captions	53
Section 14-6	No Implied Liabilities or Duties	53
ARTICLE XV	AMENDMENT PROVISIONS	53
ARTICLE XVI	MERGER OF CERTAIN NEIGHBORHOOD ASSOCIATIONS INTO THE ASSOCIATION	53
ARTICLE XVII	DEFINITIONS	54
Section 17	Definitions	
17-1.1	"Approved by the Association"	54
17-1.2	"Architectural Guidelines"	54
17-1.3	"Association"	55
17-1.4	"Boating Unit"	55
17-1.5	"Bulkheads"	55
17-1.6	"Central Harbour Facilities"	55
17-1.7	"Club"	55
17-1.8	"Club Member"	55
17-1.9	"Club Property"	55
17-1.10	"Common Properties"	55
17-1.11	"Consolidated Dwelling Lot"	55
17-1.12	"Covenants"	55
17-1.13	"Declarant"	55
17-1.14	"Development and Survey Plats"	56
17-1.15	"Dock Facilities"	56
17-1.16	"Dwelling Lot"	56
17-1.17	"Dwelling Unit"	56
17-1.18	"Function"	56
17-1.19	"Guest"	56
17-1.20	"Harbour Access Zone"	56
17-1.21	"Harbour Basin"	56
17-1.22	"Horizontal Property Regime"	56
17-1.23	"Improved Property"	56
17-1.24	"Land Use Class"	56
17-1.25	"Lessee"	57
17-1.26	"Member"	57
17-1.26(a)	"Marina Association"	57
17-1.26(b)	"Master Deed for Windmill Harbour Marina Horizontal Property Regime"	57
17-1.27	"Open Space"	57
17-1.28	"Out-Parcel"	57
17-1.29	"Pertinent Laws"	57
17-1.30	"Property"	57
17-1.31	"Property Donated by Declarant"	57
17-1.32	"Property Owner"	57
17-1.33	"Recorded"	58
17-1.34	"Referendum"	58
17-1.35	"Regime Common Property"	58
17-1.36	"Register of Mesne Conveyances"	58
17-1.37	"Residential"	58
17-1.38	"Shall"	58
17-1.39	"Single Private Household"	58

17-1.40	"Specific Building Construction Standards"	58
17-1.40(a)	"Detached Dwelling Unit"	58
17-1.40(b)	"Patio Dwelling Unit"	59
17-1.40(c)	"Reef Club Dwelling Unit"	59
17-1.40(d)	"Townhouse Dwelling Unit"	67
17-1.41	"Sports Center Agreement"	68
17-1.42	"Structure"	68
17-1.43	"Transition Agreement"	68
17-1.44	"Undeveloped Land"	68
17-1.45	"Windmill Harbour Marina Horizontal Property Regime"	68
ARTICLE XVIII EXCULPATORY PROVISION APPLICABLE TO DECLARANT		68

STATE OF SOUTH CAROLINA) **AMENDED AND RESTATED DECLARATION OF**
) **COVENANTS, CONDITIONS AND RESTRICTIONS**
) **RUNNING WITH CERTAIN LANDS IN**
) **WINDMILL HARBOUR IN BEAUFORT COUNTY, SOUTH**
) **CAROLINA, AND PROVISIONS FOR MEMBERSHIP IN**
) **THE WINDMILL HARBOUR ASSOCIATION**
 COUNTY OF BEAUFORT)

THIS RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is executed March 13, 2018 by Windmill Harbour Associations, a South Carolina non-profit corporation (“Association”).

WITNESSETH:

WHEREAS, on May 16, 1995, Windmill Harbour Association recorded the Amended and Restated Declaration of Covenants, Conditions and Restrictions Running with Certain Lands in Windmill Harbour in Beaufort County, South Carolina and Provisions for Membership in the Windmill Harbour Association (“Covenants”) with the Association’s Bylaws attached thereto (“Bylaws”) in the Beaufort County Register of Deeds Office in Official Record Book 778 at Page 278; and

WHEREAS, the Association amended the Covenants and/or Bylaws by Amendment recorded in the Beaufort County Register of Deeds Office in Official Record Book 1186 at Page 1259, re-recorded in Official Record Book 1231 at Page 1916, as further amended by Amendment recorded in Official Record Book 1353 at Page 2414, as further amended by Amendment recorded in Official Record Book 1587 at Page 1444, re-recorded in Official Record Book 1876 at Page 1541 (collectively the “Amendments”); and

WHEREAS, pursuant to Articles IX and XV of the Covenants and Article VII of the Bylaws, the Covenants and the Bylaws may be amended by referendum of the Association’s members upon the affirmative vote of seventy-five percent (75%) or more of the members responding to such referendum; and

WHEREAS, upon the required affirmative vote of the Board of Directors of the Association, the Association initiated a referendum to approve this amendment and restate of the Covenants and Bylaws to incorporate all previous Amendments and to correct scrivener’s errors contained in the Covenants, Bylaws, and Amendments; and

WHEREAS, (i) notice of the referendum as mailed to the members on November 14, 2017; (ii) the sixty (60) day voting period ended on January 14, 2018; (iii) a total of 340 valid referendum votes were received by the Association; (iv) a total of 270 affirmative votes were required to adopt the amendment and restatement of the Covenants and the Bylaws; and (v) 324.5 valid referendum votes were in favor of such amendment; and

WHEREAS, in accordance with Articles IX and XV of the Covenants, and Article VII of the Bylaws, the President and the Secretary of the Association does hereby execute this instrument adopting the within Amended And Restated Declaration Of Covenants, Conditions And Restrictions Running With Certain Lands In Windmill Harbour In Beaufort County, South Carolina, And Provisions For Membership In The Windmill Harbour Association, which incorporates all previous amendments and supersedes and replaces all previous covenants for Windmill Harbour, Beaufort County, South Carolina.

NOW THEREFORE, the Association on behalf of itself and its members, hereby declares that the Property as defined below shall be held, transferred, sold, conveyed, given, purchased, occupied and used subject to the Covenants as set forth in this restated Covenants. The benefits of these Restated Covenants and the affirmative and negative burdens of these Restated Covenants shall run with the land defined as the Property herein and inure to the benefit and burden of all owners and other persons holding any interest in the Property, as defined herein.

**PART ONE
GENERAL REFERENCES**

**ARTICLE I
PROPERTY DESCRIPTION**

Section 1-1: The Property. The land and any improvements which have or may be established thereon ("Windmill Harbour" or the "Property") which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these Covenants is described in **Exhibit "A"** to these Covenants.

Section 1-2: Additions to Property. These Covenants may, by supplemental declaration, be extended to cover other lands provided such additions are Approved by the Association.

**PART TWO
LAND USE CLASSIFICATIONS APPLICABLE TO
WINDMILL HARBOUR PROPERTY**

**ARTICLE II
LAND USE CLASSIFICATIONS OF PERMITTED LAND USES.**

Section 2-1: Land Use Classifications. The initial instrument of conveyance of each unit of land or improvements within the Property shall designate one or more of the following Land Use Classes to which the parcel is restricted. The initial designation of a Land Use Class by the Declarant in the initial instrument of conveyance shall not thereafter be altered or changed once the instrument has been Recorded. The following classifications of permitted land uses shall also be used in all development plats:

- A. Open Space:
 - A-1: Open Space and Lagoon Areas within the Property.
 - A-2: Roadways and Parking Areas within the Property.
- B. Single Private Household and Residential.
 - B-1: Detached Dwelling Units. Used for Single Private Household and Residential purposes with a maximum of one (1) Dwelling Unit located upon each Dwelling Lot. See Definition 17-1-40(a), Specific Building Construction Standards, Detached Dwelling Unit.
 - B-3: Reef Club, Patio Home and Townhouse Dwelling Units. Used for Single Private Household and Residential purposes with a maximum of one (1) Dwelling Unit located upon each Dwelling Lot. See Definition 17-1.40(b) (Patio Dwelling), Definition 17-1.40(c) (Reef Club Dwelling) and Definition 17-1-40(d) (Townhouse Dwelling), Specific Building Construction Standards.
 - B-5: Structures with Two (2) or More Dwelling Units. Used for Structures which include two (2) or more attached Dwelling Units not located upon a Dwelling Lot, which are condominium units in a Horizontal Property Regime or

apartments and which are used for Single Private Household and Residential purposes.

C. Institutional and Limited Commercial Uses.

- C-1: Used for security stations (other than entrance gates), fire and similar institutional uses.
- C-2: Used for sale or rental of real estate, sale of real estate securities or reception center, together with associated parking, etc. The Sales Center site may be used for the construction of a facility designed as a residential home and the designation as C-2 may be changed to B-1 at the option of the Declarant or at the option of the Association if the Association acquires title or control thereof.
- C-3: Used for inn-type facilities, including associated parking, associated guest services etc.
- C-4: Used for administrative facilities of the Association, together with associated parking, etc.

D. Recreational and Club Uses.

- D-1: Used for major outdoor recreation Structures consisting of, but not limited to, paved paddleball, tennis and other racquet courts, swimming pools and similar facilities, together with associated parking, etc.
- D-2: Used for Association, South Carolina Yacht Club Clubhouse, and other recreation clubhouse Structures including associated drives, parking, pro shops, dining and refreshment facilities, health clubs, spas, libraries, and bicycle or golf cart rentals.

E. Marina Facilities.

- E-1: Used for Marina boat ramps, marine gasoline and diesel fuel service pumps and associated underground storage tanks and marina office for support services and retail areas for sale or leasing of marine supplies, fishing tackle, water sports and boating equipment.
- E-2: Harbour Access Zone. Used for maintenance of Harbour Basin, Bulkheads, Dock Facilities, walkways and other uses as provided in Article VI.
- E-3: Private Dock Areas as provided in Article VI.
- E-4: Limited Access Dock Areas as provided in Article VI.
- E-5: General Dock Areas as provided in Article VI.

F. Cleaning, Maintenance, Boat Storage, Resource Protection, Repair, Security and Utility Areas.

- F-1: Used for utility and communications service and support installations including, but not limited to, telephone facilities and communications equipment, cable

television facilities, satellite earth stations, cellular radio facilities, microwave and light stations, and similar communications and utilities functions.

F-2: Used for security entrance gate purposes; for grounds and maintenance centers, boat storage areas, transportation facilities including helicopter pads, solid and liquid waste disposal and storage areas; sewage spray fields; well sites, water towers and pumping stations; resource recycling stations and other similar maintenance and repair, utility, waste control and resource recovery facilities.

G. Unclassified Land.

All other realty not classified in sub-sections A - F above shall be Unclassified Land and shall be classified in the future by the Board of Directors of the Association in the Land Use Class in which it is to be ultimately used. An example of Unclassified Land is the Out-Parcel owned by the Association as hereinafter described. For assessment purposes, where applicable as in the case of real property owned by a Property Owner rather than the Association, Unclassified Land shall be classed by the Board of Directors of the Association in the assessment category which most closely approximates the apparent most likely use to which the Unclassified Land would be ultimately put based upon the indications of the Property Owner and the best information otherwise available to the Board of Directors.

Section 2-2: Identification of Designated Land Use. Except as indicated hereafter, all areas within the Property have previously had their Land Use Class designated as follows, references being to legal descriptions as shown on Recorded plats:

1. Lots 1, 5, 6, 10 and 11, Millwright Drive and Fantail Lane, as shown on Plat Book 35, Page 248: Land Use Class B-1
2. Lots 2, 3, 4, 7, 8, 9, and 12 - 33, Millwright Drive/Sailstock Point, as shown on Plat Book 31, Page 192: Land Use Class B-1
3. Open Space (unsurveyed) bordering Marsh and Jarvis Creek included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
4. Two Open Space Areas shown on Plat Book 31, Page 192: Land Use Class A-1
5. Portions of Roadways and Associated Right-of-Ways shown as Millwright Drive, Fantail Lane, Sailstock Point on Plat Book 31, Page 192: Land Use Class A-2
6. Out-Parcel shown on Plat Book 34, Page 4 - Unclassified Land: To be Assigned by the Association - Can be used for either Land Use Classes A-1, A-2, B-1, B-3, C-1, C-4, D-1, D-2 or F-2, provided that it shall not have access to or be accessible from U.S. Highway 278 (William Hilton Parkway), and the use thereof shall be conducted in a manner which is compatible with surrounding properties as determined by the Board of Directors.

7. Well Site as shown on Plat Book 40, Page 164: Land Use Class F-2
8. Open Space and Privacy Wall & Berm (unsurveyed) along U.S. Highway 278 between Well Site and Sales Center included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
9. Lots 48 and 49, Millwright Drive, as shown on Plat Book 30, Page 100: Land Use Class B-1
10. Lots 34 - 37, Millwright Drive, as shown on Plat Book 31, Page 38: Land Use Class B-1
11. Portion of Roadway and Associated Right-of-Way shown as Millwright Drive on Plat Book 30, Page 200: Land Use Class A-2
12. Lots 38 - 42, Millwright Drive, as shown on Plat Book 30, Page 200: Land Use Class B-1
13. Lots 50 - 54, Millwright Drive, as shown on Plat Book 33, Page 88: Land Use Class B-1
14. Lots 55 - 59, Millwright Drive, as shown on Plat Book 35, Page 247: Land Use Class B-1
15. Lots 43 - 47, Millwright Drive, as shown on Plat Book 31, Page 53: Land Use Class B-1
16. Sales Center Site as shown on Plat Book 40, Page 165: Land Use Class C-2. The Sales Center Site is approved for use associated with the usual and customary operation of a real estate sales office or it may be converted to office space for use by the Association in connection with the operation of the Property. It shall not, however, be used for other commercial purposes. Declarant shall have an easement appurtenant to the Sales Center Site for ingress and egress through the Sales Center for the benefit of itself and its employees, business invitees and Sales prospects. The Sales Center Site is subject to a right of first refusal running in favor of the Association which provides that in the event the Declarant desires to sell the Sales Center, together with its improvements, if any, then it shall be offered to the Association at the price and on the terms of any bona fide offer for such Sales Center made in writing to the Declarant. The other terms and conditions of said right of refusal are or shall be set forth in a recorded instrument between the Declarant and the Association.
17. Security Gate and Portion of Harbour Passage and Crosstree Drive shown on Plat Book 40, Page 168: Land Use Class F-2
18. Roadway and Associated Right-of-Way shown as Harbour Passage on Plat Book 30, Page 202: Land Use Class A-2

19. Lots 37, 39, 41, 43, 45, 47, 51, 53, 55, 57, 59, 61 and 63 Harbour Passage East, as shown on Plat Book 33, Page 16: Land Use Class B-3
20. Open Space (unsurveyed) in the vicinity of Harbour Passage East/Indian Hill Club included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
21. Lots 1 - 7 and 12 - 21, Indian Hill Club, as shown on Plat Book 31, Page 96: Land Use Class B-3
22. Roadway and Associated Right-of-Way shown as Indian Hill Lane on Plat Book 31, Page 96: Land Use Class A-2
23. Lots 7 - 11, Indian Hill Point, as shown on Plat Book 33, Page 7: Land Use Class B-3
24. Open Space and Road Right-of-Way shown as the Plat of Indian Hill Point on Plat Book 33, Page 7, including all areas except Lots 7 - 11: Land Use Class A-1/A-2, as applicable
25. Lots 22 - 31, Harbour Passage, as shown on Plat Book 32, Page 29: Land Use Class B-3
26. Lots 32 - 38, Harbour Passage, as shown on Plat Book 32, Page 118: Land Use Class B-3
27. Lots 39 - 43, 45, 47, 49, 51 and 53, Harbour Passage, as shown on Plat Book 32, Page 30: Land Use Class B-3
28. Lots 1 - 10, Old Ferry Point, as shown on Plat Book 30 at Page 203: Land Use Class B-3
29. Open Space, Roadway and Associated Right-of-Way shown as Old Ferry Point Lane on Plat Book 30, Page 203: Land Use Class A-1
30. Open Space (unsurveyed) along portions of Old Ferry Point Lane included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
31. Lots 137, 139, 141 and 143, Harbour Passage, as shown on Plat Book 33, Page 15: Land Use Class B-3
32. Lots 145, 147, 149 and 151, Harbour Passage, as shown on Plat Book 32, Page 119: Land Use Class B-3
33. Open Space Parcels comprising all those areas shown on Plat Book 32, Page 119, except Lots 145, 147, 149 and 151, Harbour Passage: Land Use Class A-1

34. Lots 153, 155, 157 and 159, Harbour Passage, as shown on Plat Book 33, Page 15: Land Use Class B-3
35. Open Space (unsurveyed) along Lots 153, 155 and 157, Harbour Passage, included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
36. Open Space comprising all those areas shown on Plat Book 33, Page 15 **except** Lots 153, 155, 157 and 159, Harbour Passage: Land Use Class A-1
37. Harbour Entrance (Operating Platform, Lock, Fixed Pier & Walkway, Lock Channel and Mooring Dock) as shown on Plat Book 39, Page 84: Land Use Class E-2
38. Open Space (unsurveyed) adjacent to Harbourmaster Area included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
39. Harbourmaster Area as shown on Plat Book 32, Page 213: Land Use Class E-1
40. Open Space (unsurveyed) bordering portions of Lots 126 - 146, Harbour Passage, included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
41. Lots 136, 138, 140, 142, 144 and 146, Harbour Passage, as shown on Plat Book 33, Page 13: Land Use Class B-3
42. Open Space comprising all those areas shown on Plat Book 33, Page 13 **except** Lots 136, 138, 140, 142, 144 and 146, Harbour Passage: Land Use Class A-2
43. Lots 126, 128, 130, 132 and 134, Harbour Passage, as shown on Plat Book 32, Page 137: Land Use Class B-3
44. Open Space comprising all areas on Plat Book 32, Page 137 **except** Lots 126, 128, 130, 132 and 134, Harbour Passage: Land Use Class A-1
45. Lots 1 - 8, Harbour Passage/Postmill Lane, as shown on Plat Book 135, Page 189: Land Use Class B-3
46. Open Space and Road Right-of-Way of Postmill Lane as shown on Plat Book 135, Page 189: Land Use Class A-1

47. Open Space (unsurveyed) bordering portions of Lot 8, Postmill Lane and portions of the Harbour Promenade included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
48. Lots 1 - 8, Harbour Passage, as shown on Plat Book 35, Page 308: Land Use Class B-1
49. Lots 9 - 17, Harbour Passage, as shown on Plat Book 35, Page 309: Land Use Class B-1
50. Open Space (unsurveyed) surrounding portions of Harbour Passage Patio and Crosstree Patio areas included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
51. Lots 2, 4, 6, 8, 10, 12, 14 and 16, Harbour Passage Patio, as shown on Plat Book 33, Page 32: Land Use Class B-3
52. Open Space and Driveways comprising all areas on Plat Book 33, Page 32 **except** Lots 2, 4, 6, 8, 10, 12, 14 and 16, Harbor Passage Patio: Land Use Class A-1
53. Open Space/Privacy Berm (unsurveyed) along Crosstree Drive included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
54. Lots 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23, 25, 27, 29 and 31, Crosstree Patio, as shown on Plat Book 34, Page 28: Land Use Class B-3
55. Open Space and Driveways comprising all areas **except** Lots 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23, 25, 27, 29 and 31, Crosstree Patio: Land Use Class A-1
56. Lots 33, 35, 37, 39, 41, 43 45, 47, 49 51, 53 and 55, Crosstree Patio, as shown on Plat Book 35, Page 174: Land Use Class B-3
57. Open Space and Driveway Access comprising all areas shown on Plat Book 35, Page 174, **except** Lots 33, 35, 37, 39, 41, 43, 45, 47, 49, 51, 53 and 55, Crosstree Patio: Land Use Class A-1
58. Utility Parcel as shown on Plat Book 40, Page 166: Land Use Class F-1
59. Easement Area to serve as Service Road as shown on Plat Book 40, Page 166: Land Use Class A-2

60. Portion of Roadways and Associated Right-of-Ways known as Crosstree Drive as shown on Plat Book 32, Page 121: Land Use Class A-2
61. Lots 42A, 42B, 44, 46, 48, 50, 52, 54, 56, 58 and 60, Crosstree North Patio, as shown on Plat Book 35, Page 173: Land Use Class B-3
62. Open Space (unsurveyed) along certain portions of Lots 42A, 42B, 44, 46, 48, 50, 52, 54, 56, 58 and 60, Crosstree North Patio, included without reference to specific metes and bounds within the overall property as shown on Plat Book 31, Page 163: Land Use Class A-1
63. Lots 62, 64, 68, 70, 72, 74, 76, 78, 80 and 82, Crosstree North Patio, as shown on Plat Book 34 Page 2: Land Use Class B-3
64. Open Space and Access Area comprising all areas shown on Plat Book 34, Page 2, **except** Lots 62, 64, 66, 68, 70, 72, 74, 76, 78, 80 and 82, Crosstree North Patio: Land Use Class A-1
65. Lots 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, 106, 108 and 110, Crosstree North Patio, as shown on Plat Book 34, Page 179: Land Use B-3
66. Open Space and Access Area comprising all areas shown on Plat Book 34, Page 179 **except** Lots 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, 106, 108 and 110, Crosstree North Patio:
67. Villas 116, 118, 120, 122, 124 and 126, Westwind Villas, as shown on Plat Book 31, Page 80: Land Class Use B-5
68. Villas 128, 130 and 132, Westwind Villas, as shown on Plat Book 31, Page 227: Land Class Use B-5
69. Lots 1 - 10, Reef Club, as shown on Plat Book 35, Page 23: Land Class Use B-3
70. Open Space and Access Area comprising all areas shown on Plat Book 35, Page 23 **except** Lots 1 - 10, Reef Club: Land Use Class A-1
71. Open Space (unsurveyed) bordering portions of Lot 1, Reef Club, and portions of Harbour Entrance area included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1

72. Inn Site as shown on Plat Book 40, Page 162: Land Use Class C-3. The Inn Site is approved for development of not more than thirty-four (34) inn rooms. The design of any facility constructed on the Inn Site shall be accomplished in a manner so as to accommodate expected Guests, owners, and employee parking on the Inn Site or on the parking site identified hereafter as Item 76. The Inn Site may be constructed as a condominium form for the sale of **whole** inn rooms, but not for a timeshare as herein described and prohibited in Section 5-5. The Inn Site shall be developed in a manner consistent with the architectural theme of Windmill Harbour and the plans for improvements to the Inn Site shall be subject to review and approval in accordance with the Architectural Review Board process and criteria as herein provided utilizing its usual and customary standards and guidelines. Notwithstanding the foregoing, Declarant shall have the right to convert the Inn Site into Dwelling Lots having Land Use Classifications B-1 or B-3, as determined by the Declarant in its sole discretion.
73. Open Space/Easement Area shown on Plat Book 40, page 162 which provides ingress/egress between the Inn Site and the Harbour Entrance Area - Land Use Class A-1
74. Portions of the Roadways and Associated Right-of-Ways for Crosstree Drive as shown on Plat Book 40, Page 162: Land Use Class A-2
75. Sports Center as shown on Plat Book 32, Page 216: Land Use Class D-1
76. Parking for Inn Site and Sports Center as shown on Plat Book 40, Page 162: Land Use Class C-3
77. Expansion Area for Tennis Courts Related to Sports Center as shown on Plat Book 40, Page 167: Land Use Class D-1
78. Spindle Lane Villas as shown on Plat Book 33, Pages 142 and 143, and Plat Book 35, Page 37: Land Use Class B-5
79. Open Space (unsurveyed) bordering portions of Spindle Lane Villas and the Harbour Promenade included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
80. Roadways and Associated Right-of-Ways for Yacht Club Drive as shown on Plat Book 40, Page 163: Land Use Class A-2
81. South Carolina Yacht Club, Plat Book 38, Page 13: Land Use Class D-2

82. Lots 1 - 8, Yacht Club Drive as shown on Plat Book 35, Page 170: Land Use Class B-3
83. Open Space (unsurveyed) bordering portions of Sailwing Club area included without reference to specific metes and bounds within the overall Property as shown on Plat Book 31, Page 163: Land Use Class A-1
84. Lots 1 - 12, Sailwing Club, as shown on Plat Book 35, Page 251: Land Use Class B-3
85. Roadway and Associated Right-of-Ways shown as Sparwheel Lane on Plat Book 35, Page 322: Land Use Class A-2
86. Lots 1 - 18, Lots 54 - 58, Lots 63 - 75, Sparwheel Lane, as shown on Plat Book 35, Page 322: Land Use Class B-3
87. Lots 34 - 39, Sparwheel Lane, as shown in Plat Book 35, Page 322; Land Use Class B-1
88. Lots 59 - 62, Sparwheel Lane, as shown on Plat Book 35, Page 323: Land Use Class B-3
89. Open Space and Access Areas comprising all areas shown on Plat Book 35, Page 323 **except** Lots 59 - 62 and Lots 19 - 28, Sparwheel Lane: Land Use Class A-1
90. Lots 40 - 44, Sparwheel Lane, as shown on Plat Book 36, Page 325: Land Use Class B-1
91. Lots 45 - 53, Sparwheel Lane, as shown on Plat Book 36, Page 325; Land Use Class B-3
92. Open Space and Access Area shown on Plat Book 36, Page 325, **except** Lots 40 - 53, Sparwheel Lane: Land Use Class A-1
93. Lots 19 - 28, Sparwheel Lane, as shown on Plat Book 35, Page 323: Land Use Class B-3
94. Lots 29 - 33, Sparwheel Lane, as shown on Plat Book 35, Page 323: Land Use Class B-1
95. Harbour Cove Boating Units as shown on Plat Book 39, Page 85: Land Use Class E-3
96. Eastport Boating Units as shown on Plat Book 39, Page 85: Land Use Class E-4 or E-5

97. Westport Boating Units as shown on Plat Book 32, Pages 214-215: Land Use Class E-3, E-4 or E-5
98. Harbour Maintenance Easement Area as shown on Plat Book 48 Page 57: Land Use Class E-2

Section 2-3: Limitation on the Use of Development and Survey Plats. Other than as provided in Section 2.2 above, no Development or Survey Plat may establish Land Use Classifications or restrictions on any land or improvements within the Property unless such Development or Survey Plat: (a) is prepared and signed by a registered surveyor; (b) is supplemented by a Recorded written instrument setting forth such restrictions; and (c) said Development or Survey Plat and said written instrument have been Approved by the Association in writing and said Recorded written approval by the Association supplements the Recorded Development Plat or Survey Plat.

ARTICLE III
GENERAL COVENANTS APPLICABLE TO THE DECLARANT,
THE ASSOCIATION, ALL PROPERTY OWNERS
AND ALL LANDS AND IMPROVEMENTS WITHIN THE PROPERTY

Section 3-1: Architectural Review of Plans and Specifications for New Construction or Additions; Reconstructions; Alterations or Changes to Structures and Landscaping. No Structure may be commenced or erected upon the Property or any application for a building permit for such Structure be made, any landscaping be done, or any addition to any existing building or alteration or change to the exterior thereof be made, until the proposed building plans, specifications, materials and exterior finish, plat plan, landscape plan and construction schedule shall have been submitted to and Approved by the Association following consideration by the Architectural Review Board as provided by Section 8-21.

Section 3-2: Siting. To assure that buildings and other Structures will be located so that reasonable view, privacy and breeze will be available to the largest practical number of buildings or Structures built within the Property and that Structures will be located with regard to the topography of each property taking into consideration the location of large trees, Structures previously built or approved pursuant to this Article for adjacent parcels of land and other aesthetic and environmental considerations, the Association, following consideration by the Architectural Review Board, shall have the right to approve (subject to the provisions of the Pertinent Law) the precise site and location of any Structure within the Property. The location shall be determined only after reasonable opportunity is afforded the Property Owner to recommend a specific site. The Association shall have the authority to waive any set-back requirements set forth in Sections 2-1, 3-12 and 17-1.40.

Section 3-3: Tree and Bush Removal. No trees of any kind above eight (8) inches in diameter at a point four (4) feet above the ground level other than trees in the space which approximates the centermost twenty percent (20%) of each lot or parcel may be removed by any Property Owners, their successors and assigns anywhere within the Property, including trees within Common Properties and Regime Properties without the written approval of the Architectural Review Board of the Association. A tree location plan showing all critical trees, adjacent and nearby Structures may be required by the Architectural Review Board as part of the submission under Sections 3-1, 3-2 and this Section.

Section 3-4: Completion of Construction. The exterior of all buildings and other Structures must be completed within eighteen (18) months after the construction of a particular building or Structure shall have commenced, except where such completion is impossible or, as determined by the Association following consideration by the Architectural Review Board, would result in great hardship to the Property Owner or builder due to strikes, fires, national emergency or natural calamities. Houses and other dwelling Structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. Substantially, all of the landscaping shown in

plans submitted to the Architectural Review Board must be completed within ninety (90) days of the initial occupancy. As a condition of approval of proposed plans for all Structures, bonds or other guarantee acceptable to the Association shall be required by the Association which guarantees (i) compliance with the requirement that Dwelling Lots be kept reasonably clean during the course of construction and shall be thoroughly cleaned promptly after completion of construction, (ii) the residence is constructed in accordance with the approved plans, and (iii) availability of payment of the landscape installation contractor's estimated cost of installation to implement the plan as submitted and Approved by the Association. The owner/builder/developer's letting of a contract for the installation of the full approved landscaping plan by the end of the first full winter shall be a condition of the building permit. The Architectural Review Board shall promulgate reasonable rules and regulations, including fixing reasonable bond or guarantee amounts, to effectuate the requirements of this Section. See Section 8-21(d) hereof for specific compliance bonding requirements.

Section 3-5: Minimizing Construction Disturbances. During the continuance of construction, the Property Owner and the contractor shall maintain the site of the building in a reasonably clean and uncluttered condition, and construction may not commence before 7:00 a.m. or be continued after 7:00 p.m. without approval of the Board of Directors or the Architectural Review Board. No construction activity shall be undertaken on Sundays.

Section 3-6: Service Yards. All service yard contents, such as garbage receptacles, electric and gas meters, heat pump and air conditioning equipment, clotheslines, water pumps, fuel tanks and unsightly objects and equipment on the Property must be placed or stored in landscaped, fenced or screened-in areas to conceal them from view from the road and adjacent properties.

Section 3-7: Lights and Signs. Except those conditionally permitted signs and flags hereafter described, no promotional, directional, informational, advertising or commercial lights, signs or ornaments, whether mobile or fixed, may be erected or placed on the Property by anyone except where Approved by the Association following approval by the Architectural Review Board in the following limited circumstances:

(a) During, and for not more than sixty (60) days preceding or after construction, the identification of the sponsors, designers and builders of the project may be provided on one (1) sign Structure for the entire site;

(b) To advertise on a sign not in excess of four (4) square feet on each side, sales of property being offered for sale either pursuant to an order of the Court or to avert a serious hardship as determined in the discretion of the Association; and

(c) To display lights, flags and ornaments during holiday seasons. The Association may establish reasonable rules and regulations governing the lighting, size, color, materials, nature, graphic standards and content of any signs or ornaments which it approves.

(d) To construct one on-premises identification sign on the South Carolina Yacht Club Site, and the Sales Center Site which are designed by professional graphic designers, properly constructed and maintained, not over thirty-two (32) square feet in area and with no single dimension of more than ten (10) feet, exclusive of support columns and framing.

(e) To maintain two informational or directory signs on Common Properties adjacent to William Hilton Parkway designed by professional graphic designers, properly constructed and maintained, and not over thirty-two (32) square feet in area and with no single dimension of more than ten (10) feet, exclusive of support columns and framing.

The following signs are conditionally permitted without approval of the association subject to the terms and conditions provided:

(f) Security company warning decals or stickers affixed to the doors or windows of a Structure, provided such decals or stickers do not exceed four (4) inches in any dimension. Not more than one decal or sticker shall be permitted on the front, rear and side elevations of any Structure;

(g) One (1) street address sign per Dwelling Lot displayed on the lawn or affixed to existing garden wall. Such signs may include only the street name and number and be manufactured of cast metal in a color scheme consistent with the house color (or such other color as approved by the Architectural Review Board) and shall have no dimension exceeding twenty four (24) inches;

(h) Dwelling Lots on Millwright, Sailstock and Fantail may display the street number and owner surname on the official plantation-supplied single mailboxes provided such lettering shall be white in color, block style, and not more than two (2) inches in height.

(i) The official flag of the United States of America may be displayed according to the guidelines established by the United States Government from time to time. Additionally, official flags of a branch of the United States Military and the official South Carolina State Flag may be displayed subject to any rule or regulation promulgated by the Association from time to time. Flags, including the American flag, may not exceed 3' x 5'. Permanent flagpoles and the size of the flag flown from the pole must be approved by the Architectural Review Board. Neither flags nor flag decals are permitted to be attached to mailboxes.

(j) Any flag flown at the entrance to Windmill Harbour, the South Carolina Yacht Club, or on real property which is common element to the Windmill Harbour Marina Horizontal Property Regime, which may include without limitation yachting pennants, flags, and burgees as approved by the Association.

(k) No flag, pennant, burgee or sign of any kind conditionally permitted by this Section shall display content of a vulgar, offensive or obscene nature which may be determined by the Association in its sole discretion.

The Association shall have the right to approve such other signage as it deems appropriate in its sole discretion upon consultation with the Architectural Review Board.

The Association reserves the right, after thirty (30) days notice is given to the Property Owner in conformity with Sections 9-7 through 9-10, to enter upon the lands or premises of any Property Owner to remove any non-conforming sign at the expense of the owner of the sign, and, by this reservation, such entry shall not be a trespass.

Section 3-8: Other Buildings and Vehicles. No mobile home, trailer, tent, barn or other similar out-building or Structure shall be placed on the Property at any time without prior approval from the Association following consideration by the Architectural Review Board, and such approvals shall normally be limited to temporary use of such Structures reasonably essential to economical, orderly and efficient construction during the construction process only. No home trailer or residence trailers may be permitted on the Property without permission of the Board of Directors. Boats, boat trailers, campers, trucks or utility trailers must be stored either wholly within a garage or an approved totally visually screened area on the same Dwelling Lot as a Dwelling Unit, or in a central or neighborhood screened-in storage facility for such boats, vehicles and trailers if, as and when such a screened-in area is constructed upon the Property and thereafter used for such purposes. This Section does not create in the Declarant or the Association an affirmative obligation to provide such a screened-in storage facility.

Section 3-9: Water and Sewage. No private water wells may be drilled or maintained on the Property so long as the Association, a public service district or other governmental unit or a licensed private utility company has installed a water distribution line within two hundred fifty (250) feet of such property with average daily water pressure in such line adequate for uses permitted by these Covenants and the deed of conveyance, and the Property owner is granted access to connect to said line pursuant to the usual approved connection fees, provided that such water distribution line is completed by the time the building or Structure is ready for occupancy. Notwithstanding the preceding, upon prior written approval of the Architectural Review Board, a Property Owner may drill and maintain wells for the exclusive purposes of landscaping irrigation or as a water source for a home heat pump system.

Section 3-10: Deleted.

Section 3-11: Building Height. Except as specified hereafter for the Inn Site, no building shall be constructed on the Property which has a height more than forty-five (45) feet above pre-existing grade to the highest roof ridgeline. This height limitation shall not include roof-top air-conditioning, heating, solar arrays, and energy conservation equipment, and shall not apply to antennas and other similar Structures. This limitation shall not have retroactive application to any structures constructed pursuant to the Original Declaration prior to the effective date of these Covenants. If an inn facility is constructed on the Inn Site as herein permitted, the applicable height limitation to it shall be sixty (60) feet above the minimum dwelling floor heights as established by flood insurance regulations or other Pertinent Laws.

Section 3-12: Waterfront Setback Requirements. No Dwelling Unit or other building of any type may be erected within fifteen (15) feet of a lagoon edge, lake edge, marsh edge or harbour edge on any property as shown on a Recorded Development Plat; provided, however, that Structures or improvements in the nature of pools, decks, hot tubs, bike trails, cookout and entertainment Structures, bar and food facilities, recreational support Structures, picnic storage areas and restrooms may be built within such fifteen (15) foot setback line if Approved by the Association pursuant to Section 3-1 and Section 8-21. Reasonable variances to these setback requirements may be approved by the Association after consideration by the Architectural Review Board where, in the sole discretion of the Association, such variance would not pose a harm to adjacent property or adjacent Structures, or impair the Members' use and enjoyment of any Common Property or any Member's use and enjoyment of any easement.

Section 3-13: Utilization of Solar Energy. In order to promote the public policy of conserving valuable energy resources and in order to promote any enhanced use and enjoyment of the Property associated with energy efficient Structures, the Architectural Review Board and the Association shall encourage, but may not require, that buildings utilize passive solar designs as well as active mechanical solar collection devices for hot water heating and climate control of interior spaces.

Section 3-14: Animals. Except as allowed by the Association under conditional permits and except as hereinafter further limited, no animals, livestock or poultry of any kind shall be raised, bred, kept or pastured on the Property other than a maximum of three (3) household pets kept in any one Dwelling Unit. In order to preserve the aesthetic qualities of the Property, to maintain sanitary conditions on the Property, to prevent the spread of worms and infectious diseases on the Property, to maintain a proper respect for other Property Owners and users of the Property, and to maximize the overall use and enjoyment of the Property, each person who keeps a pet within a Dwelling Unit shall abide by the following restrictions and affirmative obligations: (a) no pets may be kept, bred or maintained for any commercial purpose; (b) best efforts shall be exercised to not allow the pets to excrete upon the shrubbery or in any area within the Property or any Regime Common Properties which are regularly traversed by neighboring residents or in which children may be expected to play; (c) any defecation or solid excrement left by the pet upon the Common Properties or upon any Regime Common Properties shall be removed; (d) the pet shall not be allowed to roam more than twenty (20) feet from its attendant uncontrolled by voice or leash; and, (e) any pet which consistently barks, howls or makes disturbing noises which might be reasonably expected to disturb other Property

Owners, their Lessees and Guests, shall be muzzled. Notwithstanding the conditional permissions herein provided, persons or pets which habitually violate the conduct proscribed herein shall be considered to have abused the privileges herein granted and the Board of Directors of the Association shall in its sole discretion be empowered to withdraw any and all privileges of maintaining pets for so long as they consider just and appropriate. The breach of any of these restrictions, obligations and duties shall also be a Noxious and Offensive activity constituting a nuisance as provided in Section 3-17.

Section 3-15: Unightly Conditions. Each Property Owner and his Lessees shall prevent and remove the accumulation of litter, trash, packing crates or rubbish; prevent the development of any unclean, unsightly or unkempt conditions of buildings or grounds on the Property either before, during or after construction; prevent and remove accumulations on his Property which tend to substantially decrease the beauty of the specific Property or the community as a whole.

Section 3-16: Sound Devices. No exterior speaker, horn, whistle, bell or other sound device, except devices intended for use and used exclusively (and with reasonable regard for neighbors) for safety or security purposes, shall be used upon any part of the Property without a conditional permit of the Association which permit shall be processed in a manner consistent with Section 8-21.

Section 3-17: Offensive Activity. No Offensive or Noxious activity shall be carried on upon the Property. "Offensive or Noxious" activity or behavior shall include but not be limited to a public nuisance or nuisance *per se* and shall also include any behavior which is inconsistent with both the reasonable and pleasurable use of the Property area by Property Owners, their Lessees and Guests and their reasonable expectations of vacationing, year-round living, studying, working, recreating or enjoying sports free of excessively noisy behavior grossly disrespecting the rights of others, flashing or excessively bright lights, racing vehicles (regardless of the number of wheels), offensive displays of public sexuality, significantly loud electronic music distractions, or other similar unreasonable behavior or activity curtailing or likely to curtail the reasonable pleasure and use of the Dwelling Units, Boating Units, the Structure on the Inn Site (if applicable), the Structure on the Sales Center Site (if applicable), Harbour Basin, Central Harbour Facilities, the Harbour Access Zone, Common Properties, Regime Common Properties and other areas within the Property by others who are not participating in such offensive or noxious activity. Athletic events, concerts, festivals, competitions, gatherings or shows primarily for the use and enjoyment of the Property by Property Owners and their Guests and Club Members of the South Carolina Yacht Club, conducted under permit from the Association or sponsored by the Club shall not constitute offensive or noxious activity or behavior unless such permit is withdrawn by the Association, or its terms and conditions violated.

Without limiting the foregoing, the following shall constitute Offensive or Noxious Activity:

- (a) The discharge of firearms, guns or pistols of any kind, caliber, type of method of propulsion except as implied in Section 3-24 and except as undertaken by security personnel in the course of their duties;
- (b) Fireworks storage, the sale or distribution of fireworks and the discharge of fireworks except in controlled events Approved by the Association;
- (c) Signs and advertising devices not in conformity with Section 3-7;
- (d) The breach of animal control restrictions as set forth in Section 3-14.

Section 3-18: Laundry Drying. In order to preserve the aesthetic features of the architecture and landscaping, each Property Owner, his or her family, his or her Guests or his or her tenants shall not hang laundry, towels or clothing from any area within or outside a dwelling unit if such laundry is within the public view, nor hang

laundry in full public view to dry, such as on balcony and terrace railings. This provision, however, may be temporarily waived by the Association during periods of severe energy shortages or other conditions making the enforcement of this Section contrary to the national or local interests.

Section 3-19: Duty to Rebuild or Clear and Landscape Upon Casualty or Destruction. In order to preserve the aesthetic value and economic value of all individual properties within the Property, each Property Owner, the Declarant, with respect to Improved Property owned by the Declarant, the Association, with respect to Common Properties, and any Horizontal Property Regime with respect to Regime Common Properties, shall have the affirmative duty to rebuild, replace, repair, or clear and landscape, within a reasonable period of time any: building, Structure, improvement or significant vegetation which is damaged or destroyed by Act of God, fire or other casualty other than war. Variations and conditional waivers of this provision may be made only upon a vote of the Board of Directors of the Association establishing that the overall purpose of these Covenants will be best effected by allowing such a variation. The allowance of a variance by the Board of Directors shall not be deemed to be a waiver of the binding effect of this Section on all other Property Owners.

Section 3-20: Prohibition of Oil and Gas Wells and Subsurface Mining. No well for the production of, or from which there may be produced, oil or gas shall be dug or operated upon the Property, nor shall any machinery, appliance or Structure, ever be placed, operated or maintained thereon in connection therewith, nor shall there be any subsurface mining or drilling activity; provided, however, that the Association or the Declarant (so long as it continues to exist or own property in Windmill Harbour) may engage in such subsurface or excavation activity as may be necessary and consistent with these Covenants to conduct or to construct, reconstruct or repair the Harbour Basin, Dock Facilities, Bulkheads, Central Harbour Facilities or any building or landscaping berm; provided further that the prohibition against drilling activity shall not include any drilling or excavation activity associated with the search for or development of water wells, the installation of utilities and communication facilities, any activity associated with soil testing, construction of building foundations or master drainage control.

Section 3-21: Prohibition of Industry. Neither the Association nor any Property Owner, nor the Declarant shall erect, or suffer or permit to be erected, on any part of the Property, any Structure or operation for the manufacture or production of any manufactured goods (other than fine hand-crafted items crafted in a home workshop) intended for off-premise sale; or any forge, foundry, a blacksmith shop, furnace or factory of any kind or nature whatsoever for the manufacture and operation of industry. Nothing herein shall prohibit the use, in conformity with Section 5-1, of kilns, furnaces and welding or similar equipment in any artist or craft studio.

Section 3-22: Subdivision of Property. No property within any Land Class within the Property (excluding Unclassified Land) shall be subdivided other than by the Declarant as it relates to the possible conversion of the Inn Site for Dwelling Lot purposes as hereinafter provided except by means of a written and Recorded instrument indicating that such subdivision has been Approved by the Association.

Section 3-23: Prohibition of Motorcycles. Motorcycles and "mopeds" (or other motor-powered bicycles or motor scooters with less than or equal to one (1) brake horsepower) may be permitted within the Property subject to rules and regulations promulgated by the Board of Directors.

Section 3-24: Willful Destruction of Wildlife. No hunting shall be allowed on the Property, except under controlled conditions Approved by the Association and appropriate governmental wildlife authorities for the purpose of protecting Property Owners, the public and other animals against health hazards, disease, over-population of wildlife and significant wildlife predation. Any violation of this provision shall be deemed a trespass. Since this Property is to be developed and maintained for the purpose of accommodating human uses and the Property is not intended to be nor is to be maintained as a wildlife sanctuary, any depletion of wildlife stock which may result from the process of planned development shall not be deemed to be a violation of this Section.

Section 3-25: Duty to Keep Property Attractive and in Good Repair. It shall be the affirmative duty of each Property Owner and the co-owners within a Horizontal Property Regime to: prevent and remove the accumulation of litter, trash, packing crates or rubbish, or the development of any unclean, unsightly or unkempt conditions of buildings or grounds on the Property either before, during or after construction; to remove accumulations which tend to substantially decrease the neat and attractive appearance of the Property Owners' individual property or the Property as a whole; and, to keep their buildings, Structures, landscaping and other improvements well maintained and in good repair.

Section 3-26: Drainage. The Association may establish reasonable regulations and restrictions pertaining to drainage and siltation originating on construction sites and parking lots, porosity of pavement materials used on roadways, driveways and parking lots, and similar provisions relating to hydrological factors on the Property.

Section 3-27: Smells and Odors. The owner of any realty within the Property shall have the affirmative duty to prevent the release of obnoxious smells and odors from his Property which might tend to adversely affect the reasonable use and enjoyment of the lands and other interests in realty owned by adjacent and nearby Property Owners.

Section 3-28: Installation of Piers; Bulkheads; Filling and Excavation of Shorelands by Property Owner. No bulkheading, filling, excavation, stabilization or modification of marsh edges of the Property may be undertaken by any Property Owner or his agent unless such activity is Approved by the Association. The Association may specify that such work must be undertaken by the Association on behalf of the Property Owner(s) involved and such owners shall be assessed for such portion of the cost of the work as the Association shall determine is reasonably allocable to the property of such Property Owner(s).

No Property Owner may seek authority from the Association to construct an individual pier from his property, whether or not into or through adjoining marshlands. This Section shall not, however, prevent the Association from seeking such permits and constructing such facilities at anytime.

Section 3-29: Duty to Insure. In order to insure that damaged or destroyed buildings can be reconstructed or cleared and landscaped in conformity with Section 3-30, each Property Owner shall have the affirmative duty to procure and maintain full replacement value casualty insurance for any townhouse or detached building owned by the Property Owner. In addition, Property Owners who are members of any Horizontal Property Regime, either directly or through a property owners association established to maintain Regime Common Properties associated with the Horizontal Property Regime, shall have the affirmative duty to procure and maintain full replacement value casualty insurance on the entire building or buildings which make up the Horizontal Property Regime provided that such insurance is reasonably available and not excessive as to cost as determined by the Regime Board of Directors, in its reasonable discretion. In such instances, self insurance shall be allowed at the discretion of the Regime Board of Directors. The Association may require that all Property Owners submit a photocopy of the insurance policy or other proof that the buildings are insured in conformity with this Section.

Section 3-30: Duty to Reconstruct or Clear and Landscape Upon Casualty to Building. In the event that any building other than Common Properties, but including Regime Common Properties, is damaged or destroyed by fire, Act of God, or other casualty other than war, each Property Owner and the members of each Horizontal Property Regime whether acting individually or through a property owners association, shall have the affirmative duty to repair or rebuild such building or improvement or to clear such Structure from the land and to landscape the underlying property so as to render it attractive.

ARTICLE IV
OPEN SPACE

Section 4-1: Designation of Open Space and Types of Open Space. In order to help preserve, protect and enhance natural, scenic, aesthetic, historic and recreational resources, soils, wetlands, vegetation, and wildlife in evidence on the Property, the Declarant and other owners of Property including members of a Horizontal Property Regime may designate portions of their Property as Open Space for periods of twenty-five (25), fifty (50), ninety-nine (99) years or perpetuity as such durations may be specifically adopted and Recorded as to specific parcels by the Declarant or other Property Owner; provided, however, that no such designation shall extend beyond the duration of these Covenants. Roadway and Parking Areas titled in the Association as Common Properties shall likewise be treated as Open Space for purposes of this Section. To further this purpose, the Association covenants that no Open Space shall be subject to any Annual Assessments, Supplemental Assessments or Special Assessments.

No property, including Regime Common Property, shall be Open Space unless it is described as "Open Space" in these Covenants or in another Recorded declaration signed and formally executed by the title owner, the declaration is accompanied by a plat prepared by a registered surveyor which plat recites metes and bounds and the number of square feet of Open Space within such described area that is designated as Open Space, and the declaration is supplemented by an instrument indicating in writing that the designation of Open Space is Approved by the Association.

Section 4-2: Members' Easement of Enjoyment of Open Space. Subject to the provisions of these Covenants, the rules and regulations of the Association, and any fees or charges established by the Association, every Class "A" and "B" Member and every Lessee and reasonably limited numbers of Guests of such Class "A" and "B" Members shall have a right to easement of access, use and enjoyment in and to the lands designated in these Covenants or in a supplemental declaration as Open Space whether title to such Open Space is held by the Declarant, the Association or any other Property Owner. Such easement shall be appurtenant to and shall pass with the title of every Dwelling Lot, Dwelling Unit or Boating Unit within the Property, and with the title to the Inn Site, but such easement shall only exist as to any parcel of Open Space as long as the Open Space designation of any parcel remains operative as provided in Section 4-1.

Section 4-3: Festivals in Open Space. Subject to appropriate safety and noise control regulations established by the Association, the Association may designate one or more areas of Open Space as sites for festivals where the primary emphasis is on art, music, performing arts, dance and like events primarily for the direct or indirect benefit of the Property Owners.

Section 4-4: Prohibited Uses of Open Space. Lands designated pursuant to Section 4-1 as Open Space shall not be used for any use designated by Section 2-1 within Land Use Classes B-1, B-3, B-5, C-1, C-2, C-3, C-4, D-1, D-2, E-1, E-2, E-3, E-4, E-5, F-1 or F-2; provided, however, that all Open Space areas shall be subject to the easements reserved by Declarant in Section 7-9.

Section 4-5: Provisions Regarding Open Space Between Patio Lots and Lagoons. Those lands located between the property line of Patio Dwelling Lots and the average water mark of any adjacent lagoon shall be kept as open space for the benefit of the Owners of the contiguous Patio Dwelling Lots. Such open space shall not be subdivided, sold or otherwise disposed of nor shall the Association permit the erection of any structure thereon with the possible exception of maintenance or water control structures that would unreasonably interfere with the view of the adjacent Patio Dwelling Lots.

ARTICLE V
SPECIAL COVENANTS APPLICABLE TO PROPERTY
CLASSIFIED FOR SINGLE PRIVATE HOUSEHOLD
AND RESIDENTIAL USE (B-1, B-3, AND B-5)

Section 5-1: Intended Use for Single Private Household and Residential Purposes.

(a) All Dwelling Units within one of the Single Private Household and Residential Land Classes (B-1, B-3 or B-5) as described in Section 2-1 shall be used for Single Private Household and Residential purposes as defined in (b) and (c) below.

(b) "Single Private Household" shall mean and refer to a family or household unit blended into a single group for usual domestic purposes, including a traditional family of parents and those to whom the parents have legal duty to support and extended families related by blood or marriage, but also including three (3) or fewer companions and friends, nurses and domestic servants and their spouses, and also including household members not related within the degrees of consanguinity. In no event shall a "household" include more than four (4) persons who are unrelated by blood, marriage, consanguinity or adoption or include a temporary boarder who is not related by blood, marriage, consanguinity or adoption. The Association may grant conditional variances to this provision for purposes of eliminating hardship. A Dwelling Unit restricted to Single Private Household use may not be used as a "rooming" house to provide accommodations amounting to less than the entire Dwelling Unit to boarders, roomers or tenants who are not members of the resident "household" as defined above.

(c) "Residential" (used in contradiction from "business," "commerce" or "mercantile") shall mean and refer to a use and occupancy of a building as a long-term abode, dwelling or residence which is prohibited from being rented or leased for a period of less than sixty (60) days. The restriction to use for "Residential" purposes is subject to the following qualifications:

(1) The use of a portion of a Dwelling Unit as an office or art or craft studio of members of the Single Private Households shall be considered as a Residential use only if such use does not create a significant increase in traffic to and from the Dwelling Unit, provided that: no sign, symbol, logo or nameplate identifying a business or professional office is affixed to or about the grounds or the entrance to the Dwelling Unit; the Dwelling Unit is only incidentally used for business or professional purposes; and the Association, after responding to one or more reasonable complaints by a neighboring Property Owner, has not expressly requested that the subject Dwelling Unit not be used in whole or in part as an office or studio because of auto congestion or other nuisances.

(2) A Dwelling Unit owned by Declarant may be used by Declarant or its agents as a model home, real estate sales office or site for an "Open House" and may be deemed a use for Residential purposes for a maximum period of thirty (30) months after the building is newly constructed and is substantially completed, and use of said Dwelling Unit as a model home or real estate sales office after said thirty (30) month period shall be prohibited. Moreover, on a one-time basis, the Dwelling Unit located at 2 Harbour Passage may be used by Declarant or its agents as a model home, real estate sales office or site for an "Open House" and may be deemed a use for Residential purposes for a maximum period of eighteen (18) months after January 26, 1994, unless extended in writing by the Board of Directors in its sole discretion. Use of said Dwelling Unit as a model home or real estate office after said permitted period shall be prohibited.

(3) No Dwelling Unit located in Land Use Classes B-1, B-3, and B-5 may be used for "garage sales," "open houses" or other commercial gatherings designed to promote the resale of dwellings at any location or any product sales unless a temporary permit for such use has been Approved by the Association based upon the following criteria:

(i) The "open house" or other gathering as described herein may only be between the hours of 10:00 a.m. and 5:00 p.m., Monday through Saturday and 1:00 p.m. through 6:00 p.m. on Sunday;

(ii) The application for a written temporary license must be made no later than seven (7) days prior to the date of the anticipated use;

(iii) There shall be no other temporary license issued for the requested date in the immediate neighborhood;

(iv) There shall not have been any temporary license issued for the requested Dwelling Unit within the previous thirty (30) day period;

(v) No "open house" may be used as a device or station to promote the sale of any Dwelling Unit other than the one in which the "open house" is being held.

(vi) All signs comply with Section 3-7; and,

(vii) Any Guests attending the open house or gathering at the Dwelling Unit must obtain temporary gate passes from the security office and adhere to any of the vehicular access limitations set forth and in existence.

(4) The use of a Dwelling Unit as a situs of work and home occupations is permitted only as an incidental use subject to the following limitations: (i) no display of products shall be visible from the street; (ii) no mechanical equipment shall be installed or used except equipment that is normally used for domestic, craft and professional purposes; (iii) no outside storage shall be used in connection with the home occupation; (iv) not over twenty-five percent (25%) of the total actual floor area or eight hundred (800) square feet, whichever is less, shall be used for a home occupation; and (v) traffic generation shall not be significantly increased, as for example, where the traffic volume exceeds more than thirty percent (30%) of the traffic volume generated by typical nearby Dwelling Units.

(5) No Dwelling Lot or Dwelling Unit restricted to Residential uses may be used as a means of service to business establishments on adjacent lots, including but not limited to parking, supplementary facilities or an intentional passageway or entrance into a business house.

Section 5-2: Short Term Leasing Prohibited. All Dwelling Units located within Land Classes B-1, B-3 and B-5 shall be used only on a sustained occupancy basis in which the Property Owner or Lessee of any Dwelling Unit is prohibited from renting or leasing the Dwelling Unit for a period of less than six (6) consecutive months.

Section 5-3: Building Height. No building shall be constructed within Land Classes B-1, B-3

and B-5 which has a height exceeding the height limitations set forth in Section 3-11.

Section 5-4: Limitations on Time Sharing, Interval Ownership and Subdivision of Residential Property. No parcel or other land located within the Property of any type or class whatsoever may be further subdivided by the Property Owner thereof, and no unit of ownership may be subdivided to permit "Time Sharing" or other "devices" to effect interval ownership. For purposes of this Section, "devices" to effect interval ownership shall include but not be limited to ownership arrangements, including uses of corporations, trusts, partnerships or tenancies in common in which four (4) or more persons have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) the same dwelling unit and such owners have a formal or informal right-to-use agreement.

Section 5-5: Party Walls. If a Dwelling Unit constructed on a Townhouse Dwelling Lot has a common party wall with a Dwelling Unit on a contiguous lot, the following restrictions shall apply:

(a) General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Dwelling Lots and placed on the dividing line between the Dwelling Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this subsection, the general rule of law regarding party walls shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Property Owners who make use of the wall.

(c) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Lot Owner who has used the wall may restore it, and if the other Dwelling Lot Owner thereafter makes use of the wall, they shall contribute equally to the cost of the restoration without prejudice, however, to the right of any such lot owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts of omissions.

(d) Weatherproofing. Notwithstanding any other provision of this subsection, a Dwelling Lot Owner who by accident, negligence or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) Right to Contribution Runs with Land. The right of any Dwelling Lot Owner to contribution from any other Dwelling Lot Owner under this subsection shall be appurtenant to the land and shall be an obligation running with the land and shall pass to said Dwelling Lot Owner's successors in title.

Section 5-6: Arbitration of Dispute Relating to Party Wall or Privacy Fence or Wall. In the event of any dispute arising between two adjoining Dwelling Lot Owners concerning a party wall or a privacy fence or wall, or similar dispute relating solely to the respective rights and obligations of adjoining Dwelling Lot Owners, the dispute shall be resolved by the Board of Directors of the Association or its designated agent, with any Property Owner involved in such dispute who is a member of such Board not being allowed to vote on the issue. If the Board (or agent) is unable to reach a decision or is unwilling to resolve the dispute, then each party shall at its own cost choose one arbitrator, which arbitrator may be the same for all parties. If only two parties exist, and they choose different arbitrators who cannot reach a mutually acceptable decision, the two arbitrators shall choose a third arbitrator, the cost of which shall be shared equally by the parties. The decision of the majority of all the arbitrators shall be final and conclusive of the question involved.

ARTICLE VI
SPECIAL COVENANTS APPLICABLE TO
MARINA AND HARBOUR AREAS (E-1, E-2, E-3, E-4 AND E-5)

Section 6-1: Cross Reference. Reference is made to Land Use Classes set forth in Section 2-1. Any authority and obligations of the Association with respect to the marina and harbour areas as may be set forth in Article VI; and assessments for Boating Units in Article XI, and definitions in Article XVII of "Boating Unit", "Bulkheads", "Central Harbour Facilities", "Dock Facilities", "Harbour Access Zone" and "Harbour Basin".

Section 6-2: Use and Enjoyment of Harbour Access Zone (E-2). The primary purpose of the Harbour Access Zone is to provide an area around the Harbour Basin which is owned by the owners of Boating Units and which is contiguous to and serves as access to the Harbour Basin. No access may be made from the Harbour Access Zone to the Dock Facilities except by Boating Unit Owners or Members of the "Windmill Harbour Marina Association" (as established by the Windmill Harbour Marina Master Deed), their Guests, Licensees and Invitees, unless otherwise specifically provided for herein or in the Windmill Harbour Marina Master Deed. Subject to such reasonable rules as are established or adopted by the Windmill Harbour Marina Association, all Property Owners, their Lessees and Guests may use the Harbour Access Zone as a walkway, bikeway or other park or corridor around the Harbour. The Association shall be responsible for maintaining such portions of the Harbour Access Zone as are used as walkways, bikeways or other parks or corridors.

Section 6-3: Use and Enjoyment of Dock Facilities. Property Owners other than the owner of a Boating Unit, their Lessees and Guests may have access (except for purpose of mooring a marine vessel) to Dock Facilities located in General Dock Areas (E-5). In contrast, only the owners of Boating Units with a defined Limited Access Dock Area (E-4), their Lessees and Guests, may have access to Dock Facilities within that E-4 Area. Only the owners of Boating Units in a given E-3 Area, their Lessees and Guests, and the maintenance agents or employees of the Association for purposes of maintaining, may have access to the Dock Facility in any Private Dock Area (E-3) without the permission of the Boating Unit Owner (or his Lessee) whose Boating Unit is adjoined to the Dock Facility in question.

Section 6-4: Prohibition of Severance of Boating Units in E-3 and E-4 Areas from Certain Dwelling Lots or Dwelling Units. Except as to those rights preserved by Section 6-6 hereafter, Boating Units in Private Dock Areas (E-3) and Limited Access Dock Areas (E-4) can only be conveyed with a Dwelling Unit or Dwelling Lot as designated by the Declarant for that Boating Unit; provided that the Owner of a Boating Unit in an E-4 Area can convey his Boating Unit to the Owner of a Dwelling Unit or Dwelling Lot in the same E-4 Area or other E-4 Areas designated by the Declarant. All Boating Units in an E-3 or E-4 area are appurtenant to a particular Dwelling Lot or Dwelling Unit and may not be severed from or conveyed independently of that Dwelling Lot or Dwelling Unit.

Section 6-5: Lease of Boating Units. All owners of Boating Units may lease the Boating Unit at any rate agreeable to the Lessee; provided, however, in order to maintain village character and provide for maximum use of the Harbour Basin by Property Owners, Property Owners shall, according to reasonable procedures established by the Association, have prior opportunity (on a first-come, first-served basis between Property Owners) over any person not a Property Owner, to lease Boating Units in General Dock Areas (E-5) and Limited Access Dock Areas (E-4) subject to the terms of the lease. No Property Owner who is in default or is delinquent on payment of rentals on the lease of a Boating Unit or other assessments of any kind of the Association may take advantage of the priority provisions set forth in this Section.

Section 6-6: Declarant's Limited Right to Modify Certain Restrictions Relating to Boating Units. Notwithstanding the provisions of Section 6-3 above, Jenkins Island Realty Corp. d/b/a Windmill Harbour Company in its present capacity and/or as designee of Declarant, shall continue to retain all rights previously reserved in deeds of conveyance of Boating Units or in the Original Declaration to redesignate Boating Units and to consent to

the transfer of Boating Unit appurtenances from one Dwelling Lot or Dwelling Unit to another Dwelling Lot or Dwelling Unit.

ARTICLE VII
RIGHTS RESERVED BY THE DECLARANT, ITS SUCCESSORS AND ASSIGNS

Section 7-1: Conveyance of Declarant's Reserved Rights to Harbour Basin. Declarant previously reserved all rights, title and other interests, including all riparian rights pertaining to the shoreline, waters, basin, beds and bottomlands of all harbour and marina areas within the Harbour Basin. However, all such rights shall hereafter be conveyed by quit claim deed to Windmill Harbour Marina Horizontal Property Regime and the Windmill Harbour Marina Association, as their interests may appear.

Section 7-2: Other Rights and Reservations. The omission of any right or reservation in this Article shall not limit any other right of or reservation by the Declarant which is expressly stated in or implied from any other provision in these Covenants.

Section 7-3: No Affirmative Obligation Unless Stated. Any reservation or right of the Declarant or the Association which is stated in or reasonably implied from these Covenants shall not give rise to any affirmative obligation or duty on the part of the Declarant or the Association unless expressly stated in these Covenants.

Section 7-4: Certain Utility, Communications, Transportation and Public Convenience Easements. Notwithstanding any Land Use Class established in Section 2-1, the Declarant reserves exclusively unto itself a perpetual, alienable and releasable easement and right in, on, over and under the Property to erect, maintain, operate and use: wires, cables; switches; computers; receptacles; conduits; drainageways; sewers; irrigation lines; wells; antennas; garbage collection facilities; pumping stations; tanks; water mains and other suitable equipment including microwave and satellite stations for the conveyance, transmission or use of video, voice, facsimile and data communications, electricity, gas, sewer, water, drainage; or other public conveniences, utilities, communication and transportation facilities on, in or over those portions of such property as may be reasonably required for utility line purposes to serve the Inn Site and the Sales Center Site and to provide cable services to Property; provided, however, that:

(a) no utility easement shall run across any portion of the Property which is covered by an existing building or across the portion of any land for which written approvals to construct a building thereon have been obtained within the past year from the Association. Moreover, no easement may impede or endanger the free access of any Boat to marine navigation within or into and out of the Harbour;

(b) such easement or installation of utilities therein or thereon shall be maintained in as attractive a state as is reasonably feasible;

(c) the Declarant, without obligation, reserves the right to transfer such utilities, facilities and easements, in whole or in part, to the Association, at which time the Association shall be responsible for and shall have the obligations to operate and maintain such utility easements or corridors;

(d) the Declarant, without obligation, reserves the right to transfer such utilities and utility easements and easements of access to such utility and utility easements, in whole or in part, to another entity, whether public or private, which shall undertake to provide such utility service.

No cable T.V. service facilities described in this Section may be installed or operated by anyone other than Declarant unless such facility is Approved by Declarant. Declarant or its designee may charge reasonable fees for the provision of such facilities or services.

Declarant reserves the right, but does not have the obligation, to irrigate the front thirty-five (35) feet of any Dwelling Lot in Land Use Classes B-1 (but not closer than ten (10) feet from any Detached Dwelling Unit where feasible) and this right may be assigned by Declarant to another entity which shall provide water and sewer service to the Property so long as the water used for such irrigation meets all standards prescribed by the South Carolina Department of Health and Environmental Control.

These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. Any material disturbance to the grounds of any Property Owner or Common Properties caused by such utility installation shall be repaired and said grounds returned to a reasonable reconstruction of their prior condition by the Declarant or prompt and reasonable remuneration for such repair shall be made by Declarant to such Property Owner by the Declarant.

Nothing contained herein shall affect or reduce the rights of Coastal Utilities, Inc., as contained in the Utility Easement Agreement dated January 26, 1994, and recorded in the R.M.C. Office on February 4, 1994 in Book 682 at Page 1378.

Section 7-5: Bridges and Walkways. The Association retains, without obligation, a twelve (12) foot easement along, but not necessarily bordering, the right-of-way edge, parking lot edge or lagoon edge of all lots and the Harbour Access Zone for the purpose of constructing bikeways, moped or golf cart trails, jogging paths, bridges, such passageways to interconnect with major recreational and Residential facilities on the Property. If the Association chooses to construct such bikeways or jogging paths, the Association shall have the obligation to maintain easement of access to said bikeways or jogging paths for the purpose of maintaining the same for access thereto as Open Space. Nothing in this Section shall be construed as placing an affirmative obligation on the Association to provide or construct any such improvement.

Section 7-6: Easements in Open Space and Common Properties. In addition, the Association reserves the right to make access trails or paths or boardwalks through Open Space and other Common Properties for the purpose of permitting recreation, health and fitness exercise, observation and study of wildlife, hiking and riding; to erect small signs through the Open Space designating points of particular interest and attraction; to irrigate the Open Space and Common Properties including the use of treated sewerage effluent, if approved, by appropriate regulatory authorities; and to take such other steps as are reasonable, necessary and proper to further the community use and enjoyment of the Open Spaces; provided, however, there is no affirmative obligation on the Association to perform such Functions.

Section 7-7: Repurchases by Declarant. In consideration of the affirmative obligations of and benefits to all Property Owners provided by the Declarant under these Covenants, and in consideration of the Declarant's active ongoing interest and participation in the development and enhancement of the services, facilities and amenities available at the Property, when any Dwelling Lot, Dwelling Unit, Boating Unit or other improved land or unimproved realty within the Property is offered for sale by successors in title to the Declarant, the Declarant shall have the exclusive option to purchase such property at the price and on the terms of any bona fide offer for such property made in writing to the Property Owner at such time and submitted to the Declarant for verification. Each Property Owner shall notify the Declarant of its intent to sell his property with such notice setting forth in full the certified terms and conditions of the sale, including the full name and primary address of the prospective true buyer (as distinguished from agents or intermediaries). The Declarant shall have thirty (30) days after presentation of such notice to the Declarant to exercise this purchase option. If the Declarant has not executed a contract for purchase during this period, the record owner may freely convey the property to the subject offeror. Should, however, such sale

to a third party not be consummated within four (4) months of the date the offer is transmitted to the Declarant at the price and on the terms certified, the terms and limitations of this Section shall again be imposed upon any sale by the Property Owner. If the Declarant shall elect to purchase such property, the transaction shall be consummated on the terms offered; provided, however, that the Declarant shall have a minimum of thirty (30) days from the delivery of notice to consummate the transaction. The rights reserved to the Declarant by this provision shall automatically pass to and be enforceable by the Association on December 31, 1999, or at such earlier time as the Declarant shall assign them.

Section 7-8: Enforcement. The Association and the Declarant (so long as it continues to exist or owns property in Windmill Harbour) shall have the right to proceed at law or in equity to compel compliance with the terms of these Covenants or to prevent the violation or breach in any event. Violators shall be personally obligated to reimburse the Association in full for all its direct and indirect costs or damages resulting from the violation or breach, including but not limited to legal fees and expenses incurred by the Association in maintaining compliance with these Covenants, and such obligation shall also constitute a lien upon the Property in accordance with Sections 11-10, 13-1 and 13-4.

The Association also retains an easement and license to enter upon any part of the Property, after reasonable notice, to engage in such repair, maintenance, upkeep or reconstruction as may be necessary to enforce compliance with these Covenants, and the full cost of such maintenance, repair, upkeep or reconstruction shall constitute a lien upon the Property Owner's property and shall be a personal obligation of the Property Owner in accordance with Sections 11-10, 13-1 and 13-4.

Section 7-9: Common Properties and Rights Transferred by the Declarant. Whether or not expressed at any time, any property transferred by the Declarant to the Association shall be consistent with Section 10-4, shall be deemed accepted by the Association, and shall at all times remain subject to existing easements for utilities, including gas, electricity, water, sewer, telephone, television or other utility service and for intercommunication, alarm or other similar systems; existing easements for ingress, egress and access for the benefit of other property within the Property; and other easements which have been expressly reserved by the Declarant pursuant to these Covenants.

No Property Donated by the Declarant to the Association may be used or operated by the Association or by any other person or entity for business purposes, profit or gain without the prior written consent of the Declarant and no charges in excess of those required for operation, maintenance, refurbishment insurance, taxes and moderate capital improvements and protection of the Property Donated by the Declarant may be imposed by the Association for use of any Property Donated by the Declarant without a prior written Approval by Declarant.

The Declarant may convey any right reserved to it in these Covenants to the Association and the Association shall accept the right upon conveyance.

Section 7-10: Use of Trademark. Each Property Owner or Lessee, by acceptance of a deed to any lands, tenements, or hereditaments within the Property hereby acknowledges that "Windmill Harbour" is a service mark and trademark of the Declarant and may, in the future, become a service mark and trademark of the Association. Each Property Owner or Lessee agrees to refrain from misappropriating or infringing this service mark or trademark.

Section 7-11: Subdivision and Replatting of Property. Notwithstanding the provisions of Section 3-22, the Declarant expressly reserves unto itself the right to replat any two (2) or more adjacent Dwelling Lots into one (1), two (2) or more Dwelling Lots which are owned by the Declarant, and the Association shall have the right to approve the replatting of any two (2) or more adjacent Dwelling Lots into one (1), two (2) or more Dwelling Lots; and the Declarant or the Association, as applicable, may take such other steps as are reasonably necessary to make such replatted Dwelling Lot suitable and fit for use for a Structure or Structures permitted under its Land Use Class as if originally platted as one parcel, such steps including but not limited to the relocation of easements, walkways, bike tracts and rights-of-way to conform to the new boundaries of said replatted Dwelling Lots, provided

that no Dwelling Lot originally shown on a Recorded Development or Survey Plat is reduced to a size smaller than the smallest Dwelling Lot in such Recorded subdivision plat, except that any such Dwelling Lot may be reduced in size to a minimum of one acre whether or not such reduction in size is smaller than the smallest Dwelling Lot in the Recorded subdivision plat.

Section 7-12: Dwelling Lot Consolidations Encouraged. To promote the preservation of additional open areas and to reduce Residential density within the Property, any Property Owner, including the Declarant, who owns two (2) or more contiguous Dwelling Lots may elect to permanently consolidate one (1) or more Dwelling Lot with another Dwelling Lot or with a Dwelling Unit by entering into an assignment to and restrictive covenant with the Association transferring the relinquished density to the Association. In return for such assignment each Dwelling Lot being consolidated shall have its assessment reduced by fifty percent (50%). For example, if Property Owner "A" owns a Dwelling Unit and a contiguous Dwelling Lot, consolidation of the Dwelling Lot with the Dwelling Unit would result in Property Owner "A" paying the usual assessment on the Dwelling Unit and paying one-half of the usual assessment on the Dwelling Lot.

Section 7-13: Right to Approve Horizontal Property Regime. No Horizontal Property Regime established on the Property after the effective date of these Covenants shall be effective unless it is Approved by the Association and thereafter Recorded with a supplement to the Recorded Master Deed for the Horizontal Property Regime documenting such Approval.

PART THREE
THE WINDMILL HARBOUR ASSOCIATION

ARTICLE VIII
CREATION AND FUNCTIONS OF WINDMILL HARBOUR ASSOCIATION

Section 8-1: Creation of Windmill Harbour Association. Prior to the Recording of any conveyances or lease of any Dwelling Lot, Dwelling Unit, Boating Unit or any other lands or improvements within the Property, the Declarant caused to be incorporated, under the laws of South Carolina, a non-profit corporation known as Windmill Harbour Association.

The Association, its successors and assigns shall be considered; (1) assignees of the Declarant; (2) as the trustee of the Property Owners, their successors and assigns with respect to the Functions specified herein; (3) by virtue of the rights and obligations assigned to the Association herein, as a real party in interest in any litigation or judicial proceeding affecting these Covenants; (4) as a third-party beneficiary under these Covenants, and (5) as an owner of property subject to these Covenants. The Association and its successors and assigns shall have standing and authority at law or in equity, to carry out and enforce these Covenants or any supplemental declaration made pursuant to these Covenants.

Section 8-2: Limitations on Liabilities, Duties and Obligations. The Association shall aggressively strive to carry out and put into effect the Functions and services specified or reasonably implied in these Covenants. The Functions and services to be carried out or offered by the Association at any particular time, however, shall be determined by the Board of Directors of the Association with due consideration given to the quantum of reserves and revenues available to the Association, and the relative demands upon the resources which the Association can utilize to maintain Common Properties and to increase the use and enjoyment of the Property as a whole. Functions for which the Association "shall" be obligated to perform shall have priority over functions which the Association "may" perform. The Association shall not be obligated to incur debt or deficits of expenditures over revenues in order to carry out its "shall" or mandatory Functions.

THE ASSOCIATION AND ITS DIRECTORS AND OFFICERS SHALL NOT BE LIABLE TO ANY PROPERTY OWNER, THEIR LESSEES AND GUESTS FOR ANY DAMAGE OR INJURY WHICH RESULTS FROM ANY RULE OR REGULATION PROMULGATED PURSUANT TO THESE COVENANTS IN GOOD FAITH AND WITH REASONABLE CARE. SEE ALSO SECTION 14-6.

Section 8-3: New Functions. The Association may perform other Functions not in these Covenants so long as: (1) the Board of Directors specifically finds that such Function will maintain or enhance the economic value or use and enjoyment of the Property; (2) the commitment to provide for such new Function is approved by the Board of Directors of the Association; (3) the commitment to provide for such new Function is approved by the Members in a Referendum or otherwise by amendment to these Covenants; and (4) such new Function is Recorded in a supplemental declaration to these Covenants.

Section 8-4: Ownership of Common Properties. The Association shall be authorized to own, lease or rent Common Properties, including but by no means limited to Open Space and other real property, and also equipment, furnishings and improvements necessary to carry out its Functions pursuant to these Covenants.

Section 8-5: Acceptance of Properties Donated by Declarant. The Association shall be obligated to accept and assume responsibility for maintaining those lands and facilities described in Section 10-4 as, if and when these properties are conveyed by Declarant to the Association or when the Association purchases said facilities if applicable.

Section 8-6: Ownership or Lease of Land or Facilities, Whether or Not on the Property. The Association may acquire and own any land or facilities whether or not located on the Property so long as such land or facilities are necessary to carry out the Functions of the Association or are incidental to authorized Functions of the Association or which are likely to enhance the Members' use and enjoyment of the Property.

Section 8-7: Power to Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge designated percentages of the revenues of the Association whether from Annual or Special Assessments and whether for single or multiple years, as security for loans made to the Association in performing its authorized Functions or reasonably incidental thereto.

Section 8-8: Property Maintenance Function. The Association shall provide for the care, operation, management, maintenance, repair and replacement of all Common Properties.

Section 8-9: Security Function. The Association may provide security and fire protection within the Property and provide and maintain a fire and watch system which may include periodic fire prevention inspections and equipment certifications, cable, microwave, telephone or radio-based fire monitoring and television security electronics which do not unreasonably offend the privacy of the Property Owners, Declarant or their residents, Guests, employees or invitees.

Section 8-10: Parking Function. The Association may construct, purchase, lease, landscape, install directional signs on, care for, operate, manage, maintain, repair or replace parking areas to accommodate Property Owners, Lessees and Guests.

Section 8-11: Vehicular Control and Road Maintenance Function. The Association shall provide reasonable controls over vehicular access to and vehicular traffic within the Property when necessary or desirable for the health, safety or welfare of persons within the Property. Said obligation shall include constructing, operating and maintaining access road control gates restricting vehicular traffic into the Property except for Property Owners, Lessees or their Guests who have overnight accommodations at the Property and restricting commercial vehicular traffic into and within the Property. For these purposes Club Members shall be considered Guests of a Property Owner. All Property Owners and Lessees may be required to keep the Association informed of all persons who have overnight accommodations at such Property Owner's or Lessee's property in order to enforce its vehicular access rules and regulations appropriately. To facilitate this and other Functions described herein, the Association may operate directly or through service bureaus, appropriate computerized or other electronic record keeping, automatic data processing and cable transmission systems. The Club shall keep the Association regularly advised of the names and addresses of the Club Members.

The Association may establish any fee or toll for use of roadways belonging to the Association; provided, however, that such fee or toll shall be limited to an amount which, when combined with a portion of the total Annual Assessments, generates sufficient sums to the Association to cover the cost of the operation of every road entry control security station, to repair, rehabilitate, resurface and otherwise maintain said roadways, and to provide otherwise for security reasonably related to use of roads and security risks arising from illegal acts of roadway users on or off the roadways.

In addition, the Association shall have the power to protect the use and enjoyment of the Property by placing reasonable restrictions upon the use of the roadways owned by the Association, including but not limited to restrictions on the types, sizes and weights of vehicles permitted to use roads, the maximum and minimum speeds of vehicles using said roads, all other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. The Association may prohibit overnight parking of commercial vehicles (trucks and cars) within the Property. The Association may prohibit excessively noisy vehicles and restrict or prohibit the entry into the Property of two (2) wheel vehicles, other than those with engines of one (1) brake horsepower or less. Restrictions on the use of the roads may be more restrictive than the laws of any state or local government having jurisdiction over the Property.

Section 8-12: Recreation and Festival Functions. In order to promote the use and enjoyment of the Property, the Association may provide limited year-round sports, recreation, festival and adult education programs of suitable variety and such miscellaneous equipment as may be necessary therefor.

Section 8-13: Solid and Organic Waste Collection and Recycling Function. The Association may provide for collection and removal of all solid and organic waste within the Property. Moreover, the Association may cooperate with private and governable entities or authorities to encourage recycling efforts and activities within the Property.

Section 8-14: Domestic Animal Control Function. The Association shall be obligated to and shall provide regulations, facilities, manpower and funds to enforce pet control in a manner consistent with Section 3-14, or to exclude pets from Common Properties and other public areas.

Section 8-15: Environmental Monitoring Function. The Association may monitor air and water quality within the Property including the Harbour Basin to determine environmental trends and to detect violation of local, state and federal pollution laws.

Section 8-16: Enforcement of Covenants Function.

(a) If any Property Owner fails to maintain the Undeveloped Land, any Regime Common Property, any Dwelling Lot, Dwelling Unit, or other Structure or facility within the Property, or fails to perform any acts or maintenance or repair required under these Covenants, the Association, upon reasonable notice given to the Property Owner and after providing a reasonable time for the Property Owner to remedy the violation, may provide grounds and space exterior Structure maintenance and repair upon such site and improvements thereon. In addition, the Association may, without notice, make such emergency repairs and maintenance as may in its judgment be necessary for the safety of any person or to prevent impending damage to any other property. The cost of such exterior maintenance and repair shall be assessed against the Property Owner and shall be a lien on the subject property and an obligation of the Property Owner and shall become due and payable as set forth in Sections 11-10, 13-1 and 13-4. For the purpose of performing the exterior maintenance authorized by this Section, the Association, through its duly authorized agents or employees, shall have the right to enter upon the respective property during reasonable hours on any day except Saturday or Sunday. The Association is given a license or easement over all the Property to inspect in order to determine whether any repair is necessary under this Section.

(b) Neither the Declarant, the Association, or any of its directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any land or improvements or portion thereof or to repair or maintain the same. Neither the Declarant, the Association or any other person, firm or corporation undertaking such repairs or maintenance shall be liable for any personal injury or property damage or other incidental or consequential damages occasioned by any non-negligent act or omission in the repair or maintenance of any site, improvements or portion thereof.

(c) Whenever the Association or the Declarant undertakes, pursuant to these Covenants, to correct, repair, clean, preserve, clear out or perform any action on the property or on easement areas adjacent thereto, entering the property and taking such action shall not be a trespass and a license or easement to enter is hereby granted by any Property Owner who takes subject to these Covenants.

(d) The Association shall respond to complaints received as to violations of the provisions of these Covenants and shall inform the violators of such complaint. If the violation is not expeditiously terminated, the Association may engage legal counsel to bring an appropriate action at law or in equity including any appeals, to enforce the provisions of these Covenants. After final adjudication, violators shall be obligated to reimburse the Association in full for all its direct and indirect costs including but not limited to legal fees and expenses incurred by the Association in maintaining compliance with the provisions of these Covenants.

(e) The Association may suspend the rights of enjoyment in Common Properties of any Member, or Lessee or Guest of any Member for any period during which the payment of any assessment against property owned by such Member remains delinquent (as provided in Sections 11-9 and 11-10 hereof), and for any period not to exceed sixty (60) days next following the cessation of any violation for any infraction of its published rules and regulations, provided that any suspension for either nonpayment of any assessment or breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment or to abide by such rules, and provided further that the Association shall not suspend the right to use the roads belonging to the Association subject to the rules, regulations and fees, if any, established by the Association for such use.

(f) The Association may adopt fines to enforce the provisions of these Covenants and the published rules and regulations of the Association. Such fines may be adopted and amended from time to time by a majority vote of the Association Board of Directors. Association fines may not be levied against any Property Owner until the fines have been mailed to all Property Owners to the addresses on record with the Association. Fines levied against Property Owners for violations of these Covenants, or the Association rules and regulations, shall be a charge against the Windmill Harbour property owned by the Property Owner in violation of the Covenant, rule or regulation, and shall be a charge and continuing lien on the subject Property Owner's Dwelling Lot, Dwelling Unit, or Boating Unit as well as a personal obligation of the Property Owner. Such fine shall be collectible by the Association as an assessment against the subject Property Owner's Dwelling Lot, Dwelling Unit or Boating Unit as set forth in Article XI of these Covenants. Property Owners shall have the right to appeal any Association fine. All appeals shall be in writing and shall be heard by the Board, or a committee selected by the Board. The determinations by the Board, or the Board's appeal committee, of all appeals shall be made in the Board's, or the Board's appeal committee's, sole discretion. Such determinations shall be final adjudications of all fines and shall not be subject to any further appeal whatsoever. The Board may promulgate rules governing the fine appeal process.

Section 8-17: Central Identification Function. The Association may provide to Property Owners, Lessees, employees and Guests an identification card or sticker which may provide access for limited time into the Plantation. The Club may assist in the disbursement of stickers to their employees, members and guests. The Club shall be responsible for assisting its Club Members to facilitate the issuance of vehicle stickers in those instances where a Club Member is not a Property Owner. The Board shall determine when new stickers are issued, and the recipient should bear the cost of the same.

Section 8-18: Insurance Function. In order to protect the financial integrity of the Association so that it may carry out its Functions, the Association shall in its name keep in full force and effect at all times at least the following insurance coverage:

(a) Casualty insurance with respect to all Common Properties including all improvements thereon, insuring such facilities for the full replacement value thereof, including coverage for flood, fire and extended coverage (including wind storm), vandalism, malicious

mischievous and Acts of God; and

(b) Broad form comprehensive liability coverage, covering both public liability and automobile liability, with limits of not less than \$1,000,000 for each person injured and not less than \$2,000,000 for each occurrence, and with property damage limits of not less than \$200,000 for each accident. The Board in its discretion may provide higher coverage limits in all categories.

All insurance may contain such deductible provisions as good business practice may dictate. If the Board of Directors determines that cost of any coverage appears to be unreasonable, the Board of Directors may recommend that such coverage be waived or modified and, if approved by the Association, it shall be. The proceeds of all casualty insurance shall be applied to the repair or replacement of the damaged or destroyed land, improvements or vegetation. The proceeds of all liability insurance shall be applied to satisfy the liability. All insurance shall name the Declarant as an additional insured so long as Declarant continues to exist and continues to be a Property Owner. All insurance shall also, to the extent reasonably possible, cover each Property Owner and Lessee with respect to Common Properties without each Property Owner being specifically named. The Association shall provide the Declarant, upon request, with certificates evidencing such insurance and copies of the insurance policies.

Section 8-19: Reconstruction Function. In the event that any Structures maintained on Common Properties are damaged or destroyed by fire, Act of God or other casualty other than war, the Association shall have the affirmative duty to repair or rebuild such Structure or improvement or to clear such Structure from the land and to landscape the property so as to render it attractive.

Section 8-20: Resource Protection Functions. Subject to the provision regarding the notice as set forth in Section 8-33 hereof, the Resource Protection Functions of the Association shall be as follows:

(a) Drainage Control Function. The Association may promulgate, prescribe and amend from time to time, reasonable standards and regulations for drainage control to minimize the ecological damage which would tend to result from any grading, paving, landscaping, clearing of vegetation, excavation, burning, application or discharge of chemicals and nutrients, construction or demolition activity on the Property.

(b) Environmental Hazard Function. The Association may promulgate, prescribe and amend from time to time, reasonable rules and regulations which shall govern activities which may be environmentally hazardous, such as the application or discharge of fertilizers, pesticides and other chemicals.

(c) Insect, Reptile and Woods Fire Control Function. To implement effective insect, reptile and woods fire control, the Association or its agents have the right to enter upon any unimproved property (e.g., property on which no building or Structure has been constructed, and upon which no landscaping plan has been implemented) for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other growth, removing trash or dispensing pesticides.

(d) Wildlife Function. The Property has been developed and is maintained for the principal purpose of accommodating human uses and is not intended to be nor is to be maintained as a wildlife sanctuary; nonetheless, the Association may undertake reasonable measures to protect or replenish species of wildlife that can be expected to adapt to man's presence on the Property, particularly in Open Space areas, and the Association shall undertake to enforce the prohibitions of Section 3-24 against willful destruction of important species of wildlife that can be expected to adapt to man's presence in the area.

(e) Hazardous Waste Function. In addition to the requirements for solid waste management and for disposition and control of hazardous wastes as provided by Pertinent Law, the Association may from time to time establish appropriate, reasonable regulations and controls designed to reduce the likelihood that noxious and hazardous wastes may seep into the water table or into any lakes, lagoons or ponds which are or may in the future be located on the Property.

Section 8-21: Architectural, Siting, Vegetation and Building Control Function. The Association shall have the ultimate authority for approvals, decisions and actions made pursuant to Article III of these Covenants. In order to carry out this Function, the Board of Directors of the Association shall appoint on annual terms, at the first scheduled meeting of the Board of Directors after the Annual Meeting, a five (5) or seven (7) member Architectural Review Board, the Members of which shall be Property Owners. The Members of the Architectural Review Board shall be appointed to serve three (3) year, staggered terms. All officers of a corporate Property Owner, and all adult members of the immediate family of an individual Property Owner, for purposes of this Section, shall be deemed to be Members of the Association to qualify to serve on the Architectural Review Board. The Architectural Review Board shall function as an agent of the Association for the purpose of establishing and enforcing architectural, siting, landscaping, vegetation, drainage and building controls in conformity with these Covenants and Pertinent Law. The business of the Association shall be conducted as follows:

(a) Compensation and Consultants. The Association may compensate the members of the Architectural Review Board in a manner and to the extent that is deemed prudent, desirable and reasonable in the judgment and discretion of the Board of Directors of the Association, and the Architectural Review Board may engage or contract for such consultant or professional services of architects, landscape architects, engineers, urban designers, inspectors and/or attorneys as may in its judgment be necessary to carry out this Function with the approval of the Board of Directors.

(b) Conflict of Interest. Whenever a member of the Architectural Review Board has any direct or indirect conflicting interest in any matter coming before the Architectural Review Board, the affected person shall a) fully disclose the nature of the interest to the Architectural Review Board in writing; and b) withdraw from discussion, lobbying, and voting on the matter. For the purposes of this section, a member shall have a conflicting interest when any application before the Architectural Review Board is made by the member or the member's immediate family or in which the member or the member's immediate family has any pecuniary interest. Notwithstanding the provisions of this Section 8-21(b), no action taken by the Architectural Review Board shall be deemed invalid solely based on the failure of a member of the Architectural Review Board to comply with the obligations of this subsection.

(c) Submission, Approval and Refusal of Architecture, Siting, Landscaping and Other Building Plans. Any Property Owner submitting plans to the Architectural Review Board must insure that the Association's assessments are current on the property for which plan approval is sought since the application for plans reviewed will not be processed on Lots having delinquent Association assessments. Two (2) copies of all plans and related data shall be provided to the Architectural Review Board. One (1) copy shall be retained in the records of the Architectural Review Board. The other copy shall be returned to the Property Owner, and both copies shall be marked "approved" or "disapproved" with the signature of the Chairman or Executive Director of the Architectural Review Board. The Architectural Review Board may require payment of a fee, in a reasonable amount which shall be approved by the Board of Directors in its discretion prior to implementation, and which fee is expected to partially compensate for the expense of reviewing plans and related data submitted for review, for site inspections, or related items.

Approvals shall be dated and shall not be effective for construction commenced more than

twelve (12) months after such approval. Applicant shall notify the Architectural Review Board of the date of commencement of construction within not more than fourteen (14) days of such commencement. Disapproved plans and related data shall be accompanied by a statement of items found unacceptable and the reasons they are unacceptable. In the event approval of such plans is neither granted nor denied within sixty (60) days following receipt by the Architectural Review Board of written request for approval, the applicant may send a demand for action by certified mail, and if the application is neither granted nor denied within ten (10) days of receipt by the Architectural Review Board of such demand, said application shall be deemed to be Approved by the Association.

Refusal of approval of plans, locations or specifications may be based by the Architectural Review Board or the Association upon the fulfillment of the objectives of these Covenants, including but not limited to: aesthetic considerations; the harmony and scale, bulk, coverage, function and density of use of exposed Structure; the effect of the Structure or plans on neighboring properties; the view of the Structure or property from public or private roads; the placement of buffer zones; fences, shrubbery, trees, vegetation, berms and parking spaces; and the desirability of preserving significant trees or other unique vegetation. The architectural review process shall not be conducted in an arbitrary and capricious fashion by, for example, applying substantially different standards than those typically applied by the Board to submissions during the same period of time; nonetheless, any approval of a plan which, when built, is not considered desirable for future construction, shall not be considered as a precedent requiring the board to approve similar plans on subsequent submissions.

(d) Specific Building Construction Standards and Other Building Standards. Certain Specific Building Construction Standards (as herein defined) are included in these Covenants to deal with certain specific building types. In addition thereto, the Architectural Review Board and the Association have promulgated standards through Architectural Guidelines making reference to various national building standards, fire safety standards and other building codes which must be followed in architectural designs submitted to the Architectural Review Board. Building standards in the form of Architectural Guidelines shall be published by the Architectural Review Board of the Association and shall be made available to any Property Owner at the Association's cost of publication. Modifications to such building standards may be made by the Architectural Review Board by amending and republishing the Architectural Guidelines. The Specific Building Construction Standards shall be applicable to the Patio, Townhouse and Reef Club type dwelling unit approvals, supplemented by the Architectural Guidelines. **Except as amended or modified, however, such Architectural Guidelines shall be binding on all Property Owners and each property is deemed to have actual notice of the content and applicability of such Architectural Guidelines.** In case of conflict between the Architectural Guidelines and these Covenants, these Covenants shall prevail.

(e) Collection of Compliance Deposit. In addition to all other rights and powers conferred upon the Architectural Review Board by these Covenants and pursuant to its rules of procedure, the Architectural Review Board is expressly authorized to collect the sum of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) from the Property Owner (which sum may be raised or lowered from time to time, but not waived, by the Board of Directors without amendment of these Covenants) as a condition to the approval of all plans and related data, to insure compliance with the requirement to restore all grassed parkway, street pavement and graded surfaces on adjacent common lands or private property to their original condition and contours, as well as the requirement to complete all landscape work on the subject property according to the plans and specifications approved by the Architectural Review Board within one (1) year after the completion of construction. In addition to the deposit required above, the Architectural Review

Board is expressly authorized to collect from either the owner or the building contractor a "contractor's deposit" in the amount of Two Thousand and No/100 Dollars (\$2,000.00) (which sum may be raised or lowered from time to time, but not waived, by the Board of Directors without amendment of these Covenants) at the time the contractor applies for a construction application as required by the Architectural Guidelines. The Contractor's Deposit is intended to insure compliance with the approved plans, for site maintenance and correction of all off-site damage caused by contractor's actions. The posting of this Contractor's Deposit does not, however, relieve the contractor or the Property Owner from compliance to approved plans or from their clean-up responsibilities described herein and in the Architectural Guidelines.

The Association shall establish a separate trust account into which all such compliance deposits shall be deposited and said account shall be administered by the Architectural Review Board. The account may be an interest bearing account and any interest earned thereon shall be used by the Association to partially offset the cost of administering the Architectural Review Board. If the work for which the deposit has been required is not timely completed, the Architectural Review Board and the Board of Directors shall each have the right to use such amount to contract for and complete such work; provided, however, that should such amount be insufficient to complete such work, the Property Owner shall remain liable therefor, and shall be subject to an action for specific performance by the Board of Directors to compel the completion of such work, in addition to any and all remedies available to the Association and all affected Property Owners pursuant to these Covenants, the Bylaws, at law or in equity.

(f) Approval Not a Guarantee or Representation of Proper Design or Good Workmanship. No approval of plans location or specifications, and no publication or architectural standards in the Architectural Guidelines by the Architectural Review Board or the Association shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed residence or that such standards comply with Pertinent Law. Such approvals and standards shall in no event be construed as representing, guaranteeing or implying that any residence will be built in a good workmanlike manner. NO IMPLIED WARRANTIES OF GOOD WORKMANSHIP, DESIGN, HABITABILITY, QUALITY, FITNESS FOR PURPOSE OR MERCHANTABILITY SHALL ARISE AS A RESULT OF ANY PLANS, SPECIFICATIONS, STANDARDS OR APPROVALS MADE BY THE DECLARANT, THE ASSOCIATION OR THE ARCHITECTURAL REVIEW BOARD, THEIR SUCCESSORS OR ASSIGNS.

(g) Liabilities for Approvals Granted by the Architectural Review Board or the Association. Neither the Architectural Review Board nor the Association shall be liable to a Property Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against a Property Owner or such other person arising out of or in any way relating to the subject matter of any review, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Architectural Review Board or the Association whether given, granted or denied.

Section 8-22: Other Utilities Functions. Subject to Pertinent Law and the rights reserved by the Declarant, the Association may regulate the installation of any utilities, including but not limited to water, sewage, power lines, cable television, satellite communications and microwave transmission facilities on the Property.

Section 8-23: Assessment Function. The Association shall be authorized to collect assessments and fees as prescribed in Article XI of these Covenants.

Section 8-24: Tax Payment Function. The Association shall pay all ad valorem real estate

taxes, special improvement and other assessments, ad valorem personal property taxes and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority, which shall be imposed, assessed or levied upon, or arise in connection with any Common Properties, any other real property or any personalty owned by the Association.

Section 8-25: Right to Dispose of Common Properties, Other Real Property and Personalty. Subject to the provisions of these Covenants requiring the consent of the Declarant with respect to Properties Donated by Declarant (Section 7-9 and Section 10-4), the Association shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any Common Properties, other real property and personalty owned by the Association.

Section 8-26: Governmental Successor. Subject to Pertinent Law and the condition that the Association shall never relinquish its ultimate authority to perform any delegated Function, the Association may convey all or any part of any Common Properties owned by the Association, including lease-hold interests, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Association. No such gift or sale or determination as to the purposes or as to the conditions of the transfer shall be effective unless such dedication, transfers and determinations as to purposes and conditions are authorized by Referendum as set forth in Section 9-4. Unless specifically reserved in the deed of conveyance, the transfer of any Common Properties by the Association to third parties will extinguish all licenses and easements of Property Owners in the Common Properties so conveyed.

Section 8-27: Implied Rights and Functions. The Association shall have and may exercise any right or privilege given to it expressly in these Covenants or, except to the extent limited by the terms and provisions of these Covenants, given to it by law, and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfill its obligations under these Covenants, including the right to engage necessary labor and acquire use of or purchase necessary property, equipment or facilities; employ personnel necessary to manage the affairs of the Association; obtain and pay for legal, accounting, engineering, architectural and other professional services as may be necessary or desirable; and to perform any Function by, through or under contractual arrangements, licenses or other arrangements with any governmental or private entity as may be necessary or desirable.

Section 8-28: Indemnification Function. The Association shall be empowered to and shall indemnify Declarant and hold it and its officers, partners, shareholders, directors, agents, and employees harmless from all liability, loss, cost, damage and expense, including attorneys' fees, arising with respect to any matter for which the Association agreed to provide indemnification pursuant to that certain Transition Agreement between the Declarant and Association as hereinafter defined or with respect to functions which were formerly designated to be performed by the Declarant and are herein now designated to be performed by the Association.

Section 8-29: Limited Regulation Function. The Association shall be authorized to and shall have the power to adopt, amend and enforce reasonable rules and regulations applicable within the Property with respect to any Common Property or Function, and to implement the provisions of these Covenants, the Association's Articles of Incorporation or its By-Laws.

Section 8-30: Charges for Use of Facilities. The Association may establish charges for use of Common Properties to assist the Association in offsetting the costs and expenses of the Association attributable to the Common Property. All charges established shall be reasonable and shall be uniformly applied, except such charges may differentiate among Owners, Lessees or Guests. Each Owner, Lessee and Guest shall be obligated to and shall pay any such reasonable charges for their use of Common Properties.

Section 8-31: User Charges for Service Functions. The Association may establish reasonable charges for providing any service as required or permitted by these Covenants to be provided to a Property Owner, Lessee or Guest to assist the Association in offsetting the costs and expenses of the Association attributable to

providing the service to the user.

Section 8-32: Annual Reporting Function. The Association shall annually, within ninety (90) days after the closure of the fiscal year of the Association, make available to Property Owners a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, the Association's revenues, costs and expenses, and the name of any creditor who is owed more than \$1,000. The Association shall furnish to each Member of the Association who makes request therefor in writing a copy of such statement.

Section 8-33: Notice Function. Notice of all rules or regulations established by the Association shall be made available to Property Owners upon written request. The Association may, but shall not be required to, establish a charge for reproducing and distributing the rules or regulations. Copies of the rules and regulations shall be available for review at the Association offices. In addition, the Association may, but shall not be required, to publish such rules and regulations in a local newspaper or mail the rules and regulations to Property Owners as provided in Sections 9-7, 9-8, 9-9 and 9-10 of the Covenants.

The Association or its agents may not enter upon the lands, realty or facilities of any Property Owner to perform any Resource Protection Function or to install any utility, communications or public convenience facility without providing at least two (2) weeks mail notice to the Property Owner in conformity with Sections 9-7, 9-8, 9-9 or 9-10 of the Covenants.

ARTICLE IX
MEMBERSHIP, NOTICE, VOTING RIGHTS AND CERTAIN
OBLIGATIONS OF MEMBERS OF THE ASSOCIATION

Section 9-1: Automatic Memberships. Every Property Owner and the Declarant shall be a Member of the Association. The Class "A" and "B" Members as defined in Section 9-2 below are sometimes hereinafter collectively referred to as the "Members."

Section 9-2: Voting Rights. The voting rights herein enumerated do not apply to the election of members of the Board of Directors. The Association shall have two (2) types of regular voting memberships. Members are divided into classes for the sole purpose of computing voting rights and shall in no event vote as a class.

Class "A" - Class "A" Members are those Property Owners (including Declarant) of Dwelling Lots, Dwelling Units and Boating Units. A Class "A" Member shall be entitled to one (1) vote for each Dwelling Lot. As long as property qualifies as a Dwelling Lot because improvements have not been constructed thereon, the owner thereof shall have only one (1) vote, but once improvements are constructed and it loses its character as a Dwelling Lot and becomes a Dwelling Unit, the owner shall have two (2) votes for the ownership of such property. Each Class A Member shall have one-half (1/2) vote for each Boating Unit he owns. Moreover, in those instances where one (1) or more Dwelling Lots have been consolidated with a contiguous Dwelling Unit, as provided in Section 7-12, the voting rights of the consolidated Dwelling Lot shall be reduced to one-half (1/2) vote in a manner commensurate with the reduced assessment.

Class "B" - Class "B" Members are those Property Owners (including the Declarant in its capacity as owner of developed or Improved Property) other than Class "A" Members, such as the owner of the Inn Site or the Sales Center Site, which properties shall be designated as provided in Sections 2-1 and 2-2 hereof for Purposes of Land Use Class and assessment quantification purposes. The owner(s) of the South Carolina Yacht Club shall also be a Class "B" Member for assessment and voting purposes.

Beginning in 1995, the South Carolina Yacht Club shall be entitled to eighty-three (83) votes in

consideration of the assessment paid pursuant to the provisions of Section 11-16 hereof. In the event the amount of the South Carolina Yacht Club assessment increases above the base assessment of \$50,000.00, the vote entitlement of the South Carolina Yacht Club shall increase on the same relative basis as other categories of votes increase, if any, as a result of increased assessment amounts.

Each other Class "B" Member is entitled to one-half (1/2) vote for each Boating Unit equivalent assessments paid in the assessment year beginning in 1995, as specified in Section 11-4 hereof. The dollar amount of such assessment and the resulting vote entitlement in future years shall rise and fall in the same manner as that fixed for Boating Units in future years and shall be based upon the dollar amount of assessment paid in the year prior to the year in which the vote entitlement is determined.

When any property entitling any owner to membership as a Class "A" or "B" Member of the Association is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants by the entirety, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and the instrument or a copy thereof is filed with the secretary of the Association, their acts with respect to voting shall have the following effect: (a) if only one (1) votes in person, by Referendum or by proxy, his act binds all; (b) if more than one (1) vote in person, by Referendum or by proxy, the act of majority so voting binds all; (c) if more than one (1) vote in person, by Referendum or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled its proportionate share of the vote or votes; (d) if the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or even split for purposes of this paragraph shall be a majority or even split in interest; (e) the principles of this paragraph shall apply, insofar as possible, to execution of proxies, Referenda, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

Pursuant to Article XI, Section 11-10, the voting rights of any Member who is more than ninety (90) days delinquent in the payment of certain assessments, charges and fees due to the Association shall be suspended until payment thereof in full.

Section 9-3: Board of Directors. The Association shall be governed by a Board of Directors consisting of seven (7) or nine (9) members. Initially, the Board shall consist of seven (7) members, with the number in subsequent years to be determined by the members of the Board of Directors. All Directors, except officers of the Windmill Harbour Company, must be Members of the Association. All officers of a corporate Property Owner, and the spouse or resident adult children of a Property Owner for the purpose of this Section, shall be deemed to be Members of the Association so as to qualify to serve as a Director herein. For elections only, each Member of each Membership Class shall be entitled to one vote for a person to fill each open seat for a Member of the Board of Directors, but shall **not** be permitted to "cumulative vote" as that term is generally used in corporate terminology. Members are divided into classes for the sole purpose of computing voting rights and shall, in no event, vote as a class. The Association recognizes that continuity of experience is a necessity in running an enterprise of this magnitude and, therefore, has adopted a staggered three-year term so that as nearly as possible one-third of the Board of Directors is replaced each year. Accordingly, commencing with the Annual Meeting in 1993 terms of office for Directors of the present seven man board were fixed as follows based upon the number of votes received in the election:

Seven Member Board	Three members for Three (3) years
	Two members for Two (2) years
	Two members for One (1) year

At the expiration of the initial term of office of each Director, his successor shall be elected to serve a term of three years. The Directors shall hold office until their successors have been elected and hold their first meeting. In the event that Board size is changed as nearly as possible to one-third of the Directors shall be elected, each year, i.e. Nine

member Board (3,3,3).

Whenever a Director has any direct or indirect conflicting interest in any matter coming before the Board of Directors, such Director shall a) fully disclose the nature of the interest to the Board of Directors; and b) withdrew from discussions, lobbying, and voting on the matter. For the purposes of this section, a director shall have a conflicting interest when any matter before the Board of Directors affects the Director or the Director's immediate family or in which the director or the Director's immediate family has any pecuniary interest. Notwithstanding the provisions of this Section, no action taken by the Board of Directors shall be deemed invalid solely based on any Director's failure to comply with the obligations of this paragraph.

Section 9-4: Members to Have Power of Referendum in Certain Instances.

(a) Where specifically provided for herein, the Members shall have the power to approve or reject certain actions proposed to be taken by the Association by referendum (each a "Referendum") including, without limitation, the following:

- (i) levy by the Association of any Special Assessment as provided in Section 11-6;
- (ii) the addition or deletion of Functions or services which the Association is authorized to perform;
- (iii) any merger of the Association with another property owners' association outside of the Property;
- (iv) amendments to these Covenants which may be either by Referendum or by a meeting of the Members of the Association where the necessary quorum is present, etc., provided that no amendment may be passed which would impair any right reserved by Declarant, create or increase any liability of Declarant, or alter the Land Use Class of any property retained by Declarant without the consent of Declarant;
- (v) the sale of any Common Properties or Open Space;
- (vi) any other fundamental and material actions designated in these Covenants or in the Bylaws as actions for which a Referendum must be held.

In the event that sixty (60%) percent or more of the votes actually returned to the Association within the specified time shall be in favor of such action, a Referendum shall be deemed to have "passed" and the action voted upon will be deemed to have been authorized by the Members; **provided, however, that if a higher percentage vote required to "pass" a Referendum issue shall be specifically expressed herein or in the Bylaws of the Association, that higher percentage shall control in that instance.** The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions therefor.

(b) In the event of a dispute as to whether a Referendum is required, the following action may be taken: Within thirty (30) days after the adoption by the Board of Directors of any action which is, in the opinion of the Members, subject to a Referendum, a petition signed by not less than twenty-five (25%) percent of the total Membership of the Association may be filed with the Secretary of the Association, requesting that any such action be either repealed or submitted to a

vote of the Members.

(c) In order to be counted, any Referendum ballots must be returned to the Association within sixty (60) days of the date the ballot was postmarked as mailed by the Association to the Members. No Referendum shall be effective unless a statement of the results thereof is signed by the President and the Secretary of the Association in their respective capacities, the statement is mailed to the Property Owners in the manner provided in Sections 9-7 through 9-10, and said statement is Recorded in the name of the Association. Said statement shall include the effective date of the action, the date at which a mailing of the Referendum ballot was made, the total number of votes needed to adopt the action, and the total number of votes cast for and against the action. If the action involves an amendment to these Covenants, an appropriate Addendum shall be executed and recorded reflecting such amendment.

Section 9-5: Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. Except as provided in Article XV regarding amendments to these Covenants, the quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from a Referendum) shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast fifty-one percent (51%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called, subject to the giving of proper notice, and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five percent (25%) of the total vote of the Membership of the Association. In the event that the required quorum is not forthcoming at the second meeting, a third meeting may be called, subject to the giving of proper notice, and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference herein to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Section 9-5, and any other requirements for such "duly called meeting" which may be established by the Bylaws of the Association. For the purpose of this Section 9-5, "proper notice" shall be deemed to be given when given to each Member not less than fourteen (14) days but not more than forty-five (45) days prior to the date of the meeting at which any proposed action is to be considered.

Section 9-6: Proxies. All Members may vote and transact business at any meeting of the Association by proxy authorized in writing; provided, however, that proxies shall not be allowed for any action which is subject to a Referendum, in which case the votes of all Members polled shall be made by ballots provided by the Association and mailed to Members by the Association.

Section 9-7: Duty of Property Owners to Inform Association of Current Address. Each Property Owner shall have the affirmative duty and obligation to inform the Association in writing of any change of ownership of the Property, the Property Owner's current address, and any failure of the Property Owner to receive any information from the Association. No Property Owner may be excused from his obligations established in these Covenants nor challenge a Referendum if the Association mailed an assessment bill, statement, Referendum ballot or notice of Referendum to the last address of said Property Owner which is recorded on the books of the Association and for which the Association has not received the Property Owners' current address or notice of change of ownership from the Property Owner.

Section 9-8: Notice or Referendum Ballot by Mail. Any notice or Referendum ballot required to be sent to any Member or Property Owner under the provisions of these Covenants shall be sufficient if mailed with the proper postage affixed, to the last known address of the person or entity who appears as owner in the Association's

records as established pursuant to Section 9-7, or if not known, in the public tax or real estate records of Beaufort County, South Carolina, on the first day of the calendar year in which said notice is mailed.

Section 9-9: Notice and Referendum Ballots to Predecessor in Title. Any person who becomes a Property Owner and Member following the first day in the calendar month in which notice or Referendum ballots are mailed is not entitled to additional notice or a Referendum ballot if notice or Referendum ballot was given or mailed to his predecessor in title.

Section 9-10: Notice or Mail Ballot to Co-Owners. Notice or Referendum ballot to one (1) of two (2) or more co-owners or any unit of property within the Property shall constitute sending of proper notice or Referendum ballot to all co-owners of said unit. Similarly, the sending of notice or a Referendum ballot to a life tenant shall constitute proper notice or Referendum ballot to all remaindermen and holders of other future interests.

ARTICLE X COMMON PROPERTIES

Section 10-1: General. Common Properties are defined in Section 17-1.10. The title to all Common Properties shall be held by the Association. All Common Properties are to be devoted to and intended for the common use and enjoyment of the Property Owners, their Lessees, and Guests at uniform fees, charges and assessments and subject to reasonable rules and regulations established from time to time by the Association. The designation of land or improvements as Common Properties shall not mean or imply that the public at large acquire an easement or license of use and enjoyment therein.

Section 10-2: Extent of Members' Easements in Common Properties. Every Class "A" and "B" Member shall have an easement of access and right of use and enjoyment in all Common Property and such easement shall be appurtenant to and shall pass with the title of every tract of land, Dwelling Unit, Dwelling Lot, Boating Unit or the ownership of other realty within the Property provided, however, that the rights and benefits created hereby shall be subject to the Functions of the Association and the rights of Declarant as set forth in these Covenants.

Section 10-3: Easement for Members of the Club. The Company is the organizer and developer of the South Carolina Yacht Club (as defined in Section 17-1.7). All members of the Club are entitled to access to the Club Property (as defined in Section 17-1.9) by virtue of the payment by the Club Assessment pursuant to Section 11-16 hereafter. Easement rights over the Property have been granted to the Club for the benefit of itself and all of its members (the "Yacht Club Easement") as set forth in that certain Club Easement recorded February 4, 1994, in the R.M.C. Office in Book 682 at Page 1371. The Yacht Club Easement has been granted to provide permanent assurance of access to the Club Property for the Club, its successors, assigns, members, Guests and business invitees.

Section 10-4: Declarant's Conveyance of Certain Properties to the Association; Properties Donated by the Declarant. The Declarant conveyed to the Association by deed or other appropriate instrument certain lands and in some instances certain improvements thereon and Declarant may hereafter assign or convey to the Association certain easements retained by the Declarant, which are to be used for any of the following uses or purposes:

- (a) Roads, walkways, jogging paths, nature trails, bikeways, transit corridors and facilities, bridges and crossovers;
- (b) Utilities and communications facilities, amphitheater, parking areas; clubhouses and meeting rooms or offices for the Association;

- (c) Athletic fields, racquet sports courts, swimming pools;
- (d) Maintenance facilities; security facilities; fire prevention and control facilities; central reservations facilities; sewage, water and waste facilities;
- (e) Open Space, gardens and lagoons;

Unless otherwise agreed upon by a simple majority of a quorum of Members of the Association as set forth in Section 9-5, all transfers made pursuant to this Section shall be free and clear of any debts or mortgages at the time the land or property is transferred. Upon the transfer of such properties, the properties shall become Common Properties.

In addition, the properties transferred by the Declarant pursuant to this Section shall be "Properties Donated by the Declarant." In the event that these Covenants be declared to be void, invalid, illegal or unenforceable in its entirety or in such significant manner that the Association is not able to function substantially as contemplated by the terms hereof for any reason by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs on or before December 31, 1999, all Properties Donated by Declarant which belong to the Association at the time of such adjudication shall revert to the Declarant.

ARTICLE XI
MAINTENANCE; ANNUAL ASSESSMENTS;
SPECIAL ASSESSMENTS AND OTHER CHARGES

Section 11-1: Collection and Use of Assessments and Other Revenues. The assessments, fees, charges, costs and expenses described in these Covenants shall be collected by the Association and used exclusively for carrying out the Functions described in Article VIII of these Covenants and to take such other actions as it deems necessary and appropriate to preserve and enhance the Property for the benefit of all Members.

Section 11-2: Creation of the Lien and Personal Obligations of Assessments. Each Property Owner of any Dwelling Lot, Dwelling Unit, Boating Unit, and the Inn Site and Sales Center Site, or any other Undefined Units, whether or not it shall be so expressed in any deed or other conveyance, agrees to all terms and provisions of these Covenants, and to pay to the Association:

- (a) All Annual Assessments (hereinafter referred to as "Annual Assessments:") or charges; and
- (b) Each Special Assessment or charge (hereinafter referred to as a "Special Assessment") for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided.

The Annual and Special Assessment, together with such interest thereon and costs of collection therefor as are hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Annual Assessment and Special Assessment is made. Each such Annual Assessment and Special Assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the personal obligation of the person who was the owner of such real property at the time when such assessment first became due and payable. In the case of co-ownership of a Dwelling Lot, Dwelling Unit, Boating Unit, and the Inn Site and Sales Center Site and any other Undefined Units, all of such co-owners shall be jointly and severally liable for the entire amount of such assessment. Moreover, the Club agrees to the payment of the Club Assessment specified in Section 11-16 hereafter which shall be an obligation of the owner of the Club Property. Such Club Assessment shall, together with interest thereon and costs of collection therefor as hereafter provided, be a charge and continuing lien on the Club Property and improvements thereon against which such assessment is made. The Club Property shall not be

subject to Special Assessments by the Association.

The assessments described in this Article XI of these Covenants shall not be in lieu of, nor shall they displace, any other charges or fees for services and use of Common Properties which may be required by the Board of Directors of the Association pursuant to other provisions of these Covenants including but not limited to Sections 7-8, 8-11, 8-16(d), 8-20, 8-21, 8-23, 8-30, 8-31, 10-1 and 10-2 of these Covenants. Nor shall the assessments described in this Article XI of these Covenants be in lieu of, or displace, any charges, fees or assessments owed by any Property Owner to a Horizontal Property Regime or any other property owners association in which the Property Owner is also a member.

Section 11-3: Transition of Assessment Methodology.

The assessment concept set forth in the Original Declaration, as previously amended, has proven by its actual application to be an ineffective and inequitable means of assessing real property within Windmill Harbour. The objective of these Covenants is to provide a bridge between the existing system of determining and collecting assessments to a system that has been refined to more fairly reflect the types and classes of real property actually developed in the Property and the identified character of the maturing community which the Property has become. Accordingly, these Covenants permit a transition from the prevailing system into an intermediate system and ultimately to a zero-based budgeting concept that is intended to respond most precisely to the needs and wishes of the Property Owners within the Windmill Harbour Community. This is in contrast to the existing system which is based upon arbitrary formulae and automatically escalating concepts which focus more on spending what is raised in assessments than on raising only those assessments which are reasonably and prudently needed to operate the community in a high quality, cost effective manner. Therefore, the system of assessments set forth in the Original Covenants as amended prior to the approval of these Covenants shall continue to apply for assessment year 1995. The transition assessment mechanism provided for herein shall apply for assessment year 1996 and the zero-based concept shall apply for assessment year 1997 and thereafter.

Section 11-4: Application of Annual Assessment.

(a) As provided in Section 11-3 above, the assessment formula set forth in the Original Covenants, as amended prior to the adoption of these Covenants, shall apply for assessments to be assessed and collected during calendar year 1995 and all applicable provisions pertaining thereto shall continue in full force and effect until December 31, 1995, as it relates to assessments for 1995; provided, however, that the Annual Assessment for the Club Property shall be governed by the provisions of Section 11-16 hereafter.

(b) Beginning January 1, 1995, for the assessment year 1995, the Annual Assessment, as set forth in paragraphs (c) through (f) below shall be levied by the Association except as to the Club Property which shall continue to be governed by Section 11-16 hereafter. The dollar amounts expressed in Paragraphs (c) through (f) below are not-to-exceed amounts and the actual amount of such assessments shall be established by the Board of Directors in relative proportion to the not-to-exceed amounts specified. If the Board of Directors shall thereafter during the 1995 assessment year determine that the important and essential Functions of the Association cannot be funded by the Annual Assessment, the Board of Directors may seek authorization to levy a Special Assessment (as hereinafter defined) in an amount sufficient to meet such necessary additional funding.

(c) The Annual Assessment for each Dwelling Lot for 1995 shall be EIGHT HUNDRED AND 00/100 DOLLARS (\$800.00) per assessment year, subject to subsequent annual adjustments as hereinafter described.

(d) The Annual Assessment for each Dwelling Unit for 1995 shall be ONE THOUSAND TWO HUNDRED AND 00/100 (\$1,200.00) per assessment year, subject to subsequent annual adjustments as hereinafter described.

(e) The Annual Assessment for each Boating Unit for 1995 shall be FOUR HUNDRED AND 00/100 DOLLARS (\$400.00) per assessment year, subject to subsequent annual adjustments as hereinafter described.

(f) The Annual Assessment for Class "B" Membership Land which is currently owned by the Declarant, including the Inn Site and the Sales Center Site, which are currently classified as Undefined Units for 1995 shall be as follows:

(i) So long as no improvements are constructed on the Inn Site, the Inn Site and associated parking shall be assessed in a manner equivalent to one (1) Boating Unit and shall be subject to the same relative adjustments in subsequent years as are applicable to the equivalent Class until the Inn Site is converted into either Inn Rooms or Dwelling Lots as agreed and permitted by the Transition Agreement. If converted into Inn Rooms, not to exceed thirty-four (34) rooms, the Inn Site will thereafter be classed as C-3, Institutional and Limited Commercial Use, as herein defined, and shall be assessed on a per room basis at a rate by which each Inn Room shall be equal to one Boating Unit. For purposes of this paragraph an "Inn Room" shall be defined as any room or combination of rooms physically and structurally capable of separate or independent occupancy.

Voting rights pursuant to Section 9-2 hereof shall be allocated in a manner commensurate with the equivalent assessments paid as herein provided.

(ii) The Sales Center Site shall be assessed in a manner equivalent to one (1) Dwelling Lot so long as it shall remain unimproved and shall be assessed in a manner equivalent to one (1) Dwelling Unit when improved as a Sales Center. It shall be subject to the same relative adjustments in subsequent years as are applicable to the applicable equivalent Class. When improved by the construction of a Structure for real estate sales purposes, the Sales Center Site shall be classed as C-2, Institutional and Limited Commercial Use, as herein defined. Voting rights pursuant to Section 9-2 hereof shall be allocated in a manner commensurate with the equivalent assessment paid as herein provided.

(g) Property subdivided into Dwelling Lots shall not be classified for purposes of these Covenants and the levying of the Annual Assessment as a Dwelling Lot until a duly certified survey thereof has been approved for filing in accordance with Pertinent Laws and has been Recorded in the R.M.C. Office.

(h) All assessments charged by the Association shall be rounded off to the nearest dollar.

(i) Any increase or decrease in the Annual Assessment shall be made in such a manner that the proportionate increase or decrease therein is the same for owners of Dwelling Lots, Dwelling Units and Boating Units and the applicable equivalents for the Inn Site and Sales Center Site.

(j) The Association shall present the proposed annual budget for the coming year to the Members at the Annual Meeting of the Association. The proposed budget shall be mailed to the

Members along with the Notice of the Annual Meeting not less than fourteen (14) days and not more than forty-five (45) days prior to the Annual Meeting.

Section 11-5: Transition to Zero-Based Budgeting. Beginning with the budget for 1996, the Board of Directors shall utilize the concept of zero-based budgeting in formulating each year's budget rather than simply adding annual adjusters to the previous year's budget. For example, the Board of Directors shall determine the amount of funds required to carry out the necessary and appropriate functions of the Association for the budget year in question, including an amount to contribute to an Association reserve account of no less than five percent (5%) and no greater than twenty percent (20%) of the proposed budget as provided in Section 11-7. The proposed budget must be approved by the Board of Directors and shall also thereafter be submitted to the Members for ratification at the Annual Meeting. That budget, when ratified by a majority of the votes cast by the Members at the Annual Meeting, shall be funded by collecting assessments, the amount of which shall be determined by using the following allocation among the Property Owners, which will result in the new assessment amount determined as follows:

- (a) The Club Assessment as determined by the provisions of Section 11-16 hereafter shall first be subtracted from the budget total;
- (b) The residual budget total will then be divided by the sum of the following:
 - (i) the number of unimproved Dwelling Lots;
 - (ii) twice the number of Dwelling Units;
 - (iii) one-half of the number of Boating Units;
 - (iv) one-half of the number of consolidated Dwelling Lots; and
 - (v) the equivalent standard applicable to Boating Units, Dwelling Lots or Dwelling Units as applicable to the Inn Site and the Sales Center Site.
- (c) Thereafter, each Dwelling Lot (or equivalents) shall be assessed the amount so determined, each Dwelling Unit (or equivalents) shall be assessed twice the amount so determined, and each Boating Unit (or equivalents) shall be assessed three times one-half the amount so determined, and each Consolidated Dwelling Lot shall be assessed one-half of the amount so determined.

In the event the budget as presented at the Annual Meeting is not ratified by a simple majority of votes cast at an Annual Meeting, the budget and corresponding assessments used for the prior year, as adjusted for the CPI index as hereafter provided, shall be continued for the year in question until the next Annual Meeting of the Association. The CPI adjustment shall be the percentage of increase between the first month and the last month of the immediate prior year's Annual Assessment in the Consumer Price Index, U.S. City Average, All Items (1967-100) ("CPI") issued in the monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas."

Section 11-6: Special Assessments for Improvements and Additions.

- (a) In addition to the Annual Assessments authorized herein, the Association may levy Special Assessments, for the purpose of construction, reconstruction, repair or replacement of capital improvements upon the Open Space or the Common Properties, including, without limitation, all necessary fixtures, equipment and personal property related thereto, for additions to the Open Space or Common Properties, to provide for all necessary facilities and equipment to offer

the services and carry out the Functions authorized herein and to repay any loan made to the Association to enable it to perform the duties and Functions authorized herein or to meet a necessary expenditure for which budgeted funds or reserve funds are not otherwise available, provided that such Special Assessment must receive the approval of fifty-one percent (51%) of the votes of the Members either at an Annual Meeting or by participation in a Referendum. Any such Referendum conducted by mail shall include a statement prepared by the members of the Board of Directors favoring such assessments stating the reasons therefor, together with a statement prepared by the Directors dissenting from such assessment stating their reasons therefor; provided, however, that neither of such statements may exceed a maximum length of five (5) pages on each proposed assessment. If such vote is taken at an Annual Meeting the positions of the Directors in favor or against the Special Assessment may be presented at the Annual Meeting. This Section shall be interpreted to mean that the Association may make, in any one (1) year, an Annual Assessment, plus an additional Special Assessment. A Special Assessment shall generally be only for one year. However, if the Board of Directors by a three-fourths vote recommends a multiple-year Special Assessment not in excess of three (3) years, and if that assessment is approved by a sixty-six and two-thirds percent (66 2/3%) vote of the Members in a Referendum, such Special Assessment may be implemented for the number of years so approved.

(b) The proportion of each special assessment to be paid by the owners of the various classifications of assessable property shall be calculated in the same manner as specified in Section 11-5.

(c) As stated in Section 11-2 hereinabove, the Club Property shall not be subject to special assessments.

Section 11-7: Reserve Fund. Beginning with the annual budget for 1996 the Association shall establish an annual reserve fund assessment equal to no less than five percent (5%) and no greater than twenty percent (20%) of the receipts from Annual Assessments, to be held in reserve in an interest-bearing, federally insured account or similar investment in obligations of the United States Government, as a reserve for (i) major rehabilitation or major repairs, and (ii) emergency and other repairs required as a result of storm, fire, natural disaster or uninsured casualty loss (the "Association Reserve Account"). Such Association Reserve Account shall be in the name of the Association and shall be established and maintained under the control and management of the Board of Directors. When the amount on deposit in the Association Reserve Account equals one hundred percent (100%) of the amount of the Association's annual budget, the Association shall collect only so much to be added to the Association Reserve Account as shall be needed to keep said account equal to one hundred percent (100%) of such budget total unless the Board of Directors by unanimous vote determines that a higher amount should be collected, subject, however, to the twenty percent (20%) maximum limitation.

Section 11-8. Duties of the Board of Directors.

(a) Each year after adoption of the annual budget, the Board of Directors shall fix the amount of each Annual Assessment and Special Assessment, if applicable, against each Dwelling Lot, Dwelling Unit and Boating Unit, and their equivalents in the case of the Inn Site and Sales Center Site and the Annual Club Assessment as to the Club Property as provided hereinabove, and shall, at that time, direct the preparation of an index of the Property and all assessments applicable thereto, which shall be kept in the office of the Association and which shall be open to inspection by any Property Owner. Written notice of assessment shall thereupon be sent to every Property Owner subject thereto.

(b) The Association shall, upon demand at any time, furnish to any Property Owner liable for any assessment a certificate in writing, signed by an officer of the Association, setting forth whether or not said assessment has been paid. Such certificate shall be conclusive evidence against all but the Property Owner of payment of any assessment therein stated to have been paid.

Section 11-9: Time and Method of Payment of Annual Assessments; Supporting Data. The Annual Assessments provided for in Article XI of these Covenants shall be assessed according to the character of the property as of January 1 of the assessment year, and the Annual Assessments provided for herein shall commence as provided in Sections 11-3 and 11-4 hereof.

Any assessment year shall run from January 1 to December 31 and all property shall be assessed according to its character as of January 1 of the assessment year. For any assessment year, each Property Owner shall pay all Annual Assessments due on said property periodically (i.e., quarterly, etc., in advance) if so billed by the Association or by January 31 of the following year, if not billed periodically during the assessment year.

Section 11-10: Effect of Non-Payment of Assessments; Personal Obligation of the Property Owner; Lien; Remedies of Association.

(a) If any Annual Assessment or Special Assessment is not paid on or before the thirtieth (30th) day after the due date specified in Section 11-9 hereof, as to Annual Assessments, or on or before the thirtieth (30th) day after notice of any Special Assessment is sent to a Property Owner at his, her or its last known address, then such assessment shall become delinquent and shall, together with interest thereon at the rate of twelve percent (12%) per annum from the due date and all costs of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the subject Property Owner's Dwelling Lot, Dwelling Unit, Boating Unit, Inn Site or Sales Center Site and all improvements thereon, against which such assessment was made. The personal obligation of the Property Owner at the time when such assessment first became due and payable to pay such assessment, however, shall remain his personal obligation and shall not pass as a personal obligation to his, her or its successors-in-title unless expressly assumed by them, but notwithstanding the foregoing, the amount of such assessment shall remain a lien and charge against such Property Owner's property. The provisions of this paragraph relating to remedies for non-payment of assessments shall be applicable to the Club or the Club Property only as it relates to Annual Assessments as the Club and the Club Property are not subject to Special Assessments. Therefore, any such reference hereafter to the Club or the Club Property shall only apply to Annual Assessments.

(b) If such assessment is not paid within thirty (30) days after the due date, the Association may, in its sole and absolute discretion, either

(i) bring an action at law or in equity against the Property Owner personally, and, for purposes thereof, there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event that a judgment is obtained, such judgment shall include interest on the assessment as above provided and attorney's fees, together with the costs of the action, or

(ii) bring an action to foreclose on such Property Owner's property and all improvements thereon, in which the Association may claim the amount of the past-due assessment plus all costs specified in clause (i) above.

(c) The Association, acting on behalf of the Property Owners, shall have the power

to bid for any such property at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. During the period in which any such property is owned by the Association following foreclosure:

(i) no right to vote shall be exercised on its behalf;

(ii) no assessment shall be levied on it; and

(iii) each other Dwelling Lot, Dwelling Unit, Boating Unit and Inn Site and Sales Center Site shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged any such Dwelling Lot, Dwelling Unit, Boating Unit and Inn Site or Sales Center Site had it not been acquired by the Association as a result of foreclosure. Any suit to recover a money judgment for unpaid assessments, interest, costs and attorney's fees shall be maintainable without foreclosing or waiving the charge and lien securing the same.

(d) The voting rights of any Member who is more than ninety (90) days delinquent in the payment of any (i) Annual Assessment or Special Assessment assessed upon the Member's Dwelling Lot(s), Dwelling Unit(s) and/or Boating Unit(s), or (ii) any and all other fees or costs due from the Member to the Association (a "Delinquent Member") shall be suspended until such time as the delinquency is paid in full. The attendance at any meeting or participation in any referendum by a Delinquent Member shall not be used for the determination of a quorum.

Section 11-11: Subordination of Lien to Mortgage. The charge and perfected lien of past-due assessments provided for above shall be subordinate to the lien of all governmental taxes, bonds, assessments and other levies which would in any event be superior thereto by law and any mortgage or mortgages placed of record upon any portion of the Property subject to assessments prior to January 1, 1994, and shall also be subordinate to any first mortgage hereafter placed on any portion of the Property subject to assessments if and to the extent that, at the time such first mortgage is executed and delivered, no such assessments are due and owing hereunder; provided, however, that such subordination shall apply only to the Annual Assessments and Special Assessments which have become due and payable prior to a sale or transfer of any such portion of the Property pursuant to a decree of foreclosure or deed in lieu of foreclosure. Such sale or transfer shall not relieve any such Property from liability for any assessments accruing after conveyance to any mortgagee or to any subsequent owner.

Section 11-12: Exempt Property. The following property, individuals, partnerships or corporations, subject to these Covenants, shall be exempted from the Annual Assessments and Special Assessments, charges and liens created herein:

(a) Grantees in conveyances made for the purpose of granting utility easements;

(b) Owners of all Open Space and other Common Properties;

(c) Utilities serving the Property; and

(d) All lands below the mean high water mark of Calibogue Sound and all surrounding rivers and creeks.

(e) The property formerly known as the "Out Parcel" as referred to in Section 17-

1.28 hereof, until such time as it is converted to a permissible use which is assessable and is conveyed to a third party.

Section 11-13: Annual Statements. The President, Treasurer or such other officer as may have custody of the funds of the Association shall each year, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement, showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association; provided, however, that this requirement shall be construed to apply only to creditors owed more than \$1,000. Such officer shall furnish to each Member of the Association who may make request therefor in writing a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to the Member either in person or by mail.

Section 11-14: Rounding of Assessment Figures. All assessments charged by the Association shall be rounded off to the nearest dollar.

Section 11-15: Change of Classification on Completion of Principal Buildings. For purposes of these assessments and voting rights hereunder, property under construction will be classed and assessed as a Dwelling Lot or Undeveloped Land, as appropriate, until the applicable building permits are issued permitting commencement of construction, and assessment at the Improved Property rate shall begin on the next January following completion.

Section 11-16: South Carolina Yacht Club Assessments. Notwithstanding any other provision contained in these Covenants, and unless and until this Section is amended pursuant to Section 9-4 hereof, the owner(s) of the South Carolina Yacht Club shall pay annually to the Association in lieu of all fees, charges and assessments which would or might otherwise be due pursuant to these Covenants or any lawful act of the Association, at such time as Annual Assessments are due, the sum of FIFTY THOUSAND AND 00/100 DOLLARS (\$50,000.00), until assessment year 1995 which shall be deemed the "base" year (the "Club Assessment"). Each year after the base year the annual assessment shall be increased cumulatively to reflect any increase in the CPI for the twelve (12) month period following the "base" year. Provided, however, that after the "base" year, such increases in any year shall never exceed the percentage of increase imposed by the Association on other Members of the Association in that year, and if there is a decrease of such Members assessments, the same percentage of decrease would also apply to the Club Assessment. From and after the "base year" the FIFTY THOUSAND AND 00/100 DOLLARS (\$50,000.00) base Club Assessment shall be adjusted by the percentage increase during the following twelve (12) month period in the Consumer Price Index, U.S. City Average, All Items (1967=100)(hereinafter "CPI") issued by the United States Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas". In the event the CPI referred to above is discontinued then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living. Moreover, as of January 1, 1995, the Club shall also be required to pay interest on any delinquent assessments in the same manner as any other Property Owner.

PART IV: GENERAL PROVISIONS

ARTICLE XII

DURATION, OBLIGATION AND APPURTENANCY OF RIGHTS AND OBLIGATIONS CREATED HEREIN

Section 12-1: Duration. These Covenants do touch and concern the Property, and shall run with and bind the land, and shall inure to the benefit of and be enforceable by and against the Declarant, the Association, any Property Owner, their respective legal representatives, heirs, successors and assigns for a period of twenty (20) years from the date this Amended and Restated Declaration of Covenants is Recorded. Upon the expiration of said twenty (20) year period, these Covenants shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited with these Covenants being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of the Declaration if, during the last year of the initial twenty (20) year period, or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4) of the Class A and Class B Members eligible to vote at a duly held meeting of the members of the Association or by Referendum of the Association cast their vote in favor of terminating these Covenants at the end of its then current term. It shall be required that written notice of any meeting at which such a proposal to terminate these Covenants is to be considered, shall be given each Member at least thirty (30) days in advance of said meeting. In the event that the Association votes, at the end of such specific periods, to terminate these Covenants, the President and Secretary of the Association shall execute and record a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association received, and the total number of votes in favor of terminating the Association.

Section 12-2: Protection of Mortgagees and Other Encumbrances. No violation or breach of, or failure to comply with, any provision of these Covenants and no action to enforce any such provision or to prevent a violation shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any property if such lien or deed of trust is taken in good faith and for value and is Recorded prior to the time an instrument describing such property and listing the name or names of the Owners of fee simple title to the property and giving notice of a claimed violation, breach or failure to comply with the provisions of these Covenants is Recorded. Any such violation, breach or failure to comply by Declarant, the Association or other Property Owner shall not affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien, nor shall the former owner's violation, breach or failure to comply result in any liability, personal or otherwise, of any mortgage holder or new owner resulting from foreclosure. Any such new owner on foreclosure shall, however, take subject to these Covenants with the exception of the former owner's violations or breaches of, or failures to comply with, any provisions of these Covenants which occurred prior to the vesting of fee simple title in such new owner, and such prior acts shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such new owner, his heirs, personal representatives, successors or assigns; provided, however, that any action of the new owner, after taking title to, or possession of, such property, which constitutes a violation shall cause such new owner to be subject to all assessments, charges, restraints, restrictions, burdens and obligations under these Covenants.

Section 12-3: Owner's Rights and Obligations Appurtenant. All rights, easements and obligations of a Property Owner under these Covenants and all rights of a Property Owner with respect to memberships in the Association under these Covenants are hereby declared to be and shall be appurtenant to the title held by the Property Owner and may not be transferred, conveyed, devised, bequeathed, encumbered or otherwise disposed of separate or apart from the title held by the Property Owner. Every transfer, conveyance, grant, devise, bequest, encumbrance or other disposition of the title held by a Property Owner shall constitute a conveyance, grant, devise, bequest, encumbrance, transfer or disposition of such rights and obligations.

Section 12-4: Club Property, Including Sports Center Recreational Facilities. The Declarant has developed certain recreational facilities within the Property (including a 25-meter swimming pool and children's pool, four clay tennis courts including a stadium court, a tennis pro shop, men's and women's locker facilities with showers and a sauna and an outdoor hot tub) and is causing an additional two tennis courts and additional parking to be developed in conjunction with the Association, as provided in the Transition Agreement (herein referred to as the Sports Center and, together with the Clubhouse and associated facilities, referred to collectively as the Club Property). The Club Property is separate from the Common Areas of the Association, any village or any neighborhood association. The Club Property is currently owned and operated by the Declarant and the Club. Except for the rights of the Property Owners relating to the Sports Center as set forth in the Sports Center Agreement dated January 26, 1994, which is recorded in the R.M.C. Office in Book 682 at Page 1437, the terms and provisions of which are incorporated herein, the Declarant and any of its successors or assigns as owner of this Club Property has the exclusive right to determine from time to time in its sole discretion and without notice or approval of any change, how and by whom the Club Property shall be used, if at all. By way of example, but not limitation, and subject to the rights under the Sports Center Agreement, such entities shall have the right to approve users and determine eligibility for use, to reserve use rights for future purchasers of property, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the Club Property, to transfer any or all of the Club Property or the operation thereof to anyone (including, without limitation, an equity member-owned club) and on any terms to limit the availability of use privileges, and to require the payment of a purchase price, membership contribution, initiation deposit, dues, user fees and other charges for use privileges. Ownership of any property within Windmill Harbour or a membership in the Association does not give any vested right or easement, descriptive or otherwise, to use the Club Property, and does not grant any ownership, use right or membership interest in the Club Property, except by virtue of the rights to the Sports Center as provided in the Sports Center Agreement.

Section 12-5: Sports Center Agreement. The Sports Center Agreement is intended to set forth the rights and limitations of use of the Sports Center by Property Owners who are not Members of the Club. The Transition Agreement recognizes that the Declarant has the right to convert the Club to an equity club owned by its members and to amend the Club plan in its discretion so long as the membership total is not expanded. The Association and Declarant have entered into the Sports Center Agreement to assure the Association and the Property Owners, on the one hand, and the Club and its Members, on the other, of the continued existence and availability of the facilities of the Sports Center as a vital recreational facility within the Property. The Sports Center Agreement also provides, among other things, that there shall be immediately vested in the Association and its Members the right to use and enjoy the Sports Center under certain terms and conditions and subject to the payment of certain rates, fees and charges, all as provided in the Sports Center Agreement.

ARTICLE XIII EFFECT OF COVENANTS AND ENFORCEMENT

Section 13-1: Effect of Provisions of These Covenants. Each Property Owner, Lessee, their successors, heirs and assigns, and all others who take an interest in realty within the Property do promise to comply with each provision of these Covenants, which provisions:

- (a) shall be considered incorporated in each deed or other instrument by which any right, title or interest in any real property within the Property is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument;
- (b) shall, by virtue of acceptance of any right, title or interest in any real property within the Property by a Property Owner, or the Association (i) be accepted, ratified, adopted and declared as a personal covenant of the Property Owner or the Association, and (ii) be deemed a personal covenant to, with and for the benefit of the Declarant, the Association, and any other Property Owner;
- (c) shall be a covenant, obligation and restriction secured by a lien binding,

burdening and encumbering the title to each parcel of real property within the Property which lien, with respect to any respective unit of real property within the Property, shall be deemed a lien in favor of the Association.

Section 13-2: Who May Enforce. The benefits and burdens of these Covenants run with the land at law and in equity and Declarant, its successors and assigns, the Association, its successors and assigns, or any Property Owner and his heirs, successors, representatives, administrators and assigns with respect to the Property, shall have the right to proceed pursuant to Section 13-4 against a party specified in Section 13-3 to compel a compliance to the terms hereof or to prevent the violation or breach in any event. The Association may carry out its Enforcement Function as provided in Section 8-16 and Section 11-10.

Section 13-3: Against Whom and What May the Covenants be Enforced. The obligation and benefits prescribed by these Covenants shall run with the Property and shall be enforceable against the realty itself, the Declarant, its successors and assigns, the Association, its successors and assigns and against any Property Owner, his heirs, successors, representatives, administrators and assigns, or other person whose activities bear a relation to the Property, including Lessees and their Guests when the aforesaid persons or entities engage in activities (including omissions and failures to act) which constitute violations or attempts to violate, contravene or circumvent these Covenants.

Section 13-4: Enforcement Remedies. In addition to the enforcement rights of the Association pursuant to Article VII, particularly Section 7-8, and pursuant to Article VIII, particularly Section 8-16, in the event that any Structure is erected, constructed, reconstructed, altered, repaired, converted or maintained, or any Structure or land use is in violation of these Covenants, the Association, or any Property Owner may institute appropriate legal proceedings or actions, at law or in equity: (a) to prevent such unlawful erection, construction, reconstruction, alteration, repair, conversion, maintenance or use; (b) to restrain, correct or abate such violation, or breach of these Covenants; (c) to prevent the occupancy of said building, Structure or land; (d) to prevent any act, conduct, business or uses which is in breach of these Covenants; (e) to seek a declaratory judgment; or (f) to compel any affirmative act which, pursuant to these Covenants "shall" be performed.

ARTICLE XIV INTERPRETATION AND CONSTRUCTION

Section 14-1: Severability. Should any covenants or restriction herein contained, or any Part, Article, Section, paragraph, sentence, clause, phrase or term in these Covenants be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of the highest court or other tribunal of jurisdiction which considers such matter, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable.

Section 14-2: Interpretation. In all cases, the provisions of these Covenants shall be given that reasonable interpretation or reasonable construction which will best effect consummation of the general plan of land use restrictions and affirmative obligations of the Property and which will carry out the intent of the Declarant and the Association as expressed in the recitals of these Covenants. The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance which allows a less restricted use of the Property.

Section 14-3: Gender, Tense and Number. When necessary for proper construction, the masculine form of any word used in these Covenants shall include the feminine or neuter gender, and the singular, the plural and vice versa, and words used in the present tense shall include the future tense.

Section 14-4: No Waiver. Failure to enforce any provisions of these Covenants shall not operate as a waiver of any such provision or of any other provisions of these Covenants.

Section 14-5: Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provision of these Covenants.

Section 14-6: No Implied Liabilities or Duties. ANY RULES OR REGULATIONS ESTABLISHED BY THE ASSOCIATION PURSUANT TO THESE COVENANTS SHALL NOT EXPRESSLY OR IMPLIEDLY CREATE ANY DUTY OF CARE TO ANY PROPERTY OWNER.

ARTICLE XV AMENDMENT PROVISIONS

Except as expressly provided herein to the contrary, and subject to the quorum provisions relating to meeting of the Members hereafter set forth, all proposed amendments of these Covenants shall be submitted to a vote of the Members at a duly called meeting of the Association or by Referendum, and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast or returned (in the case of the Referendum) are in favor of the amendment. If any proposed amendment of these Covenants is approved by the Members as set forth above, the President and Secretary of the Association shall execute an addendum to these Covenants, which shall set forth the amendment, the effective date of the amendment, the date of the meeting of the Association or Referendum at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the number of votes required to constitute a quorum at such meeting of the Association, if applicable, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment and the total number of votes cast against the amendment. Such addendum shall be recorded in the R.M.C. Office.

The quorum required for any action authorized to be taken by the Association under this Article XV when such action is taken at a meeting of the Members shall be as follows: The first time any meeting of the Members of the Association is called to take action under this Article XV, the presence at the meeting of the Members or proxies entitled to cast seventy-five percent (75%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called, subject to the giving of proper notice, and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast fifty-one percent (51%) of the total vote of the Association.

ARTICLE XVI MERGER OF CERTAIN NEIGHBORHOOD ASSOCIATIONS INTO THE ASSOCIATION

Within the Property there exist two neighborhood associations known as Indian Hill Club Owners Association, Inc. ("Indian Hill") and Old Ferry Point Owners Association, Inc. ("Old Ferry Point"). Each of these associations is a South Carolina not-for-profit corporation created under the laws of the State of South Carolina. Each such corporation is in good standing as evidenced by a Certification from the Secretary of State of South Carolina and the South Carolina Tax Commission. Indian Hill and Old Ferry Point, by appropriate action of their respective Members and by appropriate action of their respective Board of Directors, have petitioned the Association to take over the rights, responsibilities and functions of Indian Hill and Old Ferry Point and to assume ownership and control of all properties formerly denominated as common properties within Indian Hill and Old Ferry Point, said properties becoming the common property of the Association.

The operative documents of Indian Hill and Old Ferry Point are as follows:

(a) As to Indian Hill Club, that certain Declaration of Covenants and Restrictions for Indian Hill Club in Windmill Harbour and Provisions for Indian Hill Club Owners Association, Inc., dated January 11, 1983 and recorded in the R.M.C. Office for Beaufort County, South Carolina on January 13, 1983 in Book 361 at Page 1493, et seq.

(b) As to Old Ferry Point, that certain Declaration of Covenants and Restrictions for Old Ferry Point in Windmill Harbour and Provisions for Old Ferry Point Owners Association, Inc., dated November 12, 1982 and recorded in the R.M.C. Office for Beaufort County, South Carolina, on November 16, 1992, in Book 357 at Page 1245, et seq.

Each of the foregoing declarations and the applicable bylaws relating to Indian Hill and Old Ferry Point grant the rights and authorizations to either merge or consolidate Indian Hill and Old Ferry Point respectively with another association. Indian Hill and Old Ferry Point have each petitioned the Association to assume responsibility over and dominion for the affairs of Indian Hill and Old Ferry Point respectively, to convert the previously designated common properties of Indian Hill and Old Ferry Point into common properties of the Association, and to reduce to the fullest extent possible or to eliminate entirely, if possible, the assessments provided for in the respective Declarations of Indian Hill and Old Ferry Point.

The Association recognizes the intent of Indian Hill and Old Ferry Point to essentially consolidate those sub-associations into the Association and eliminate the duplicate investment burden as well as eliminate the services previously provided by the funds received from the sub-association assessments. Moreover, the title to the common properties have previously been deeded to the Association, or shall hereafter be vested in the Association, and all such common properties formerly within Indian Hill and Old Ferry Point shall become common property of the Association.

ARTICLE XVII
DEFINITIONS

Section 17: Definitions. Except where elsewhere defined, the words and terms used with initial capitals (unless expressly applicable to uncapitalized forms) in these Covenants or any supplemental declaration making reference hereto (unless the context shall clearly indicate otherwise) shall have the following meanings and where applicable shall be considered as restrictions on use of land where required to give meaning to the land use restrictions of the various Sections and Articles of these Covenants.

17-1.1: "Approved by the Association" shall mean and refer to any approval required under these Covenants to be made by the Association and which shall be sought in writing and received or denied in writing by the Association according to procedures established by the Association or by these Covenants..

17-1.2: "Architectural Guidelines" shall mean and refer to the guidelines promulgated from time to time by the Architectural Review Board pursuant to the authorization contained in Section 8-21(c) of these Covenants. The existing operative Architectural Guidelines, until modified by the Architectural Review Board, shall consist of the document attached hereto as **Exhibit "B"** which is entitled "Master Guidelines - Architecture and Site Planning - Windmill Harbour"; provided, however, that modifications and amendments to such Architectural Guidelines shall be accomplished by the Architectural Review Board without the requirement of amending these Covenants.

17-1.3: "Association" shall mean and refer to the Windmill Harbour Association, a non-profit corporation organized under the laws of South Carolina, which has a membership as provided in Article IX of these Covenants, and which serves the Functions pertaining to the Property as provided in Article VIII of these Covenants.

17-1.4: "Boating Unit" shall mean and refer to a Unit of the Windmill Harbour Marina Horizontal Property Regime, which term is defined in the Master Deed for Windmill Harbour Marina Horizontal Property Regime, and which Units are capable of ownership and conveyance in accordance with the Horizontal Property Act for the State of South Carolina, §27-31-10, §27-31-300, Code of Laws of South Carolina, 1976.

17-1.5: "Bulkheads" shall mean and refer to any retaining walls, rock pile or other Structure used to stabilize the Harbour Access Zone or to keep the lands around the Harbour Basin from eroding or falling into the Harbour Basin, all as may be shown on the Plat or Plans referred to in the Master Deed for Windmill Harbour Marina Horizontal Property Regime.

17-1.6: "Central Harbour Facilities" shall mean and refer to all locks connecting the Harbour Basin and navigable waterways, boat access ramps and cranes for placement of boats in the Harbour Basin, marine gasoline and diesel fuel pumps and associated docks and pilings, and any other major facility other than the Association clubhouse and Dock Facilities which are designed to facilitate use and enjoyment of the Harbour Basin, all as may be shown on the Plat or Plans referred to in the Master Deed for Windmill Harbour Marina Horizontal Property Regime.

17-1.7: "Club" shall mean and refer to the South Carolina Yacht Club, a South Carolina non-profit corporation which is the operator of the Club Property (as hereafter defined) or its successors and assigns and is currently organized and operating pursuant to that certain membership Plan and Rules and Regulations of the South Carolina Yacht Club dated April 20, 1989, as amended.

17-1.8: "Club Member" shall mean and refer to members of the South Carolina Yacht Club as more particularly described above.

17-1.9: "Club Property" shall mean and refer to the property described in Section 12-4 hereto which is operated by the Club for the benefit of its Members and, as to the Sports Center facilities, by those Members of the Association benefited by that certain Sports Center Agreement as hereafter defined.

17-1.10: "Common Properties" shall mean and refer to those areas of land or estates in land with any improvements and fixtures thereon which are purchased by the Association, deeded or leased to the Association by the Declarant, or deeded or leased to the Association by any other grantor. Common Properties shall not include Regime Common Properties.

17-1.11: "Consolidated Dwelling Lot" shall mean and refer to those Dwelling Lots consolidated pursuant to the provisions of Section 7-12 of the Covenants.

17-1.12: "Covenants" shall mean and refer to the "Amended and Restated Windmill Harbour Covenants of 1994" contained herein adopted by the Association pursuant to the authority set forth in the Windmill Harbour Covenants of 1981, including all covenants, conditions, equitable servitudes, easements, reservations, restrictions and obligations set forth in this Amended and Restated Declaration, and these "Covenants" shall also refer to any supplemental declaration which is made pursuant to these Covenants.

17-1.13: "Declarant" shall mean and refer to Windmill Harbour Company, a South Carolina joint venture, now known as Jenkins Island Realty Corp. doing business as ("d/b/a") Windmill Harbour Company by virtue of being the sole remaining venturer, its successors and assigns. Any right or reservation to or by

Declarant shall also include Declarant's successors and assigns and their heirs, successors and assigns.

17-1.14: "Development and Survey Plats" (as distinguished from concept research plans and master plans) shall mean and refer to the any Recorded Plats of property which are prepared and signed by a registered surveyor, approved by the Declarant, and describe by metes and bounds the relevant sections or portions of the Property. See Section 2-3.

17-1.15: "Dock Facilities" shall include any docks, whether floating or stationary, and any pilings and mooring bays which run to or along, or are placed in or beside, a Boating Unit or which provide a platform or station to enable any Boating Unit to serve as a place for mooring marine vessels, all as may be shown on the Plat or Plans referred to in the Master Deed for Windmill Harbour Marina Horizontal Property Regime.

17-1.16: "Dwelling Lot" shall mean and refer to any parcel of land located within the property which is used as a site for one (1) detached family dwelling, or one (1) townhouse, or one (1) patio dwelling.

17-1.17: "Dwelling Unit" shall mean and refer to any Improved Property which is a dwelling, whether attached or unattached, whether occupied or unoccupied, whether used as a year-round home or seasonally occupied, including any single family detached dwelling, patio home, condominium unit, townhouse unit, cooperative apartment unit or apartment unit which is used for Single Private Household and Residential purposes and which is located within a Class B-1, B-3 or B-5 Land Use Class within the Property.

17-1.18: "Function" shall mean and refer to those rights, duties and obligations set out in these Covenants which shall or may be performed by the Association and in particular, those obligations and duties set out in Article VIII of these Covenants.

17-1.19: "Guest" shall mean and refer to any customer, agent, guest, employee or invitee of the Declarant, the Association or any Property Owner or Lessee.

17-1.20: "Harbour Access Zone" shall mean and refer to the strip of land around the Harbour Basin adjoining the Bulkheads, all as may be shown on the Plat or Plans referred to in the Master Deed for Windmill Harbour Marina Horizontal Property Regime.

17-1.21: "Harbour Basin" shall mean and refer to the land within the Property which has been artificially excavated and the waters thereon, which area is substantially surrounded by Bulkheads and the Harbour Access Zone, which is connected by lock with the Calibogue Sound, and which is designed to be used as a marina and harbour area, but which shall not include any non-navigable lagoons within the Property.

17-1.22: "Horizontal Property Regime" shall mean and refer to the legal association established under the applicable laws of the State of South Carolina (currently known as the South Carolina Horizontal Property Act) in which owners of a single dwelling, lodging, dock or commercial unit in a multi-unit building or in a marina may own directly such unit and hold a co-ownership with other unit holders of the Regime Common Property areas and facilities held in common by the Regime for all owners of the multi-unit complex.

17-1.23: "Improved Property" shall mean land which has been improved by construction of buildings, sports facilities, and other Structures to make the property suitable for human residence, commerce and recreation as permitted pursuant to these Covenants.

17-1.24: "Land Use Class" shall mean and refer to the particular Intended Use for any lands or improvements within the Property which is in conformity with a use classification established in Section 2-1 of these Covenants.

17-1.25: "Lessee" shall mean and refer to the person or persons, entity or entities who are the lessees or sublessees of a lessee under any ground lease or any lease of any part or all of a Dwelling Unit, Dwelling Lot, Boating Unit, the Club Property or any other property owned by a Property Owner under these Covenants.

17-1.26: "Member" shall mean and refer to the Declarant and all those Property Owners who are members of the Association as provided in Article IX hereof.

17-1.26(a): "Marina Association" shall mean and refer to the association of co-owners established by the Windmill Harbour Marina Horizontal Property Regime Master Deed.

17-1.26(b): "Master Deed for Windmill Harbour Marina Horizontal Property Regime" shall mean and refer to that certain document Recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, and all amendments thereto, wherein Declarant established the Windmill Harbour Marina Horizontal Property Regime and dedicated certain parcels within the Property to the said Windmill Harbour Marina Horizontal Property Regime.

17-1.27: "Open Space" shall mean and refer to those parcels of land which are dedicated pursuant to Section 4-1 of these Covenants by Recorded declaration as land for such purposes, which, pursuant to these Covenants, cannot be developed or improved or altered except as provided in Article IV and any other relevant sections of these Covenants. Open Space shall be designed in such declarations, making reference to Recorded plat. Use of the terms "Open Space" shall not mean or imply that the general public at large has access to or use and enjoyment of the land which is so designated.

17-1.28: "Out-Parcel" shall mean and refer to that parcel of land containing approximately 3.00 acres as shown on the Plat Recorded in Plat Book 34 at Page 4 which is currently owned by the Association and is currently classified as "Unclassified Land".

17-1.29: "Pertinent Laws" shall mean and refer to the statutes, ordinances, regulations and other laws pertinent to the ownership, lease, sale, use, improvement and development of the Property, as are codified or promulgated by the State of South Carolina, the County of Beaufort, South Carolina, the Government of the United States of America and other public authorities having jurisdiction over the Property.

17-1.30: "Property" shall mean and refer to the lands described in Section 1-1 hereof and **Exhibit "A"** and shown on the plat Recorded at Plat Book 31, Page 163, attached hereto, together with any lands described in Section 1-2 which are brought within these Covenants by supplemental declaration.

17-1.31: "Property Donated by Declarant" shall mean and refer to those lands and facilities described in Section 10-4.

17-1.32: "Property Owner" shall mean and refer to the owner of any real estate within the Property as shown by the real estate records of the R.M.C. Office. "Property Owner" shall in all cases also include the successors, heirs, assigns, personal representatives, receivers and trustees of the Property Owner with respect to real estate within the Property. "Property Owners" shall include one or more persons, firms, proprietorships, associations, corporations or other legal entities owning fee simple title to any Dwelling Lot, Dwelling Unit, Boating Unit or the Inn Site or the Sales Center Site or the Club Property, or other Land situated upon the Property but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgage holder or holder of a security deed has acquired both legal and equitable title pursuant to a foreclosure proceeding or deed in lieu of foreclosure; nor shall the term "Property Owner" mean or refer to any Lessee or tenant of a Property Owner. In the event that there is a Recorded long-term contract of sale, nominal option to purchase, bond for title, long-term lease with option to purchase, or any similar Recorded devise for ultimate conveyance of legal interest, in any lot, unit in a Horizontal Property Regime, building, or parcel of land within the

Property, the Property Owner of such property shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond twelve (12) months from the date of the contract, and where the purchaser does not receive legal title to the property until such payments are made although the purchaser is given possession of said property.

17-1.33: "Recorded" shall mean and refer to a filing in conformity with all legal formalities of a legal document with the R.M.C. Office. A recording shall be deemed proper if it can be shown and so judged by a court of law that such document was left in the custody of the R.M.C. Office or other appropriate official and was spread upon the public record books. No recording shall be invalid by virtue of an error of the R.M.C. Office, its agents or employees, which causes such documents or plat to fall without the appropriate chain of title.

17-1.34: "Referendum" shall mean and refer to the power of the Members to vote in person or by mailed ballots or proxies on certain actions by the Board of Directors of the Association more particularly set forth in Section 9-4 and other relevant Sections of these Covenants.

17-1.35: "Regime Common Property" shall mean and refer to the Structures, facilities, land and common areas which belong to any Horizontal Property Regime which may be established on the Property.

17-1.36: "Register of Mesne Conveyances" or "R.M.C. Office", formerly referred to as "County Clerk of Court" shall mean and refer to the Clerk of Court for Beaufort County, South Carolina, and the successors and assigns of that office, and shall mean and refer to the appropriate office in Beaufort County, South Carolina, for the formal filing and recording of deeds, covenants, mortgages, plats and other evidences of real property interests.

17-1.37: "Residential" purposes shall mean and refer to those purposes which are defined in Section 5-1(c) of these Covenants.

17-1.38: "Shall," whether or not capitalized, indicates a mandatory requirement, condition or obligation; in contrast, the term "may" indicates a right to take permitted action without obligation or duty to take such action.

17-1.39: "Single Private Household" purposes shall mean and refer to those purposes which are further defined in Section 5-1(b) of these Covenants.

17-1.40: "Specific Building Construction Standards" shall mean and refer to the following:

17-1.40(a) "Detached Dwelling Unit" shall mean any unit used for single private household and residential purposes with a minimum of ten (10) feet between any wall of the unit and the boundary of any Property. Unit shall contain a minimum of two thousand five hundred (2,500) square feet under roof, at least two thousand (2000) square feet of which shall be enclosed heated living space, with a maximum of forty (40) feet roof height above original lot elevation. For further requirements and details see Section "V" of the Architectural Guidelines.

17-1.40(b) "Patio Dwelling Unit" shall mean any unit used for single private household and residential purposes with one or more courts partially or completely surrounded by enclosed living space. Units shall be constructed so as to utilize a patio wall as designated on lot plat. General set back requirements (unless recorded otherwise) are as follows:

Zero Lot Line	-	3 feet setback to patio wall
Line Opposite Zero Line	-	7 feet easement
Front Setback	-	20 feet
Rear Setback	-	15 feet

Patio Dwelling Units shall have a minimum of one thousand six hundred (1600) square feet of enclosed dwelling area with the enclosed dwelling area covering less than forty-five percent (45%) of the total gross area of the Patio Lot. The term "enclosed dwelling area" as used herein means the total enclosed heated area within a Dwelling Unit, but excluding garages, boat storage facilities, terraces, decks, open or shed-type porches and similar areas even though attached to the Dwelling Unit. A screened porch may be deemed a part of the enclosed dwelling area if, in the opinion of the Architectural Review Board, the roof of such porch forms an integral part of the roof line of the main Dwelling Unit or it is on the first living floor of a two-story structure.

There shall be reserved a three-foot easement on each Patio Dwelling Lot between the exterior of the patio wall and/or Dwelling Unit and the parallel lot boundary line for the use and enjoyment of the adjacent Dwelling Lot owner, only as hereinafter provided. Said three-foot easement area and the exterior of the patio wall and/or Dwelling Unit may be used by the adjacent Dwelling Lot owner only for the planting and care of shrubbery and other landscaping, provided the same does not interfere with the structural integrity of the patio wall and/or the Dwelling Unit wall.

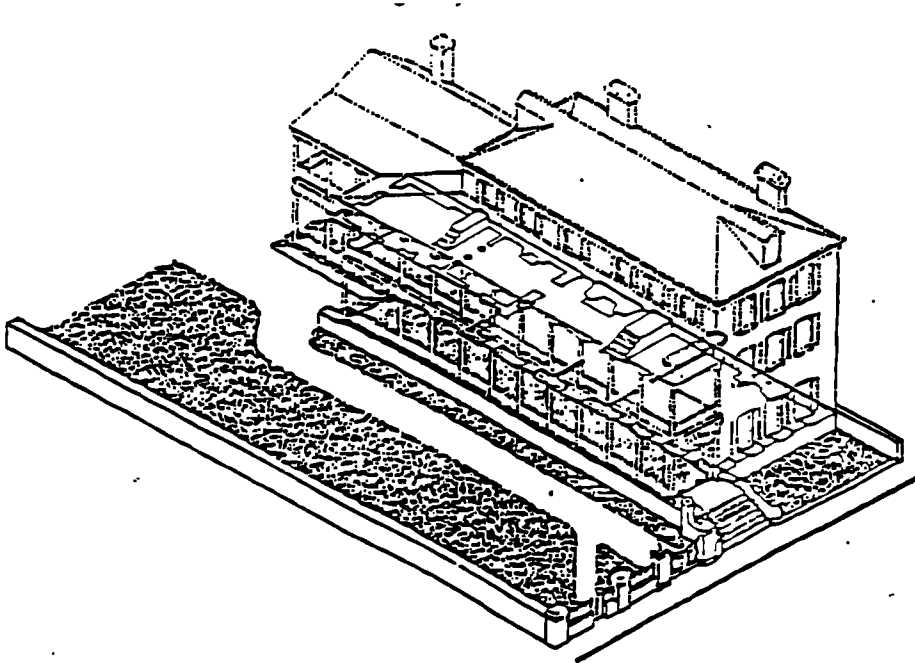
A seven-foot easement is further reserved along the boundary line of each Dwelling Lot in a patio area, opposite the boundary line along which the patio wall is to be constructed, for the construction, maintenance and repair of the patio wall and/or Dwelling Unit on the adjoining lot. The use of said easement area by the adjoining Dwelling Lot owner shall not exceed a reasonable period of time during construction nor shall it exceed a period of thirty (30) days each year for essential maintenance. Any shrubbery or planting in the seven-foot easement area that is removed or damaged by the adjoining Dwelling Lot owner during the construction, maintenance or repair of his patio wall and/or Dwelling Unit shall be repaired or replaced at the expense of said adjoining Dwelling Lot owner causing such damages. For further requirements and details relating to Patio Dwelling Units see Section "VI" of the Architectural Guidelines which are entitled "Architectural Guidelines - Windmill Harbour".

17-1.40(c) "Reef Club Dwelling Unit" shall mean any unit in that area designated as the "Reef Club" as more particularly shown on the plat entitled "Plat of Reef Club" prepared by Southeastern Surveying, Inc., certified by Josiah M. Williams, III, S.C.R.L.S. # 7626 dated May 22, 1987, last revised September 15, 1987 and recorded in the R.M.C. Office in Plat Book 34 at Page 18 on June 17, 1987. The dwelling units in the Reef Club shall be subject to the following design specifications:

(i) General Design Specifications

- a. It is the intent of the Reef Club to feature the elegant simplicity of the "Charleston House" living concepts including:
1. The two story side portico, extra large windows, and raised first floor needed for collecting breezes, reducing heat and humidity.
 2. High ceilings with paddle fans and thermal chimneys, such as belvederes encouraging the natural movement of air, and

3. Exterior landscape elements such as courtyards, entry yards, fences, gates, walls and planting.
- b. The Reef Club is ideally situated to enjoy the views and prevailing breezes of the Calibogue Sound, in the same manner as the homes on the Battery in Charleston, SC enjoy the Cooper River.
- c. A "Charleston House" refers to an individually designed, multi-story, single-family dwelling unit built along one property line utilizing a "Privacy Wall" to provide one large usable side yard, as exemplified by the Pringle house in Charleston, SC. (See Figure 1)



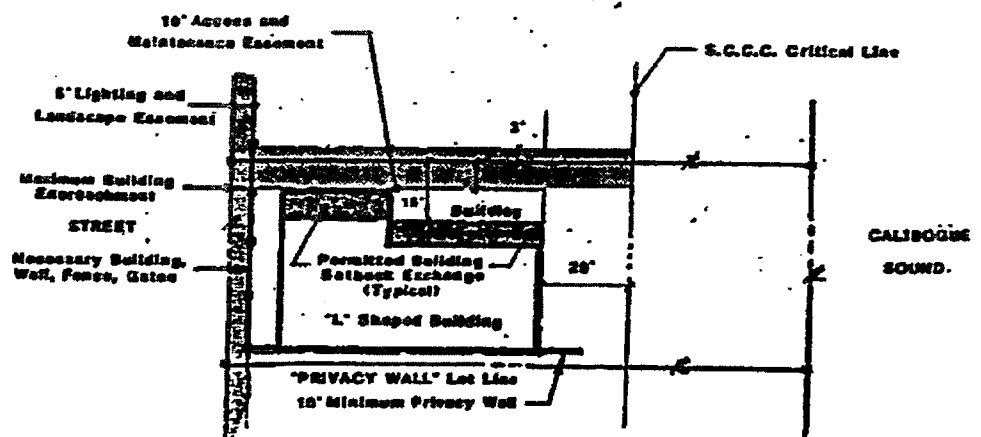
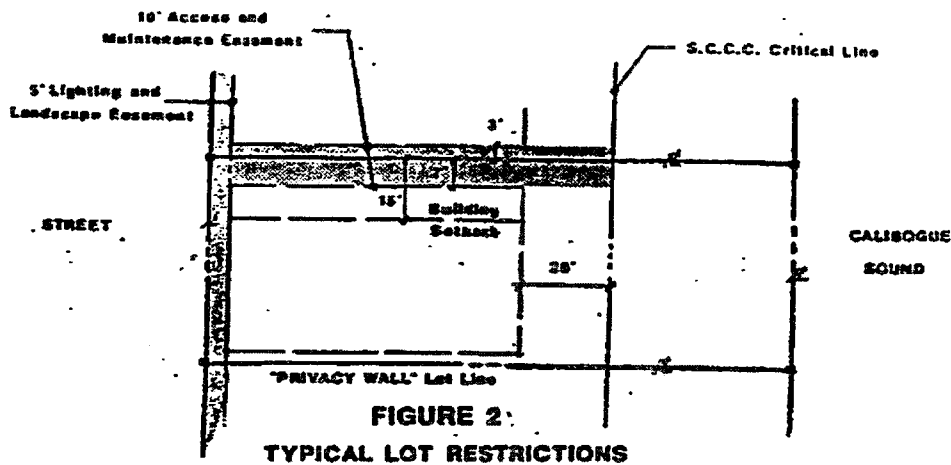
Pringle house, Charleston, South Carolina 1774

FIGURE 1

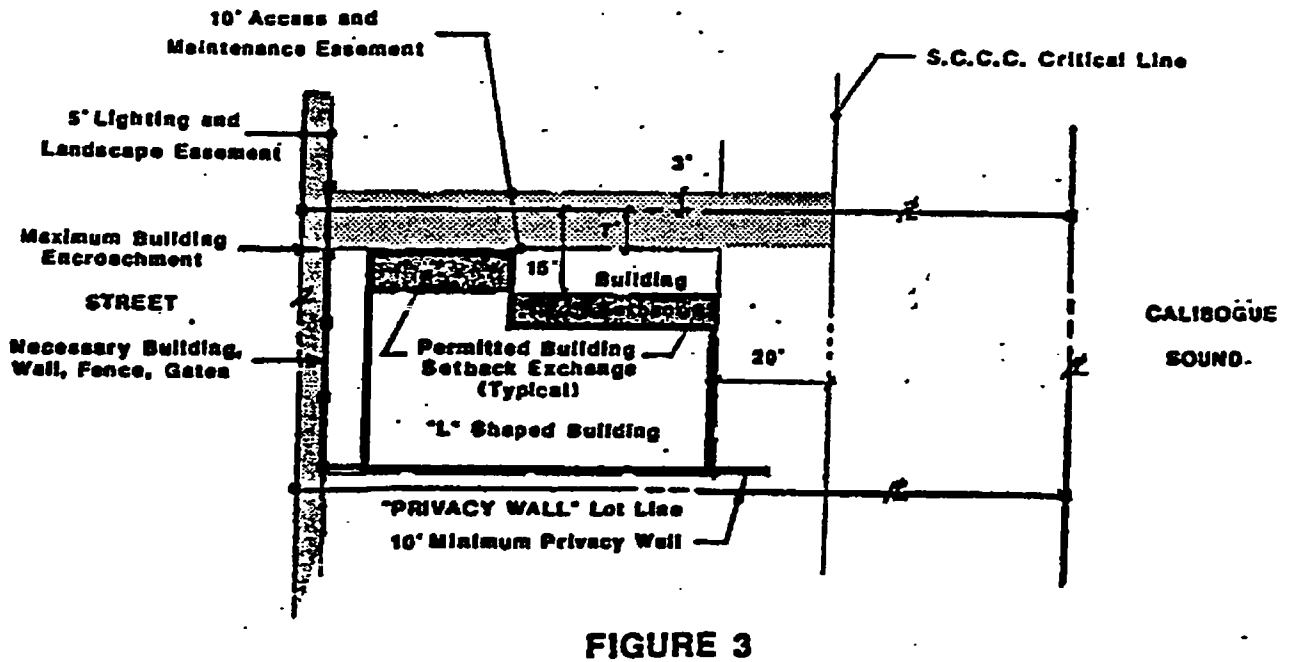
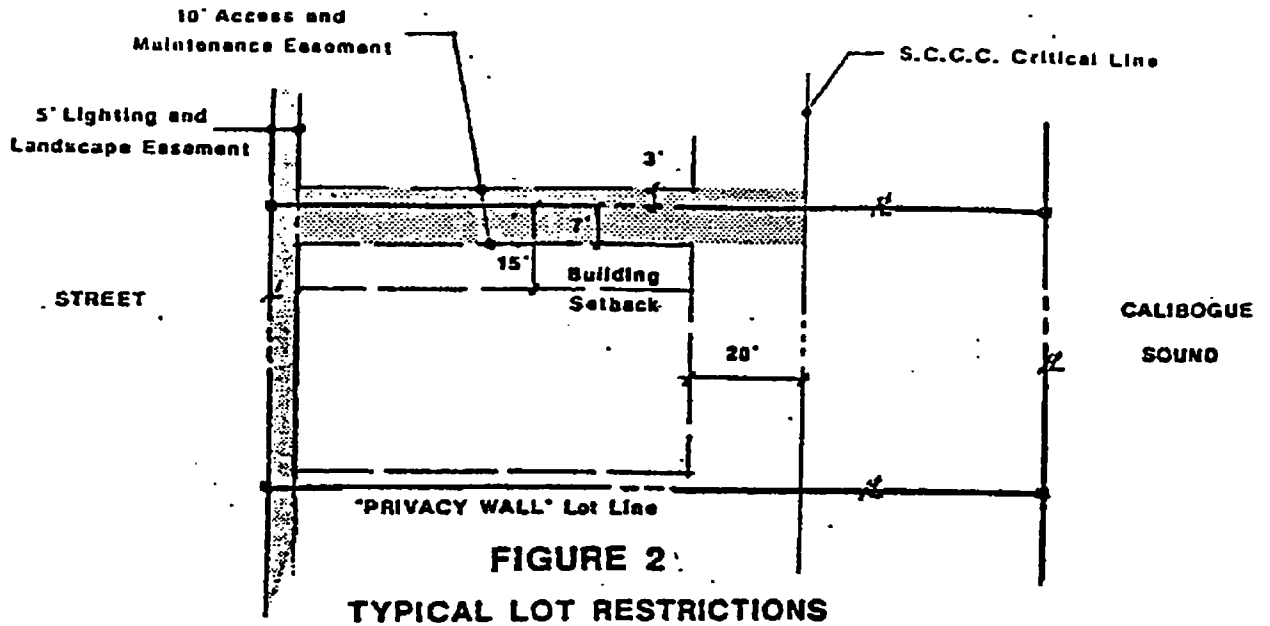
- d. Each house in the Reef Club will be a "Charleston House".
 - e. All proposed house plans must be submitted to and approved by the Architectural Review Board in accordance with Article 3 of the "Land Use Covenants and Restrictions for Windmill Harbour Property".
- (ii) Size and Height Restrictions
- a. The enclosed building footprint area of each floor of a Reef Club home may not exceed 2,500 square feet.
 - b. The minimum total area can be no less than 2,500 square feet.

- c. First floor elevations must be a minimum of 36" above grade and greater than or equal to the elevation designated by the current National Flood Insurance Rate Maps.
- d. To help maintain the character of the Reef Club, building height will result from houses having at least two full floors of enclosed living space plus the roof. The maximum height from grade to the highest point of the roof (excluding chimneys and cupolas) is forty-five (45) feet.
- e. A roofdeck or belvedere is acceptable provided it does not offer a view into immediately adjacent lots and is in keeping with the architectural character of the Reef Club.

(iii) Placement of Homes and Enclosures (See Figures 2 & 3)



- a. A "Privacy Wall" must be built three (3) feet inside the lot and parallel to the "Privacy Wall" lot line; Fireplace projections may encroach into this three feet.
 - b. From the property line opposite the "Privacy Wall" lot line, a seven (7) foot maintenance and access easement and fifteen (15) foot building setback is to be maintained. Portions of the house may encroach into the setback depending on the design of the dwelling. In no case shall this encroachment exceed eight (8) feet or violate the privacy of the adjoining lot.
 - c. The streetside setback for building construction shall be a minimum of five (5) feet from the property line.
 - 1. This five (5) foot area will be an easement for street lamps and is to be heavily landscaped by each lot owner.
 - 2. The entire street frontage of a lot, at this setback line, is to be defined by building facade, wall, fence, gates or any combination of the four.
 - 3. The streetside wall/fence is not to exceed four (4) feet in height except as columns, posts and gates which are permitted to be proportionately taller.
 - 4. When a Reef Club Home is set back further than the five (5) feet, the streetside wall/fence must provide for an eventual continuous street yard enclosure by returning to the house along the "Privacy Wall" lot line.
 - 5. The Architectural Review Board will permit no more than two houses to be located consecutively at the same setback. The Architectural Review Board must then require a minimum offset of five (5) feet.
 - d. The soundside setback for building construction must not be less than required by the South Carolina Coastal Council from the Critical Line.
 - e. Courtyards, steps and walks on grade may encroach into street and side setbacks.
 - f. A Charleston house is to be designed to its site. When reviewing a Charleston house, the Architectural Review Board will consider existing and future adjacent homes.
- (iv) Location of "Privacy Wall" (See Figures 2 & 3)



- a. The "Privacy Wall" is to be constructed simultaneously with the home. A "Privacy Wall" is to be located so the exterior face of the wall is three (3) feet inside of and parallel to the "Privacy Wall" Lot Line on the recorded subdivision plat.
- b. There is a three (3) foot easement between the exterior face of the "Privacy Wall" and the property line for the use and enjoyment of the adjacent lot owner. This three (3) foot easement area and the exterior face of the wall may be used by an adjacent lot owner to plant shrubbery and other landscaping, providing this activity does not interfere with the structural integrity of the wall and/or dwelling unit.
- c. An adjacent lot owner may extend a wall or fence into the three (3) foot easement area to tie into the "Privacy Wall".
- d. A seven foot easement is reserved along the property line opposite the "Privacy Wall" lot line, for the construction, maintenance and repair of the "Privacy Wall" and/or dwelling unit. The use of this easement area by an adjoining lot owner is not to exceed a reasonable period of time during construction, and not to exceed a period of thirty (30) days each year for essential maintenance. Any shrubbery or planting in the seven foot easement area that is removed or damaged during the construction, maintenance or repair of property, shall be repaired or replaced at the expense of the lot owner causing such damages.
- e. Viewing into the indoor/outdoor living area of the adjoining lot, from the "Privacy Wall" side of a house, is not permitted.

(v) Character of the Privacy Wall

- a. The "Privacy Wall" must form an integral part of the end wall of the house.
- b. The "Privacy Wall" must not be merely a "fence" but a wall. A long wall that ends abruptly without a pillar or end statement, will not be permitted.

(vi) Extent of the Privacy Wall

- a. To provide visual and acoustical privacy between homes, the height of the "Privacy Wall" must be a minimum of six (6) feet and a maximum of eight (8) feet above the finished outside elevation, and constructed predominantly of the same material as that portion of the "Privacy Wall" that is the exterior wall of the house. The "Privacy Wall" must extend at least ten (10) feet from the rear facade of the house. No "Private Wall" is permitted on the streetside of a house.
- b. Outdoor living areas adjacent to the "Privacy Wall" lot line must be bordered by a "Privacy Wall". Openings in this wall will be permitted only when the Architectural Review Board receives written agreement between the affected adjacent lot owners.

- c. Once a wall turns, it is permissible to introduce another height, material and type of screen, provided it is submitted in detail and approved by the Architectural Review Board. Turns may not be used to circumvent the "Privacy Wall" standards.
- d. Intermediate Privacy Wall. If a neighboring lot is vacant and privacy is desired, an aesthetic fence erected along the property line will be permitted subject to approval of the Architectural Review Board. This fence shall be removed when the adjacent lot is improved.

(vii) Use of Yards in Reef Club Lots

- a. Streetside Yard: May be used for a terrace, entrance courtyard and motor court, and may include an enclosed utility court.
 - 1. HVAC and any other utility items are preferred to be placed underneath the house. The Architectural Review Board will only approve a "utility court" as a last resort.
 - 2. No more than two open parking spaces are permitted within the lot area. A privacy screen erected within the front yard is acceptable when it screens parked vehicles from the street. Maximum height of this screen is six (6) feet.
 - 3. A few front entry garages may be permitted for "L" shaped houses where the foot of the "L" faces the street. (See Figure 4 below)

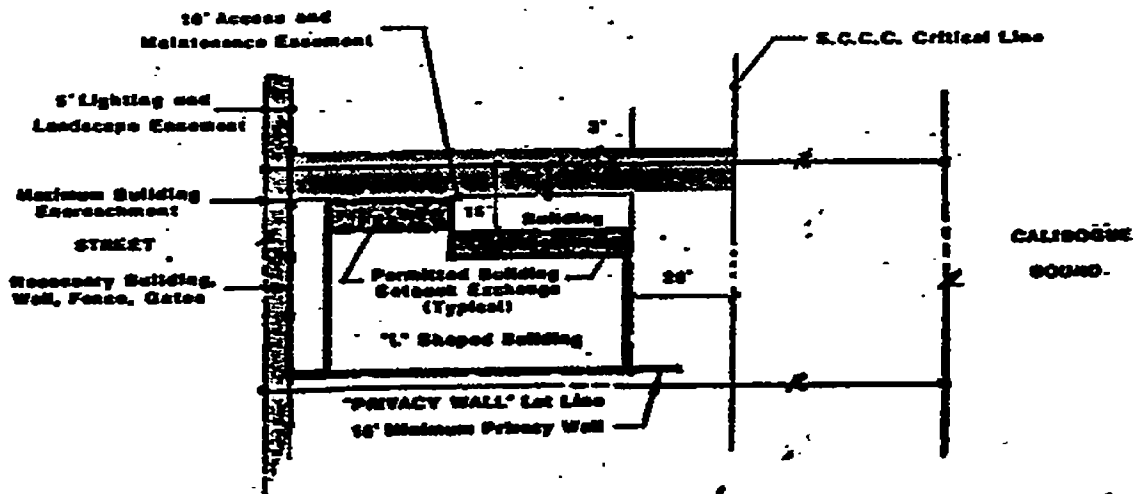


FIGURE 4

- 4. Garages must be underneath houses except on Lots 9 and 10 which are permitted "out building" type garages.

- b. Side Yards: In keeping with the concept of a Charleston home, the large side yard is to be designed as an outdoor extension of the house itself, and may be used as a terrace or courtyard including a motor court and an enclosed utility court.
- c. Rear yard: A wall enclosing the yard may extend to and along the rear property line, irrespective of the setback requirement, allowing maximum use of the property, provided it does not violate applicable state and local requirements. Uses permitted include a courtyard or terrace which may include an enclosed utility court.

(viii) Maintenance of Privacy

- a. To facilitate privacy for a neighboring home, dwelling units must be constructed so that the "Privacy Wall" side of the unit provides no view openings looking into or over-viewing the adjacent lot, and provides no access way or entry way into said adjacent lot, except as may be specifically agreed to in writing by adjoining lot owners.
- b. The multistory Charleston home must provide an extended privacy wall three (3) feet beyond the rear facade of all indoor/outdoor living areas on all levels, e.g., porches, verandas, balconies and windows. (See Figure 5)

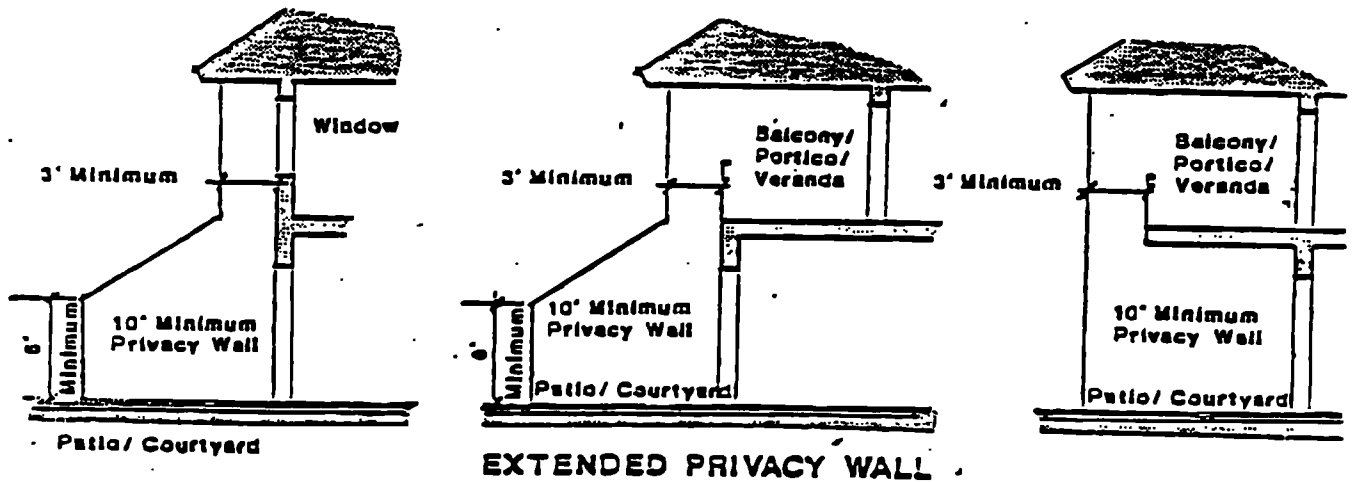


FIGURE 5

(ix) Additional Restrictions

- a. The cost of construction, maintenance and repair of the "Privacy Wall" is the sole responsibility of the lot owner on whose lot the wall is located.

- b. The Charleston home will be constructed with gutters.
- c. Every effort must be made to preserve natural vegetation and to fully utilize existing site amenities.

(x) End Lots

- a. End Lot #10 is permitted to modify the "Privacy Wall" side of the house to provide select view, light and access openings.
- b. Because it is at the "front door" to the Harbour, end Lot #1 must provide special design, construction and maintenance quality for its facade and side yard facing the harbour lock.

(xi) Review and Interpretation

- a. Review and actual interpretation of this design statement is at the discretion of the Architectural Review Board which must approve all design considerations for the Reef Club.
- b. Rule of Averages: For every decrease in a specified dimensional standard there shall be a corresponding opposite and equal increase.

For example, if a setback encroachment of six (6) feet is permitted for a length of twenty (20) feet, then a six (6) foot by twenty (20) foot increase in that setback must also be provided. This procedure encourages design variety and the preservation of natural site features. The Architectural Review Board is to encourage the application of the Rule of Averages.

(xii) Colors

- a. Exterior colors are limited to Charleston pastels and limited to tasteful and complementary darker trim colors.

(xiii) Roofs

- a. Metal roofs are preferred and will be strongly encouraged.

17-1.40(d) "Townhouse Dwelling Unit" shall mean any dwelling unit used for single and private household and residential purposes with at least one (1) common party wall shared with an adjacent townhouse. Building setback lines may vary depending upon the location of the lot, zero lot lines, lagoons, wetlands and marsh as specified in the Architectural Guidelines. Front setbacks shall be a minimum of twenty (20) feet with a masonry garden wall erected on common property lines.

Because of the characteristics of townhouse architecture, no side-yard building set back lines are established for Townhouse Dwelling Units. Townhouse Dwelling Units to be constructed on contiguous lots may, with the permission of the Architectural Review Board, have common party walls and the Architectural Review Board may require that a Townhouse Dwelling Unit share a common party wall with a specified contiguous lot or lots.

Townhouse Dwelling Units shall have a minimum of one thousand six hundred (1600) square feet of enclosed dwelling area. The term "enclosed dwelling area" as used herein means the total enclosed heated area

within a Dwelling Unit, but excluding garages, boat storage facilities, terraces, decks, open or shed-type porches and similar areas even though attached to the Dwelling Unit. A screened porch may be deemed a part of the enclosed dwelling area if, in the opinion of the Architectural Review Board, the roof of such porch forms an integral part of the roof line of the main Dwelling Unit or it is on the first living floor of a two-story structure.

For further requirements and details see Section "VII" of the Architectural Guidelines.

17-1.41: "Sports Center Agreement" shall mean and refer to that certain Agreement by and among Declarant, the Club and the Association dated the 26th day of January, 1994, recorded February 4, 1994, in the R.M.C. Office in Book 682 at Page 1437, the terms and provisions of which are incorporated herein.

17-1.42: "Structure" shall mean and refer to any construction, object, projection or piece of work artificially built up or composed of parts joined together in some definite manner, which is erected or shaped on the property including but not limited to buildings, docks, fences, bulkheads, tennis courts, pavilions, tents, gazebos, garage facilities, garbage receptacles, signs, abutments, ornamental projections, exterior fixtures, berms shaped earth, masonry Structures, together with any other lights or any device which might obstruct or interfere with the quality of a view from the windows of any improvements which have been made to the property.

17-1.43: "Transition Agreement" shall mean and refer to that certain Transition Agreement dated the 18th day of May, 1993, by and between Jenkins Island Realty Corp. d/b/a Windmill Harbour Company and Windmill Harbour Association which was executed on or about May 18, 1993, copies of which are on file in the offices of the Association and the Declarant.

17-1.44: "Undeveloped Land" shall be land owned by the Declarant which is not improved, and which has not been designated as Open Space or Common Properties, whether subdivided or unsubdivided.

17-1.45: "Windmill Harbour Marina Horizontal Property Regime" shall mean and refer to the Horizontal Property Regime established by Declarant in the Master Deed for Windmill Harbour Marina Horizontal Property Regime for the condominium ownership of the Boating Units and the Common Elements associated therewith as described in the said Master Deed for Windmill Harbour Marina Horizontal Property Regime.

ARTICLE XVIII **EXCULPATORY PROVISION APPLICABLE TO DECLARANT**

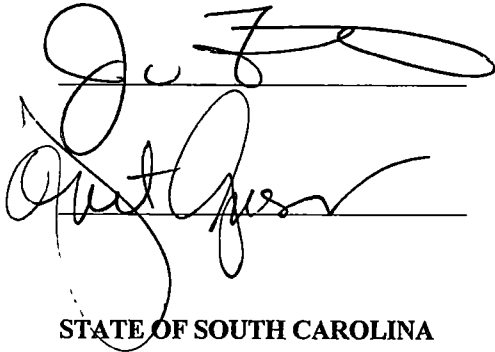
Notwithstanding any of the provisions contained in these Covenants or any items altered from the provisions of the Original Declaration by these Covenants, nothing herein shall work to the detriment of the Declarant under the Original Declaration, namely, Jenkins Island Realty Corp. d/b/a Windmill Harbour Company, and any change between the Original Declaration and these Covenants which impacts the Declarant, Jenkins Island Realty Corp. d/b/a Windmill Harbour Company, in its capacity as Declarant, or any property in Windmill Harbour owned by Jenkins Island Realty Corp. d/b/a Windmill Harbour Company shall be construed or interpreted according to the Original Declaration except to the extent made applicable or operative by virtue of the Transition Agreement between the Association and the Declarant dated May 25, 1993, and any other documentation entered into by said parties pursuant to or in connection with said Transition Agreement. This Article XVIII, in and of itself, shall neither expand nor diminish the rights of the Declarant or the Association under the Original Declaration, nor shall it, in and of itself, create rights as between the Declarant and the Association.

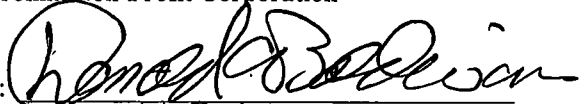
Declarant, in its sole discretion, may submit to the Association for its acceptance and recording a written adoption agreement accepting and making these Covenants fully applicable to Declarant in the same manner as all other Property Owners.

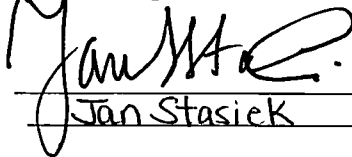
IN WITNESS WHEREOF, the undersigned has caused this AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RUNNING WITH CERTAIN LANDS IN WINDMILL HARBOUR IN BEAUFORT COUNTY, SOUTH CAROLINA, AND PROVISIONS FOR MEMBERSHIP IN THE WINDMILL HARBOUR ASSOCIATION to be executed and sealed by its duly authorized officers the day and year first above written.

Signed, sealed and delivered in the presence of:

WINDMILL HARBOUR ASSOCIATION, a South Carolina Non-Profit Corporation



By: 
Donald Baldwin, President

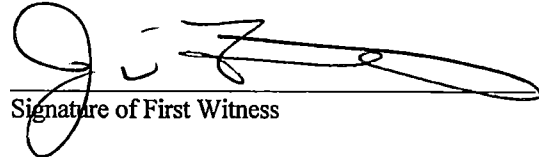
Attest: 
Jan Stasiek, Secretary

STATE OF SOUTH CAROLINA)

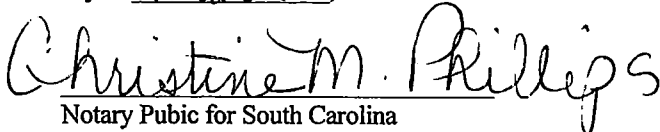
COUNTY OF BEAUFORT)

PROBATE)

PERSONALLY appeared before me, the undersigned witness, and made oath that s/he saw the within named WINDMILL HARBOUR ASSOCIATION, by its authorized officers, sign, seal and deliver the within written Instrument, and that s/he, with the other witness whose signature appears above, witnessed the execution thereof.


Signature of First Witness

SWORN TO before me this 13 day of March, 2018.


Christine M. Phillips
Notary Public for South Carolina
My Commission Expires: _____

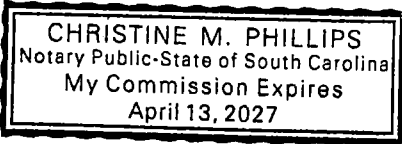


EXHIBIT "A"

PROPERTY DESCRIPTION

ALL that certain piece, parcel or tract of land, shown as containing 173.42 Acres, more or less, on a plat entitled "A Composite Plat of Windmill Harbour" prepared by Gifford, Neilson & Williams, dated April 26, 1983, as last revised May 31, 1983 and recorded for Mortgage purposes only, in the Office of the Clerk of the Court for Beaufort County, South Carolina, in Plat Book 31 at Page 163, said property being more and particularly described as follows:

BEGINNING at a point located on the southerly right-of-way of U.S. Highway 278 for said point being designated POINT OF BEGINNING I on the above plat of record and having a coordinate position of N139,929.316 and E 2,073,200.540; thence proceeding S 04°17'00" W for a distance of 53.94 feet

to a point; thence S 17°46'32" E for a distance of 41.82 feet
to a point; thence S 25°18'47" E for a distance of 45.69 feet
to a point; thence S 07°35'18" E for a distance of 46.51 feet
to a point; thence S 13°58'03" W for a distance of 42.54 feet
to a point; thence S 32°17'57" W for a distance of 43.60 feet
to a point; thence S 46°55'28" W for a distance of 49.99 feet
to a point; thence S 44°18'32" W for a distance of 48.71 feet
to a point; thence S 36°59'07" W for a distance of 55.08 feet
to a point; thence S 38°18'28" W for a distance of 48.19 feet
to a point; thence S 50°23'23" W for a distance of 49.66 feet
to a point; thence S 48°22'05" W for a distance of 50.03 feet
to a point; thence S 57°14'26" W for a distance of 49.70 feet
to a point; thence S 60°16'24" W for a distance of 48.78 feet
to a point; thence S 52°36'42" W for a distance of 46.53 feet
to a point; thence S 46°23'10" W for a distance of 47.74 feet
to a point; thence S 36°53'10" W for a distance of 50.35 feet
to a point; thence S 52°52'11" W for a distance of 36.43 feet
to a point; thence S 77°34'31" W for a distance of 59.16 feet
to a point; thence S 77°42'21" W for a distance of 49.11 feet
to a point; thence S 75°13'33" W for a distance of 53.46 feet
to a point; thence S 67°53'28" W for a distance of 51.08 feet
to a point; thence S 77°22'09" W for a distance of 49.43 feet
to a point; thence S 78°03'08" W for a distance of 51.03 feet
to a point; thence S 75°26'30" W for a distance of 54.97 feet
to a point; thence S 75°29'21" W for a distance of 59.87 feet
to a point; thence N 89°29'34" W for a distance of 49.26 feet
to a point; thence N 84°15'06" W for a distance of 48.95 feet
to a point; thence N 68°54'04" W for a distance of 44.22 feet

to a point; thence N 71°33'50" W for a distance of 47.20 feet to a point; thence N 82°57'02" W for a distance of 47.81 feet to a point; thence N 84°29'01" W for a distance of 45.55 feet to a point; thence S 67°17'37" W for a distance of 46.84 feet to a point; thence S 07°08'42" W for a distance of 50.59 feet to a point; thence S 21°50'44" W for a distance of 48.88 feet to a point; thence S 46°22'07" W for a distance of 49.90 feet to a point; thence S 56°19'07" W for a distance of 50.51 feet to a point; thence S 60°22'09" W for a distance of 50.35 feet to a point; thence S 50°16'39" W for a distance of 49.02 feet to a point; thence S 54°31'40" W for a distance of 51.28 feet to a point; thence S 48°13'17" W for a distance of 55.65 feet to a point; thence S 55°28'04" W for a distance of 57.69 feet to a point; thence S 51°17'59" W for a distance of 59.91 feet to a point; thence S 55°26'31" W for a distance of 54.70 feet to a point; thence S 44°41'13" W for a distance of 55.52 feet to a point; thence S 47°22'55" W for a distance of 53.65 feet to a point; thence S 79°04'17" W for a distance of 57.87 feet to a point; thence N 76°21'57" W for a distance of 48.26 feet to a point; thence N 60°36'54" W for a distance of 53.11 feet to a point; thence N 42°46'16" W for a distance of 52.47 feet to a point; thence N 51°00'54" W for a distance of 49.67 feet to a point; thence N 55°43'31" W for a distance of 49.55 feet to a point; thence N 41°04'44" W for a distance of 52.54 feet to a point; thence N 20°02'05" W for a distance of 51.09 feet to a point; thence N 15°55'12" W for a distance of 59.56 feet to a point; thence N 22°45'39" W for a distance of 51.02 feet to a point; thence N 42°06'27" W for a distance of 49.75 feet to a point; thence N 45°40'08" W for a distance of 53.17 feet to a point; thence N 53°01'44" W for a distance of 51.41 feet to a point; thence N 57°19'12" W for a distance of 51.77 feet to a point; thence N 60°48'41" W for a distance of 50.88 feet to a point; thence N 45°01'03" W for a distance of 49.23 feet to a point; thence N 49°52'18" W for a distance of 98.18 feet to a point; thence N 70°18'32" W for a distance of 50.32 feet to a point; thence N 75°10'57" W for a distance of 52.77 feet to a point; thence N 72°08'28" W for a distance of 48.85 feet to a point; thence S 88°52'14" W for a distance of 50.14 feet to a point; thence N 82°22'26" W for a distance of 52.12 feet to a point; thence N 84°53'54" W for a distance of 51.72 feet to a point; thence S 87°13'36" W for a distance of 52.86 feet to a point; thence N 85°57'53" W for a distance of 47.62 feet to a point; thence S 80°58'56" W for a distance of 92.92 feet to a point; thence S 67°47'17" W for a distance of 52.15 feet

to a point; thence S 73°19'10" W for a distance of 47.97 feet to a point; thence S 38°47'23" W for a distance of 56.75 feet to a point; thence S 34°50'56" W for a distance of 47.82 feet to a point; thence S 36°07'51" W for a distance of 46.97 feet to a point; thence S 57°54'07" W for a distance of 46.16 feet to a point; thence S 70°47'40" W for a distance of 58.27 feet to a point; thence S 57°19'04" W for a distance of 47.99 feet to a point; thence S 41°51'45" W for a distance of 50.56 feet to a point; thence S 48°29'21" W for a distance of 50.14 feet to a point; thence S 41°02'45" W for a distance of 47.05 feet to a point; thence S 74°06'26" W for a distance of 48.74 feet to a point; thence S 62°49'21" W for a distance of 54.41 feet to a point; thence S 17°07'09" W for a distance of 28.59 feet to a point; thence S 46°41'47" W for a distance of 58.18 feet to a point; thence S 34°35'35" W for a distance of 67.74 feet to a point; thence S 17°34'07" W for a distance of 49.80 feet to a point; thence S 41°41'43" W for a distance of 64.45 feet to a point; thence S 31°20'31" W for a distance of 61.63 feet to a point; thence S 42°23'53" W for a distance of 71.69 feet to a point; thence S 31°48'57" W for a distance of 66.90 feet to a point; thence S 30°39'48" W for a distance of 80.81 feet to a point; thence S 35°44'15" W for a distance of 64.14 feet to a point; thence S 63°07'47" W for a distance of 29.96 feet to a point; thence S 72°25'27" W for a distance of 38.92 feet to a point; thence N 85°25'14" W for a distance of 31.52 feet to a point; thence S 23°06'10" W for a distance of 27.91 feet to a point; thence S 08°53'49" W for a distance of 20.84 feet to a point; thence S 43°09'31" E for a distance of 57.01 feet to a point; thence S 12°51'33" W for a distance of 75.89 feet to a point; thence S 29°04'23" W for a distance of 64.82 feet to a point; thence S 21°11'00" W for a distance of 80.77 feet to a point; thence S 53°51'36" W for a distance of 48.10 feet to a point; thence S 70°00'25" W for a distance of 61.39 feet to a point; thence S 49°42'07" W for a distance of 39.65 feet to a point; thence S 26°48'23" W for a distance of 31.69 feet to a point; thence S 14°46'29" E for a distance of 54.39 feet to a point; thence S 24°46'02" E for a distance of 59.99 feet to a point; thence S 09°06'35" E for a distance of 47.29 feet to a point; thence S 25°48'07" W for a distance of 59.99 feet to a point; thence S 50°03'52" W for a distance of 67.25 feet to a point; thence S 75°18'32" W for a distance of 78.48 feet to a point; thence N 73°31'12" W for a distance of 46.88 feet to a point; thence S 16°08'31" W for a distance of 6.00 feet to a point; thence N 38°52'26" W for a distance of 78.48 feet

to a point; thence N 36°17'25" W for a distance of 52.09 feet to a point; thence N 31°56'31" W for a distance of 42.42 feet to a point; thence N 19°23'25" W for a distance of 66.77 feet to a point; thence N 59°40'37" E for a distance of 4.50 feet to a point; thence N 00°46'35" W for a distance of 79.19 feet to a point; thence N 19°48'10" E for a distance of 37.03 feet to a point; thence N 51°00'35" E for a distance of 11.55 feet to a point; thence N 25°20'34" W for a distance of 29.00 feet to a point; thence N 21°33'31" W for a distance of 26.21 feet to a point; thence N 17°53'39" W for a distance of 88.45 feet to a point; thence N 29°07'56" W for a distance of 114.97 feet to a point; thence N 36°45'49" W for a distance of 132.26 feet to a point; thence N 39°16'21" W for a distance of 121.29 feet to a point; thence N 45°02'18" W for a distance of 129.56 feet to a point; thence N 50°44'59" W for a distance of 120.33 feet to a point; thence N 62°37'47" W for a distance of 93.49 feet to a point; thence N 74°27'32" W for a distance of 119.40 feet to a point; thence N 81°52'19" W for a distance of 118.57 feet to a point; thence N 88°30'47" W for a distance of 95.45 feet to a point; thence S 78°29'11" W for a distance of 80.23 feet to a point; thence S 67°06'18" W for a distance of 79.94 feet to a point; thence S 54°40'22" W for a distance of 106.08 feet to a point; thence S 39°31'07" W for a distance of 14.06 feet to a point; thence S 40°40'46" W for a distance of 34.16 feet to a point; thence S 24°58'38" W for a distance of 29.80 feet to a point; thence S 04°59'57" W for a distance of 26.85 feet to a point; thence S 15°30'08" W for a distance of 23.67 feet to a point; thence S 28°26'54" E for a distance of 27.23 feet to a point; thence S 01°32'09" E for a distance of 45.61 feet to a point; thence S 00°46'06" E for a distance of 21.44 feet to a point; thence S 39°16'28" W for a distance of 25.78 feet to a point; thence S 54°42'16" W for a distance of 27.60 feet to a point; thence S 89°38'17" W for a distance of 24.86 feet to a point; thence N 82°34'27" W for a distance of 32.11 feet to a point; thence N 77°38'09" W for a distance of 48.00 feet to a point; thence N 76°16'01" W for a distance of 43.48 feet to a point; thence N 86°10'14" W for a distance of 63.20 feet to a point; thence N 73°09'20" W for a distance of 30.31 feet to a point; thence N 43°15'57" W for a distance of 31.32 feet to a point; thence N 27°07'14" W for a distance of 33.06 feet to a point; thence N 30°05'03" W for a distance of 65.62 feet to a point; thence N 37°13'39" W for a distance of 56.36 feet to a point; thence N 35°15'46" W for a distance of 43.50 feet to a point; thence N 38°56'09" W for a distance of 136.20 feet

to a point; thence N 29°08'07" W for a distance of 115.02 feet to a point; thence N 32°43'32" W for a distance of 93.78 feet to a point; thence N 33°09'34" W for a distance of 105.44 feet to a point; thence N 34°27'28" W for a distance of 96.25 feet to a point; thence N 34°05'53" W for a distance of 82.04 feet to a point; thence N 34°53'25" W for a distance of 35.70 feet to a point; thence N 32°47'10" W for a distance of 138.30 feet to a point; thence N 33°50'24" W for a distance of 116.97 feet to a point; thence N 38°44'58" W for a distance of 93.25 feet to a point; thence N 14°54'04" W for a distance of 97.68 feet to a point; thence N 21°14'01" W for a distance of 110.94 feet to a point; thence N 19°14'17" E for a distance of 102.33 feet to a point; thence N 36°19'05" E for a distance of 100.55 feet to a point; thence N 13°05'18" E for a distance of 112.37 feet to a point; thence N 21°21'42" E for a distance of 99.82 feet to a point; thence N 29°34'38" E for a distance of 113.31 feet to a point; thence N 35°17'25" E for a distance of 97.79 feet to a point; thence N 61°19'10" E for a distance of 108.06 feet to a point; thence N 74°35'48" E for a distance of 154.91 feet to a point; thence N 80°51'55" E for a distance of 173.38 feet to a point; thence N 74°31'47" E for a distance of 142.30 feet to a point; thence N 78°35'34" E for a distance of 134.56 feet to a point; thence S 89°58'26" E for a distance of 89.44 feet to a point; thence N 63°05'00" E for a distance of 124.31 feet to a point; thence N 72°18'50" E for a distance of 87.09 feet to a point; thence N 74°16'41" E for a distance of 218.64 feet to a point; thence N 73°54'14" E for a distance of 210.68 feet to a point; thence S 37°40'18" E for a distance of 107.99 feet to a point; thence traversing along the curve of the southern right-of-way of U.S. Highway 278 having a delta angle of 50°48'00" for an arc distance of 1314.33 feet to a point; thence S 88°26'18" E for a distance of 1800.30 feet to a point; thence S 01°31'42" W for a distance of 300.00 feet to a point; thence S 88°28'18" E for a distance of 435.60 feet to a point; thence N 01°31'42" E for a distance of 300.00 feet to a point; thence S 88°28'18" E for a distance of 1249.70 feet to a point; said point being the aforesaid POINT OF BEGINNING.

For a more detailed description as to the courses and distances, metes and bounds of the above described property, reference is had to said plat of record, which shall be controlling in case of conflict between the above description and the plat of record.

ALL that certain piece, parcel or tract of land, containing 3.00 Acres, located on Jenkins Island, Beaufort County, South Carolina, and designated as "A-10-ONE, 3.000Ac." on that certain plat entitled "A PLAT OF 0.568 ACRES AND 3.000 ACRES, A SECTION OF JENKINS ISLAND," dated July 16, 1980, and prepared by Jerry L. Richardson. S.C. Reg. L.S.

No. 4784, of Coastal Surveying Co., Inc., Hilton Head Island. South Carolina, as recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 34 at Page 4. The within described property being more particularly described as follows:

FROM THE POINT OF BEGINNING located at a concrete monument positioned at South Carolina Coordinate System, South Zone, Coordinate N139.605.804 E2,017,993.548; thence proceeding S 88°23'50" W 435.60 feet to a concrete monument; thence N 01°36'10" W 300.00 feet to a concrete monument located on the southerly 150 foot right-of-way of U.S. Highway 278; thence N 88°23'50" E along the southerly right-of-way of U.S. Highway 278 435.60 feet to a concrete monument; thence S 01°36'10" E 300.00 feet to a concrete monument which marks THE POINT OF BEGINNING.

For a more-detailed description as to the courses and distances, metes and bounds of the above-mentioned property, reference is had to said plat of record, which shall be controlling in case of conflict between the above description and the plat of record.

EXHIBIT "B"
ARCHETECTURAL GUIDELINES

**MASTER GUIDELINES FOR
WINDMILL HARBOUR
A CHARLESTON-STYLE COMMUNITY
TABLE OF CONTENTS**

I.	INTRODUCTION	1
II.	COMPOSITION AND FUNCTION OF THE ARB	2
III.	PROCESS	3
	A. Pre Design Conference	
	B. Development of Site Plan	
	C. Preliminary Plan Review	
	D. Final Plan Review	
	E. Notice After Final Plan Review	
	F. Building Permits - Construction Regulations	
	G. Improvement Review, Change Orders, Remodeling	
	H. Inspections by WHARB	
IV.	DESIGN GUIDELINES	8
	A. General Design Concept	
	B. Architectural Design Standards	
	C. Site Planning Standards	
	D. Landscape Requirements	
	E. Miscellaneous Design Standards	
	F. Variances	
V.	SPECIAL GUIDELINES AFFECTING FULL-SIZED LOTS	13
	A. Building Setbacks	
	B. Building Size	
	C. Building Height	
	D. Landscaping	
VI.	SPECIAL GUIDELINES AFFECTING PATIO HOMESITES	14
	A. Setbacks	
	B. Size Restrictions	
	C. Location of Patio Wall	
	D. Character of the Patio Wall	
	E. Height of the Patio Wall	
	F. Use of the Exterior Space	

VII.	SPECIAL GUIDELINES AFFECTING TOWNHOUSE LOTS A. Townhouse Definition B. WHARB Review Objectives C. Building Setbacks D. Building Massing E. Privacy F. Roof Lines G. Wall Projections	17
VIII.	SPECIAL GUIDELINES FOR THE REEF CLUB A. General B. Size and Height Restrictions C. Placement of Homes and Enclosures D. Location of Privacy Wall E. Character of the Privacy Wall F. Extent of the Privacy Wall G. Use of Yards in Reef Club H. Maintenance of Privacy I. Additional Restrictions J. End Lots K. Colors L. Roofs M. Review and Interpretation	18
VIII.	GUIDELINES AFFECTING SPECIAL DISTRICTS A. Sparwheel Lane B. Harbour Cove Area	22
X.	CONSTRUCTION GUIDELINES A. Before Construction B. During Construction APPENDIX A. Schedule of Rules, Fines, and Penalties B. Application Form for Residential Construction C. Change Order Request Form D. Contractor List E. Contractor's Sign Requirements F. House Number Requirements G. Curb Cut Detail H. Erosion Control I. Color/Materials Inventory Form	23

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Re-formatted 03/27/07



WINDMILL HARBOUR ARCHITECTURAL REVIEW BOARD

(WHARB) GUIDELINES (Updated 6/21/02)

I. INTRODUCTION

Windmill Harbour enjoys a most fortunate location along South Carolina's barrier island coast, one of uncommon natural beauty, temperate climate, pristine waters, panoramic views and majestic vegetation. This locale has a fragile coastal ecology, and a primary purpose of these guidelines is to assist property owners in planning their residences in such a way as to capitalize on these unique assets without undue intrusion on the immediate environment, on their neighbors, or on the community at large.

An equally important reason for these guidelines is to insure compliance with Windmill Harbour's architectural theme established several years after the community's inception. This is a theme that requires a strictly "Charlestonian" architecture within the harbour village area, including Reef Club, and a less urban but related regional style that evolved in the areas adjacent to the city of Charleston for the larger lots along Millwright Drive and Harbour Cove. As a consequence, earlier residences should not be viewed as precedents for the type and style of architecture now adopted through these Guidelines. Accordingly, the Windmill Harbour Property Owner's Association Board of Directors (WHPOAB) or its Architectural Review Board (WHARB) decisions are not, and will not be, bound or restricted by any precedent relating to existing residential construction on any other lot within Windmill Harbour.

The intent of these Guidelines are rules and references to assist in recreating an authentic Charlestonian theme in Windmill Harbour, one created by thoughtful reference to the underlying principles characteristic of Charleston's architecture rather than mere repetition of its more popular features and facades. The intended result, as the community matures, is a congenial mix of diversity with an appropriate degree of visual continuity, a deliberate balance fashioned to benefit all residents and substantiate property values.

The Association has established through its recorded "Covenants and Deed Restrictions" an "architectural review board" (WHARB) to review and approve all proposed improvements within Windmill Harbour. The next section of these Guidelines outlines the procedural stages of a project, under the administrative review of this board.

Effective January 1, 2010, Windmill Harbour's management agent is IMC Resort Services, Inc. Please direct any questions, comments, etc. to:

Windmill Harbour POA
% IMC Resort Services, Inc.
2 Corpus Christie Pl. Ste. 302
Hilton Head Island, SC 29928

Phone: 843-785-4775

Fax: 843-785-3901

E-Mail: Jaime@IMCResortServices.com

Windmill Harbour's prior management agent, Property Administrators Inc. (PAI), is referenced in these guidelines. Please disregard this and refer to IMC Resort Services.

II. COMPOSITION AND FUNCTION OF THE ARCHITECTURAL REVIEW BOARD

The Board of Directors of the Association has appointed a five- (5) or seven- (7) member WHARB whom are property owners that are appointed to serve three-year staggered terms. The Board will function as an agent of the Association for the purpose of maintaining and enforcing architectural design, site planning, landscape design and construction standards in conformance with the Covenants and these Guidelines.

The WHARB meets periodically to consider proposed new construction or renovation within Windmill Harbour. Policies on meeting schedules and WHARB activities are to be established by the Association or the Board of Directors and may change from time to time.

The WHARB and these guidelines have been set up to achieve the following objectives.

1. To insure that the quality of all design is compatible with the overall objectives of the Windmill Harbour community.
2. To provide a systematic and uniform design review process for approval of construction.
3. To insure that the unique natural setting of the community is preserved and enhanced by prevention of excessive clearing and grading.
4. To insure that the siting and architectural design of structures is visually compatible with the neighboring homes, existing terrain and vegetation.
5. To insure that landscape plans provide visually pleasing settings, functional satisfaction and blend with the natural landscape and neighboring properties.
6. To insure the construction of all buildings and the installation of all landscaping comply with the provisions of the covenants and these guidelines.

The Architectural Review Board has the authority to accept or reject the plans submitted or specific items in the plans.

The authority of the Architectural Review Board is derived form the Windmill Harbour Declaration of Covenants. In any instance where these guidelines conflict with the covenants, the recorded covenants shall prevail. Similar covenants, as applied through a plantation's Architectural Review Board, were specifically upheld in a 1985 case in the Court of Appeals of South Carolina (Palmetto Dunes Resort Vs, Brown, 336 S.E. 2nd, 15) in which "purely aesthetic considerations" were the controlling factor.

III. PROCESS

As a result of several years' experience in administering our architectural guidelines, the Board of Directors of the Association has adopted a policy of requiring that all residential designs, changes or additions be submitted by a registered architect. Any drawings submitted to the WHARB to gain approval for any change in the design shall bear the seal and signature of that same architect. The architect should be furnished a copy of your deed (showing restrictions and setbacks) and a current copy of these Guidelines for his use in designing your new home.

Before construction or change to any structure or landscape feature, a complete set of plans and an application for Approval of Residential Construction shall be submitted to the WHARB. A sample application form is shown in the Appendix of these guidelines. Blank forms can be obtained from the WHARB office. These plans must receive final written approval and a Windmill Harbour Building Permit prior to construction or any site clearing. If any exterior changes to a building, including changes in colors or materials, are contemplated during construction, these changes must be approved prior to construction of the requested changes. Fees are to be paid at the time of the original submission to the WHARB, and review will not commence until these fees are collected. (These funds go to defray the cost of operating the WHARB, and are subject to change by the Board of Directors). **SEE FEE SCHEDULE IN APPENDIX.**

The review process involves the following steps:

A. PRE-DESIGN CONFERENCE

The property owner and/or the architect will meet with the WHARB to develop lines of communication and to present the **concept** that is intended for the property. The discussion shall involve siting of the building(s), driveway and other site improvements, a description of the plan parameters and the classical architectural style that will be utilized in the design of the residence (photographs of the type of design considered will suffice) and a description of the landscaping for the completed project.

This meeting should be held **before** any significant design work is done!

B. CONCEPTUAL PLAN REVIEW

The Conceptual Review presentation allows the applicant to get an early opinion from the WHARB on the tentative design and siting.

It is required that a conceptual design submission be made to enable the designer, property owner, and the WHARB to set a design course prior to extensive work and time being spent.

Requirements for Conceptual Plan Review Presentation are:

1. Submission of completed Application for Approval and non-refundable Application fee.
2. Site plan at 1/8" scale or larger. A copy of the DEED with all information relating to setback or other necessary requirements. Adjacent lots or structures must be shown.
 - (a) Property lines with bearings and distances.
 - (b) Setbacks, easements and existing utilities.
 - (c) All trees (indicate size and species) in excess of 8 inches in diameter or larger (measured at a point four (4) feet above the ground level), and clusters of smaller trees that may influence design and appearance. See appendix for tree protection standards.
 - (d) Topographic contour lines at one foot contour intervals.
 - (e) Existing ditches, water courses and drainage structures.
 - (f) Edge of pavement of existing roads.

- (g) Water edge, water level and top of bank.
 - (h) Location of DHEC/OCRM Critical Line and FEMA Flood Zone Elevation Requirement.
 - (i) Location of adjacent houses, sidewalks and driveways, garden walls, fences and features which could influence design.
 - (j) Minimum finished floor elevation.
 - (k) North arrow, scale and name and address of legal owners.
3. A floor plan at 1/8" = 1'0" scale or larger:
 4. Elevations showing at least Front, Rear and Sides (if applicable) and adjacent existing structures at 1/8" scale or larger.
NOTE: If buildings have been built or approved on adjacent lots, show the location of buildings, drives and walks on your site plan and a drawing of the elevations beside your proposed front and rear elevations. These elevations can be obtained from WHARB.
 5. Conceptual drawings may be soft line drawings or renderings of the elevations.

C. PRELIMINARY PLAN REVIEW

The Preliminary Plan Review allows the architect to express the "Charlestonian" design theme and the WHARB to further understand the proposed design. All floor plans and elevations must be drawn at 1/4" = 1'0" scale.

1. EXTERIOR ELEVATIONS:

- (a) Show all sides of the proposed structure and label existing/proposed grades and overall height from pre-construction grade to the highest roofline.
 - (b) Show full dimensions of cornices, corner boards, band boards, window trim, door trim, columns, railings, spindles and other appropriate details.
2. Floor plan
 3. Site plan
 4. Show any changes from the conceptual plan.

D. FINAL PLAN REVIEW

A final stakeout of the entire perimeter of the buildings must be completed on site prior to submittal. Two complete sets of final plans and a completed Application for Approval of Residential Construction shall be submitted.

Any final submission, which does not include all items required for review, will not be placed on the agenda until such items are supplied to the board.

The following documents and information must be submitted for final design review:

1. SITE PLAN: The site plan must show all the information required for the preliminary site plan submission and all improvements to the property, including:
 - Exterior building walls, raised decks and terraces, and edges of roof overhangs.
 - Dimensions and materials for driveway, walks and miscellaneous site improvements.
 - Service court, fences, privacy walls and swimming or reflecting pools.

- Site utilities including water, sewer, electric, cable TV, telephone and exterior HVAC units; include meter, transformers and compressor sizes and locations with finished elevation above grade.
 - Flood elevation statement indicating required finished floor.
 - Location of all outside lighting.
 - Location of dumpster, portable toilet & materials staging areas. Toilet & dumpster must be screened. See appendix I.
 - If materials are to be staged elsewhere than the subject property, then a letter of permission from the owner of the property must be included with the final submission.
2. DRAINAGE PLAN: Submit a separate site plan with final grade and drainage details prepared and sealed by a registered South Carolina engineer. Include proposed trees to be removed and protection of trees to be saved.
 3. FOUNDATION AND FRAMING PLAN: Show the location and sizes of foundation and framing elements, including raised decks and terraces, with dimensions from all outer edges to property lines.
 4. FLOOR PLANS: Show all levels, fully dimensioned.
 5. ELEVATIONS: Show all sides of the buildings. Indicate existing grade, fill and label finished floor elevations. If fences appear in the foreground of an elevation, a second elevation must be presented showing proposed vertical elements beyond the fence line. Graphically depict and label all material selections for trim, siding, railings, windows, French doors, chimney, chimney cap, foundation and entry steps. Show location of exterior light fixtures on elevations; also show location of satellite dish, if any.
 6. BUILDING SECTIONS AND DETAILS: Detailed drawings:
 - Typical wall section, from bottom of footings through roof.
 - Typical sections and/or details of cornices, window and door head, jamb and sill, decks and railings, fences, patio walls, screening devices and other features (i.e.: dormers, pediments, columns, sections through unusual framing and construction).
 7. BUILDING MATERIALS AND COLORS: Samples of all exterior materials and colors must be submitted to the WHARB. Color selections must be true representative samples of the finished material.

Final color approval will be given after inspection of large samples applied on site, (see Appendix Color Sample Boards), showing all exterior colors in an adjacent composition, (i.e. base, trim, window, cornice, roof, etc.). Final approval must be given before applying exterior materials during construction.

Provide manufacturer's "cut sheets" or photographs of all outside lighting fixtures and supporting hardware.
 8. LANDSCAPE PLAN: This plan shall show an accurate scale representation of the size at time of planting. Indicate proposed grading, irrigation and drainage including all spot grades necessary to insure proper function and construction.

Landscape plans must be prepared at the same scale as the final site plan and shall include:

Variety, size, location, quantity and names (common and botanical) of all plant material.

Types and limits of lawn areas

Ground level floor plan with overhangs indicated.

Paving, borders, fences, pools, decks, patios and retaining walls.

Landscape lighting (also shown on site plan).

Grading illustrating drainage intent.

Elevations may be required on some submissions if the reviewers require the information to fully evaluate the plans.

E. NOTICE AFTER FINAL PLAN REVIEW

Upon completion of the review, the WHARB will indicate one of the following:

1. **PROJECT ACCEPTANCE:** Plans will be marked "Approved," and a letter will be sent to the Owner, with a copy to the architect. Approval is granted on the aesthetic appearance of the home as it appears in the elevation drawings. If there is any discrepancy between the depiction's shown on the elevations and information shown on plans and/or details, the elevation shall prevail
2. **PROJECT ACCEPTANCE SUBJECT TO SPECIFIC MODIFICATIONS:** The project may qualify for approval provided certain minor aspects of the design are modified as required by the WHARB. Upon WHARB acceptance of a modified project, the plans will be marked "Approved" and an approval letter will be sent to the owner, as above.

By "Approval" of submitted plans, the WHARB will in no way assume liability for structural design or damage to other property during the approved construction. Further, it should be noted that if some portion of the approved plans were, due to inadvertent oversight by the WHARB, in violation of the Windmill Harbour Covenants, such approval would not later prevent the WHARB or the WHPOA from seeking enforcement of the Covenants.

Approvals shall be effective for a period of 12 months. If the 12-month period expires and no construction has begun, the project must be reviewed again for approval and another permit obtained.

3. **PROJECT REJECTION:** A written notice of rejection shall be specific regarding the basis for rejection, and may, where appropriate, propose possible changes to clarify WHARB comments and recommendations. This letter will be sent to the property owner with a copy to the architect.

Any appeal of a rejection, in person or in writing, must be submitted to the WHARB stating reasons and showing examples of why the rejected design is in compliance with the covenants. If the WHARB upholds the rejection, the homeowner may, in writing only, appeal to the WHPOAB.

3. 4. **DEMAND FOR ACTION:** In the event approval of plans is neither granted nor denied within sixty (60) days after receipt by the WHARB of written request for approval, the applicant may send a demand for action by certified mail, and, if the application is neither granted nor denied within ten (10) days of receipt by the WHARB of such demand, said application shall be deemed approved by the Association.
4. 5. After receiving final approvals and to obtain a WHARB building permit, the owner will receive a package including all rules, regulations, including fines and penalties and security regulations. All parties must sign the "Acknowledgment" form. A refundable OWNER'S deposit and a BUILDER'S deposit must be remitted before material deliveries, lot clearing or construction may begin. The Compliance deposits are collected to insure: (1) compliance with the approved plans; (2) site maintenance; (3) correction of any damage caused by the contractor's actions; (4) installation of the landscape plans as approved by the WHARB and (5) compliance with the Covenants of Windmill Harbour.
6. A pre-permit conference will be held with the contractor and the WHARB technical staff. At this meeting, the contractor shall furnish a site plan showing the location of the dumpsite, portable toilet, material staging areas, parking areas, and tree protection plans. The contractor shall utilize only the property of the owner unless use of adjacent property is approved. If other property is to be utilized, written approval of the owner (s) must be provided; however, approvals must be

agreed to by any existing property owners of existing adjoining resident properties. All properties other than the owners' must be returned to the original condition.
(Portable toilet and dumpster must be screened. See appendix I.)

F. WINDMILL HARBOUR BUILDING PERMIT, CONSTRUCTION REGULATIONS AND BEAUFORT COUNTY BUILDING PERMIT.

The permits and regulations must be displayed on the job site. Clearing and construction cannot begin until these permits have been issued and are posted on the approved contractor's signboard. See appendix.

Applicant shall notify the WHARB of the date of commencement of construction at least fourteen (14) days prior to such commencement.

G. IMPROVEMENT REVIEW - CHANGE ORDERS, REMODELING

Any exterior changes or additions to the approved plans that will affect appearance must be submitted to the WHARB on a Change Order Request Form for review.

Presentations of proposed changes must include the following:

1. CHANGE ORDER REQUEST FORM:
2. SITE PLAN: A dimensioned plan showing the proposed location for the improvements.
3. Modified elevation drawings highlighting changes and supporting details, as necessary.
4. Materials and color samples of exterior finish.

H. INSPECTIONS BY WHARB

The Beaufort County Building Inspector will make inspections of your site at certain times during construction of your new home. These inspections are conducted to determine that the construction is being performed according to the county building codes. WHARB is not responsible for county, state or Federal code compliance.

The WHARB will conduct inspections at various stages of construction to insure compliance with the approved plans and guidelines.

1. 1st Inspection: Prior to any permanent work, a registered surveyor is required to certify that the foundation profiles have been installed consistent with the site and foundation plan. A copy of this survey must be submitted to and approved by the WHARB before proceeding.
2. 2nd Inspection: When the roof is on, windows are in place, exterior door openings are framed, porches and decks are in place and the color board is erected. When the color board is erected with the required materials with the proper colors, the onsite inspection will be performed by the WHARB. The project may proceed only when final approval is received; then the exterior materials and color can be applied.
3. 3rd Inspection: When exterior detailing is complete; at this point all exterior trim, stairs, railings, gutters and downspouts are in place and painted or stuccoed. Drives and walks are formed, not poured. Finished grades are established.
4. FINAL INSPECTION: When all construction and landscaping is complete, a request for final inspection shall be made. All damages that were noted during the inspections to POA common areas and/or other properties must be repaired before refunds of deposits will be made.

IV. DESIGN GUIDELINES

All projects will be evaluated for artistic considerations and compliance with the Windmill Harbour Covenants and Guidelines. Considerations may be based on scale, use of exterior materials, color, trim, siting and compatibility with existing natural and manmade conditions. Meeting an acceptable range of common design criteria is necessary to ensure that individual improvements reflect the overall design objectives of the entire community.

A. GENERAL DESIGN CONCEPT:

1. For acceptable Classical Architecture Styles refer to:

A Field Guide to American Houses by McAlister, chapters titled:

Colonial Houses: Georgian, Adam and Early Classical Revival and Romantic Houses. The details at the beginning of each chapter are particularly important.

2. Unacceptable architectural styles are:

(a) Typical Hilton Head Style, as seen in Sea Pines, Wexford, Hilton Head Plantation, etc.

(b) Home builder magazine stock plans.

(c) Victorian, Mediterranean and modern styles.

3. Outbuildings with connectors to the main building are encouraged.

4. Homes should be set back into the landscape, rather than open and exposed.

B. ARCHITECTURAL DESIGN STANDARDS

Raised first floors, roof overhangs, dormers, moderate roof pitches, ample porches, decks, verandahs and piazzas, paneled windows, high ceilings, the use of natural materials and expressions of local climatic conditions prior to air-conditioning are some of the architectural elements often associated with "Charleston" styles. See Paragraph a., page 3, Classical American Architecture.

The aesthetic appearance of a residence depends greatly upon the articulation of siding, roofing details, fenestration, walls and fences. All projects will be evaluated for aesthetic appearance and guideline conformance with particular emphasis on the following items:

1. FOUNDATIONS

Concrete floor slabs with integral perimeter footings placed on fill may be permitted only when the first floor elevation does not exceed two (2) feet above existing and final grade. Because flood insurance and county code requirements often dictate a finish floor more than two (2) feet above natural grades, a raised foundation with "crawl space" is often required. The enclosure of this foundation must receive the same careful attention to detail and finishes as the main portion of the house. Concrete block foundations are to be finished in stucco or brick; timber pilings are to be cased in wood and open areas under siding or other appropriate architectural treatment. Elevated homes must be screened with lattice, louvers, or other materials that would be appropriate for the design and approved by the WHARB.

2. EXTERIOR WALL FINISHES

a. MATERIALS:

Exterior wall and trim surfaces must be smooth sawn wood (or smooth Hardiplank™ beaded or plain or equivalent siding), stucco or tabby (oyster shell exposed in concrete). A traditional

Charleston or Savannah type brick may also be used as an exterior wall treatment. Paint finishes shall be solid color stains and paints, not semi-transparent stains.

b. COLORS:

The dominant color for any project should be compatible with the environment and neighboring homes. Trim colors should complement (contrast with) the dominant color. Recommended color sample board formats have been prepared by the WHARB and can be seen at the Administrator's office.

3. BALUSTERS AND SPINDLES:

Railing spindles should be turned or chamfered wood or wrought iron. Square spindles are not acceptable.

4. WINDOWS AND SHUTTERS

All windows and shutters shall be of historic shape and proportion. Windows, French doors and sliding glass doors must be either true divided lite or simulated true divided lite. Windows with removable grids, grids in the insulated glass air space or grids only on the inside of the sash are not acceptable. Muntins may be necessary to achieve the desired design element. Proposed muntin grid patterns must be clearly shown on the approved elevation drawings. Window frames are to be painted wood or aluminum, anodized aluminum or vinyl clad. Shutters shall be of proportion and style to either be operable or give the appearance of being operable.

5. DORMERS AND DOORS

Dormers and doors shall have style and proportion of historic precedent. (See Historic Homes, Charleston, South Carolina, by Riggs)

6. ROOFS

Hip or gabled roofs with pitches of between four-in-twelve and ten-in-twelve are recommended. Large expanses of roof masses should be avoided or broken up by intersecting roofs or dormers. Slate, composition, clay or concrete shingles, standing seam metal or coppers are the recommended roofing materials. Skylights are not acceptable on the front elevation.

All roof accessories, such as vent stacks and exhaust fans, shall be painted to match roof color and located away from the front elevation. In the case of a metal roof, the flashing will be the same as the roof color.

7. CHIMNEYS

In order to maintain the traditional character desired at Windmill Harbour, all chimneys must be constructed of masonry (stucco) or have masonry veneers. Exposed metal flues and pre-fab chimney caps are not permitted. They must be screened.

8. GARAGES/CARPORTS AND DETACHED STRUCTURES

Any permitted outbuildings on a lot such as detached garages, carports and pool houses, must be compatible in style, materials and color with the main house. An enclosed carport must have its interior and contents fully screened from the street. Side facing garages/carports are recommended, except for townhouse lots where recessed single doors are preferred. Carports and detached garages should be connected to the house by a covered passageway, if possible.

9. SERVICE YARDS

All home sites are required to have a service yard sized to accommodate and conceal mechanical equipment, trash receptacles, utility meters and miscellaneous equipment. Yards must be screened from view by fence or wall of at least six (6) feet in height and compatible in material

and color with the house. The location of the service yard should not be generally visible from the road.

10. ANTENNAS, SATELLITE DISHES, ETC.

No television antenna or other device used for reception of electronic or television broadcast signals may be erected on the exterior portion of any structure or land without approval by the WHARB.

11. WATER-CONSERVING PLUMBING FIXTURES

All structures in Windmill Harbour are required to conform to State and local requirements concerning water conservation-type plumbing fixtures and fittings.

12. HURRICANE PROTECTION SYSTEMS

Any hurricane protection shall be designed to complement and blend with the architecture of the house. Any such system should be submitted to the WHARB for approval in the design stage, prior to entering into a contract for installation.

C. SITE PLANNING STANDARDS

1. PARKING

A **minimum** of two off-street parking spaces must be provided for each residence; in a garage, carport or open parking on an approved surface. It is strongly recommended that two off-street guest spaces also be provided. Off-street parking and driveways within ten (10) feet of the property line must be screened from adjacent property with walls or landscape materials. Driveways and parking areas must be paved with concrete or approved materials. (See Appendix for Curb Cut Detail).

2. FENCES AND WALLS

Fences and garden walls, where not mandatory, may be approved if attached to the house as an architectural extension and serve to define an entrance space or courtyard, or to provide privacy for rear patios and decks. Privacy fences should be from 6 feet to 8 feet in height and must be compatible with materials and colors of the main house.

3. EXTERIOR LIGHTING

Exterior lighting requires WHARB approval and must be installed to avoid glare from light sources extending to neighboring properties and traffic. No flood lights are permitted. Creative adaptations of traditional fixtures (i.e., the Windmill Harbour streetlights) will be encouraged. Lighting used to accent vegetation should be subtle, subdued and hidden from view.

4. DECKS AND PATIOS

Decks and patios shall be designed so as to be an extension of the interior space. Decks and patios should be carefully located in order to preserve existing vegetation and tree root structures as well as to provide a transition from the building to the landscape. Scale, dimension, detail and material shall be consistent with the architecture. Brick, stone, tile, wood and concrete aggregate are recommended paving materials.

5. DRAINAGE AND STORM WATER RUNOFF

All drainage should be handled by providing relief and will be approved on a case-by-case basis.

D. LANDSCAPE REQUIREMENTS

Landscaping must be adequate in scale and massing to properly complement the house and site. Plans for any landscaping, grading, excavation or filling of lots must be approved by the WHARB and conform to the following guidelines:

1. **PLANT MATERIAL CONSIDERATIONS:** Proposed plant materials should be salt tolerant, drought resistant and cold hardy. Plantings seen from the street should have a natural and informal appearance. Formal plantings and landscape furnishings may be allowed in private gardens, side yards and back yards less visible from the street. (See Appendix for recommended Plant List for use in Windmill Harbour).
2. **PLANTING DESIGN:** A simple massing of plant materials is generally the most effective method of creating a successful planting scheme. A complicated planting scheme with exotic effects will be rejected. Lawn areas are encouraged in open areas around homes where sunlight is available for a good portion of the day. Otherwise, wooded areas should be preserved and enhanced by the selective introduction of ground cover and edge plantings. Plant material, berms, fences and walls should be incorporated in the design of outdoor spaces.

Consideration shall be given to the size and type of plantings on adjacent properties when designing landscaping.

No planting which obstructs street sight lines shall be permitted within the triangular area formed by the street property lines and a line connecting such lines at points fifteen (15) feet from the intersection of the street line.

3. **TREE PROTECTION:** Maintaining the basic tree cover, in addition to ground level plantings of each home site, preserves the general character of Windmill Harbour and minimizes the amount of supplemental landscaping required to soften the impact of structures placed on the site. If a tree is to survive, its roots, bark and leaves must be largely undamaged. Therefore, excavating within the drip line must be minimized. When falling within the drip line, a tree well must be installed. No tree shall be removed (or effectively removed through damage) with a trunk diameter greater than 8 inches (measured at a point 4 feet above ground level) without prior approval from the WHARB. Protect trees through the clearing and construction phases with barriers erected at least 6 feet from the drip line of the tree. The Board reserves the right to request the recommendation of an arborist.
4. **GRADING AND DRAINAGE:** Site grading shall be kept to a minimum, and existing drainage should be maintained. Grading and drainage must be designed to ensure that no storm water or roof water runoff is directed towards an adjacent homesite, into marsh areas, harbour or community open space.

E. MISCELLANEOUS DESIGN STANDARDS

1. SWIMMING POOLS

All proposed swimming pools must be submitted to the WHARB for approval. Extreme care must be taken in locating pools to avoid an excessive amount of clearing and disturbance to existing vegetation. Pool equipment shall be placed inside an enclosure and preferably integrated into the building. Inflatable "bubble" pool covers and metal or vinyl above-ground pools are not permitted.

2. MAILBOXES

The Association has prepared a standardized design for cluster mailbox streetscape graphics system for the community. Full-sized lots in the Millwright section will utilize an individual stations for all patio, townhouse lots and Harbour Cove lots as a part of coordinating mailbox for

each lot. Mailboxes must be obtained from and installed by the Association. The homeowner will be billed by the Association.

3. HOUSE NUMBERS

The Association has prepared a standardized construction bollard for the purpose of displaying your house number in accordance with fire department requirements. These bollards are to be placed near the entrance of your residence (townhouse or patio lots), plainly visible from the road. The bollard shall be placed within twenty (20') feet of the road for full size lots. Please refer to the diagram in the Appendix

4. SIGNS

The Association has prepared a standardized construction contractor identification sign to be placed on the job site. These signs are to be installed after the building permit has been issued and removed prior to the refunding of the compliance deposit. Please refer to the Appendix for design guidelines.

F. VARIANCES

Variance requests from these guidelines are discouraged. Any such request must be clearly identified on appropriate drawings and requested in writing on the Variance Request Form (see Appendix) for the Conceptual Review and shown as approved on the Final submittal. Variances shall not be granted if the variance has an adverse effect on the adjoining properties. Variances to building setbacks are not approved except in extraordinary circumstances.

V. SPECIAL GUIDELINES AFFECTING FULL-SIZED LOTS

A. BUILDING SETBACKS

Owners must check their individual recorded plats for specific setback requirements to their lot. Unless otherwise stated on the plats, the general setback requirements for full-sized lots in Windmill Harbour are as follows:

- | | |
|--|---------|
| 1. Front adjoining a street property line. | 30 feet |
| 2. Side and rear yard adjoining another yard* | 15 feet |
| 3. Side or rear property line adjoining a lagoon, marsh or open area | 20 feet |
| 4. Side or rear property line adjoining harbour | 35 feet |

* On full-sized lots which are in excess of 100 feet in average width, the normal minimum side yard setback is 20 feet.

No vertical construction more than 18 inches in height above finished grade, including fill, will be allowed in the setback zone.

Setback for lots adjacent to wetland and marsh areas will be influenced by the presence of the DHEC office of Ocean and Coastal resource Management Critical Line and may have a greater setback requirement than that listed above. Anyone with specific questions on defining the edge of the marsh or further setback requirements should contact DHEC/OCRM in Beaufort at 524-6885. Slight setback variances may be permitted to save prominent trees or in the case of an irregularly shaped lot. Reasonable variances to these setback requirements may be approved by the WHARB, provided the adjacent property would not be harmed by such variances. Swimming pools and associated decks must be 10 feet from property lines at ground level and 20 feet if elevated more than 3 feet above grade, with full landscape screening from adjoining property.

B. BUILDING SIZE

The minimum first floor square footage for residences built on full size lots is 2,000 square feet of enclosed heated space.

C. BUILDING HEIGHT

Single-family residences must conform to Federal Flood Zone regulations for minimum finished floor elevations established by the Federal Emergency Management Agency (F.E.M.A.). These elevation requirements vary throughout Windmill Harbour. The required finished floor elevations for your lot can be obtained from the Beaufort County Building Department, and the first floor should be a minimum of 30 inches above finished grade.

Building heights are governed by the covenants for your lot; in no event shall the building exceed two (2) stories in height. The "first" story for the purposes of this restriction shall be the first floor above the required finished floor elevation established by F.E.M.A. In addition, for the purpose of calculating permissible building height, a "story" shall not exceed a height of fifteen (15) feet from floor to ceiling. The maximum vertical height of any part of the structure (except chimneys) is 45 feet.

D. LANDSCAPING

The great live oaks in the Millwright Drive area form a canopy overhead, under which architecture and plants that flourish under this canopy are placed. Because of this canopy, planting should be more natural, of the indigenous understory tree type, rather than ornamental species placed in a formalized way. The emphasis for plant materials should be on those found in the natural environment.

1. Landscape should provide buffers:
 - a. Between the house and the front property line;
 - b. Between the house and the side property line;
 - c. Between the drive and the side property line.
2. An analysis of the landscape proposal is a part of the pre-design conference.

VI. SPECIAL GUIDELINES AFFECTING PATIO HOMESITES

Residential units constructed on patio home sites must be constructed so as to utilize a patio wall as designated on plats or described herein. Patio lots are designed to maximize privacy and space utilization by placing the house close to one side of the lot to free up the rest of the site for usable open space. Overlooking porches, terraces and gardens are encouraged in the side yards.

The dwelling unit shall utilize a portion of the patio wall as one of its exterior walls unless an alternate location of the dwelling is approved by the WHARB.

A. SETBACKS

An owner must check the recorded plats for specific setback requirements affecting his lot. Unless otherwise stated on plats, the setback requirements for patio lots in Windmill Harbour follows;

1. Zero lot line minimum 3-foot setback to patio wall
2. Opposite the zero lot line minimum 7-foot easement
3. Front setback from property line minimum 20 feet
4. Rear setback from property line minimum 15 feet
5. No structures shall be located within twenty (20) feet of the line of jurisdiction of the DHEC/OCRM unless approved by the WHARB.
6. The following encroachments are permitted but must receive approval of the WHARB:
 - a. Fireplace projections may encroach a maximum of 18 inches into the 3-foot side setback, provided an 8-foot vertical clearance is observed.
 - b. Patios and walks on grade may encroach into the side, front and rear setbacks. No vertical construction more than 18" in height above finish grade will be allowed in the setback zone, excluding patio walls.

The area included within the above-mentioned setbacks is considered to be the "Buildable Area".

B. SIZE RESTRICTIONS

1. The minimum square footage for residences built on patio lots is 1,600 SF of enclosed heated area.
2. The first floor enclosed area of a patio home may not be constructed so as to cover or occupy in excess of forty-five (45%) percent of the total gross area of the patio lot. Show the calculation on the site plan.
3. An outdoor roof deck is acceptable provided it does not offer a view into the adjacent patio lot.

C. LOCATION OF PATIO WALL

The patio wall must extend within ten (10) feet of the front and rear property line. Two options exist in locating the patio wall on a patio lot:

1. OPTION 1
 - a. The patio wall is constructed inside and parallel to the designated lot line on the recorded subdivision plat.
 - b. There is a 3-foot easement on each lot between the exterior of the patio wall and the adjoining property line for the use of the adjacent lot owner. This three- (3) foot easement area may be used by the adjacent lot owner for landscaping, providing this activity does not interfere with the structural integrity of the patio wall.
 - c. The adjacent lot owner may extend his wall or fence into the three- (3) foot easement area to tie into the patio wall in order to enclose his outdoor living area.
 - d. A seven- (7) foot easement is reserved along the property line of each lot, opposite the patio wall lot line, for the construction, maintenance and repair of the patio wall and/or dwelling unit on the adjoining lot. The use of this easement area by an adjoining lot owner is not to exceed a reasonable period of time during construction and not to exceed a period of thirty (30) days each year for maintenance. Any shrubbery or planting in the seven-foot easement

area that is removed or damaged by the adjoining lot owner during the construction, maintenance or repair of his patio wall and/or dwelling unit, shall be repaired or replaced at the expense of the adjoining lot owner causing such damage.

2. OPTION 2

- a. Should an owner of a patio lot desire to locate his patio home on a portion of the lot other than contiguous to the designated patio wall line, he may apply to the WHARB for approval of the alternative location. A site plan showing the proposed alternative location must accompany such application. The WHARB's approval of the alternative location will not relieve the owner's responsibility to construct and maintain a privacy wall along the zero lot line designated for the patio wall.
- b. The patio home must not have a view into the adjoining patio lot from any window or door.
- c. Approval or disapproval by the WHARB of an application for an alternative location of a patio home may be based purely on aesthetic considerations irrespective of historical variations.

D. CHARACTER OF THE PATIO WALL

1. A patio wall must form an integral part of the end wall of the house (unless Option 2 is approved), and should turn to form a courtyard wall.
2. The patio wall should not be merely a "fence" but part of a privacy courtyard enclosure. A long wall that ends abruptly at the setback line is not desirable.
3. The patio wall at the rear may not turn if it would block views of the marsh, forest or lagoon, but should end with a column or pilaster. However, the owner will be allowed to enclose his property if he so desires.
4. The patio wall should be constructed of materials that blend with the home, and be without openings.
5. In a two-story patio home, a full height extension of the patio wall should be extended three (3) feet beyond the face of a deck or wall with a window opening that allows a view into neighboring private outdoor space.
6. It is important that end lots do not have a long windowless building facade facing the street. The required patio wall should be located along the lot line opposite the street. A lot owner would have the option of erecting a privacy wall at the street side property line.

E. HEIGHT OF THE PATIO WALL

1. To provide visual and acoustical privacy between homes, the height of the patio wall shall be a minimum of six (6) feet and a maximum of eight (8) feet above the adjacent finished floor of deck or terrace.
2. Where the wall turns, it is permissible to introduce another screening material. These front/rear walls may have openings to allow air circulation, while maintaining privacy.
3. Temporary privacy wall: If a neighboring patio lot is vacant and if privacy is desired, a temporary fence erected along the property line could be permitted, after review by the WHARB. This fence shall be removed when the patio wall is constructed on the adjacent lot.

F. USE OF EXTERIOR SPACE IN PATIO HOMES

1. **FRONT YARD:** The patio wall extending toward the street must turn to form a courtyard or a properly designed termination. Two (2) on-site parking spaces must be provided. No more than two spaces are allowed within the twenty- (20) foot front easement. A privacy screen erected within the front easement is acceptable if it screens parked vehicles from the street. Maximum height of this screen is six (6) feet.
2. **REAR YARD:** A yard-enclosing wall may extend to and along the real property line irrespective of the ten (10) foot setback requirement (except at wetland or marsh areas).
3. Patio homes shall be constructed with gutters in order to manage roof run-off and ensure that there is no discharge upon the adjoining property. Adequate drainage should be provided for open courts, between the house. Drainage of courts through weep holes in privacy wall will not be allowed. See Appendix - Windmill Harbour Approved Drainage.

VII. SPECIAL GUIDELINES AFFECTING TOWNHOUSE LOTS

A. TOWNHOUSE DEFINITION

The townhouse is a single-family attached dwelling unit with at least one common party wall shared with an adjacent townhouse. Each dwelling has its own front entry and parking. A townhouse dwelling unit shall have a minimum of 1600 square feet of enclosed, heated, dwelling area designed principally for two-floor occupancy. Area calculations should be shown on floor plan. Use of a third floor for occupancy may be approved on a case-by-case basis, providing it is contained within the roofline. In these cases, the use of dormers or gables that are part of the roofline are recommended. Occasionally, roof decking accessed from the livable third floor space may be approved that is not contained within the roofline on a case-by-case basis. These design features are highly discouraged on townhouses where the back of the lots face the harbor promenade. They are more acceptable where townhouse lots back up to the marsh areas and less visible from within the community. The concept is to maintain a sense of residential scale, the interesting traditional design character of the community, and prevent an abundance of "flat" roofs. Regardless, all designs must be derived from traditional architectural precedents found in the downtown Charleston, SC historic district.

B. WHARB REVIEW OBJECTIVES

The WHARB will review plans submitted, placing emphasis on building massing, materials and color. Efforts will be made to see that each dwelling is afforded maximum view, sun orientation and cross ventilation opportunities. Each owner will be required to solve his own drainage problems in such a way that creates no problems for his neighbors and as approved by the WHARB. **THE MASTER PLAN FOR WINDMILL HARBOUR PROVIDES FOR THE VIEW FROM EACH LOT TO BE STRAIGHT TO THE FRONT OR THE REAR OF THE LOT. PERIPHERAL VIEWS BEYOND THE EXTENDED SITE LINES CANNOT BE ASSURED OR EXPECTED.**

C. BUILDING SETBACKS

Building setback lines may vary depending upon the location of the lot, lagoons, wetlands, marsh and WHARB deliberations. The following setback will generally be observed:

1. Fifteen (15) feet from the property line at a lagoon and the Harbour promenade.

2. Twenty (20) feet from the property line at a designated wetland and/or the DHEC/OCRM Council line.
3. Twenty (20) feet from the property line at the street.
4. The ARB reserves the right to control the precise location of any dwelling unit.

A masonry garden wall must be erected along common-property lines and extend within ten (10) feet of the front property line. The minimum height for this wall is seven (7) feet above finished grade. The wall will then form a "garden" enclosure. This garden wall may be penetrated for pedestrian and vehicular entrances, provided that such openings are protected with decorative gates. To provide an attractive streetscape, some offset in the line of the front and rear walls of neighboring properties is necessary. However, the maximum permissible setback from a neighboring wall (front and/or rear) is fifteen (15) feet and, preferably, much less. Such exposed sidewalls are the responsibility of the owner to finish with the same texture and color as the building's front wall.

D. BUILDING MASSING

No structure constructed on a townhouse lot shall be more than two (2) stories in height above the minimum height established by applicable flood regulations of the United States. For purposes of this paragraph, the first level or deck underneath a building built approximately at or above grade and used for parking shall not be considered a "story".

It may be possible to incorporate usable attic (above the second floor) space, provided it is accomplished within the roofline of the structure which otherwise presents the appearance of a two-story building (or three-story, if the first story is for parking). The roofline of the structure will begin at the second floor ceiling joists and plane up to the ridge, which shall be at an elevation no greater than forty-five (45) feet above existing grade. Offsetting ridges, window dormers, gables or similar design devices shall break large roof masses.

E. PRIVACY

To achieve privacy between neighboring homes, if decks or windows provide overlooking an adjacent living area or deck, an extended party wall three (3) feet beyond the affected area shall be provided with appropriately designed termination.

F. ROOF LINES

Variations in roof ridgelines are encouraged. Higher roof elements should be located on the common lot line side of an "end" lot. Skylights that are visible in the slope of a roof are greatly discouraged.

G. WALL PROJECTIONS

Elements of any dwelling unit which project over or beyond the boundary lines or established setbacks lines of any lot will not be permitted; however, design elements as bay windows, shallow balconies or other minimal projections which will provide a sense of scale and architectural interest on the side elevations of houses on "end" lots may be used subject to approval. Approval for these design elements shall be requested by a variance request form; however, this does not mean an approval is automatic.

VIII. SPECIAL GUIDELINES FOR THE REEF CLUB

Note: These Reef Club Guidelines have been taken verbatim from the recorded specific land-use covenants; consequently, the WHARB acts only to interpret and apply these guidelines.

A. GENERAL

1. It is the intent of the Reef Club to feature the elegant simplicity of the "Charleston House" living concepts including:
 - a. Two-story side porches, extra large windows, and raised first floor vital for collecting breezes and reducing heat and humidity.
 - b. High ceilings with paddle fans encouraging the natural movement of air, and thermal chimneys and cupolas.
 - c. Exterior landscape elements such as courtyards, entry yards, fences, gates, walls and semi-formal planting.
2. The Reef Club is ideally situated to enjoy the views and prevailing breezes of the Calibogue Sound, in the same manner as the homes on the Battery in Charleston, South Carolina, enjoy the Cooper River.
3. A "Charleston House" refers to an individually designed, multi-story, single-family dwelling unit built along one property line utilizing a "Privacy Wall" to provide one large usable side yard, as exemplified by the Pringle house in Charleston, South Carolina (See Figure 27).
4. Each house in the Reef Club will be a "Charleston House".
5. All proposed house plans must be submitted to and approved by the WHARB in accordance with Section 2 (Design Review).

B. SIZE AND HEIGHT RESTRICTIONS

1. The enclosed building footprint area of each floor of a Reef Club home may not exceed 2,500 square feet.
2. The minimum total area can be no less than 2,500 square feet.
3. First floor elevations are to be a minimum of 36 inches above grade and must be greater than or equal to the minimum elevation designated by the current Flood Insurance Rate Maps.
4. To help maintain the character of the Reef Club, building height will result from the house having at least two full floors of enclosed living space plus the roof. The maximum height from grade to the highest point of the roof (excluding chimneys and cupolas) is forty-five (45) feet.
5. An outdoor roof deck is acceptable, provided it does not offer full view into immediately adjacent lots and is in keeping with the architectural character of the Reef Club.

C. PLACEMENT OF HOMES AND ENCLOSURES

1. A "House" must be built three (3) feet inside the lot and parallel to the "Privacy Wall" lot line. Fireplace projections and roof overhangs may encroach into this three feet.
2. From the property line opposite the "Privacy Wall" lot line, a seven- (7) foot maintenance and access easement and fifteen- (15) foot building setback is to be maintained. Minor portions of the house may encroach into the setback depending on the design of the dwelling. In no case shall this encroachment exceed eight (8) feet or violate the privacy of the adjoining lot.
3. The street setback for building construction shall be a minimum of five (5) feet from the property line.

- a. This five- (5) foot area will be an easement for street lamps and is to be heavily landscaped by each lot owner.
 - b. The entire street frontage of a lot at this setback line is to be defined by building facade, wall, fence, gates or any combination thereof.
 - c. The streetside wall/fence is not to exceed six (6) feet in height except at columns, posts and gates, which are permitted to be proportionately taller.
 - d. When a Reef Club home is set back farther than the five (5) feet, the street yard wall/fence must provide for an eventual continuous street yard enclosure by returning to the house along the "Privacy Wall" lot line.
 - e. The WHARB will permit no more than two houses to be located consecutively at the same setback. WHARB must then require a minimum offset of five (5) feet.
4. The rear setback for building construction must be no less than required by Beaufort County D.S.O. from the South Carolina Coastal Council Critical Line.
 5. Courtyards, pools, steps and walks on grade may encroach into front and side setbacks.
 6. The Charleston house is to be designed to its site. When reviewing a Charleston house, the WHARB will consider existing and future adjacent homes.
 7. Rule of Averages: For every decrease in a specified dimensional standard there shall be a corresponding opposite and equal increase.

For example, if a setback encroachment of six (6) feet is permitted for a length of twenty (20) feet, then a six (6) foot by twenty (20) foot increase in that setback must also be provided. This procedure encourages design variety and the preservation of natural site features. The WHARB is to encourage the application of the Rule of Averages (see Figures 28).

D. LOCATION OF PRIVACY WALL

1. The "Privacy Wall" is to be constructed simultaneously with the home. A "Privacy Wall" is to be located so the exterior face of the wall is three (3) feet inside of and parallel to the "Privacy wall" lot line on the recorded subdivision plat.
2. There is a three- (3) foot easement between the exterior face of the "Privacy Wall" and the property line for the use and enjoyment of the adjacent lot owner. This three- (3) foot easement area and the exterior face of the wall may be used by an adjacent lot owner to plant shrubbery and other landscaping, providing this activity does not interfere with the structural integrity of the wall and/or dwelling unit (see Figures 28).
3. An adjacent lot owner may extend a wall or fence into the three- (3) foot easement area to tie into the "Privacy Wall".
4. A seven- (7) foot easement is reserved along the property line opposite the "Privacy Wall" lot line for the construction, maintenance and repair of the "Privacy Wall" and/or dwelling unit. The use of this easement area by an adjoining lot owner is not to exceed a reasonable period of time during construction, and not to exceed a period of thirty (30) days in any 365-day period for essential maintenance. Any shrubbery or planting in the seven-foot easement area that is removed or damaged during the construction, maintenance or repair of property, shall be repaired or replaced at the expense of the lot owner causing such damages.
5. Viewing into the indoor/outdoor living area of the adjoining lot from the "Privacy Wall" side of a house is not permitted.

E. CHARACTER OF THE PRIVACY WALL

1. The "Privacy Wall" must form an integral part of the end wall of the house
2. The "Privacy Wall" must not be merely a "fence" but a wall. A long wall that ends abruptly without a pillar or end statement will not be permitted.

F. EXTENT OF THE PRIVACY WALL

1. To provide visual and acoustical privacy between homes, the height of the "Privacy Wall" must be a minimum of six (6) feet and a maximum of eight (8) feet above the finished outside elevation and constructed predominantly of the same material as that portion of the "Privacy Wall" that is the exterior wall of the house. The "Privacy Wall" must extend at least ten (10) feet from the rear facade of the house. No "Privacy Wall" is permitted at the front of a house.
2. Outdoor living areas adjacent to the "Privacy Wall" lot line must be bordered by the "Privacy Wall". Openings in this wall will be permitted only when the WHARB receives written agreement between the affected adjacent lot owners, and this agreement is duly recorded with the deed of both properties.
3. Once a wall turns, it is permissible to introduce another height, material and type of screen, provided it is submitted in detail and approved by the WHARB. Turns may not be used to circumvent the "Privacy Wall" standards.
4. INTERMEDIATE PRIVACY WALL: If a neighboring lot is vacant and privacy is desired, an aesthetic fence erected along the property line will be permitted, subject to approval of the WHARB. This fence shall be removed when the adjacent lot is improved in accordance with Article C (Placement of Homes and Enclosures) of this design statement.

G. USE OF YARDS IN REEF CLUB LOTS

1. **STREETSIDE YARD:** May be used for a terrace, entrance courtyard and motor court, and may include an enclosed utility court.
 - a. HVAC and any other utility items are preferred to be placed underneath the house or in an approved "utility court".
 - b. No more than two open parking spaces are permitted within the lot area. A privacy screen erected within the front yard is acceptable when it screens parked vehicles from the street. Maximum height of this screen is six (6) feet.
 - c. Garages must be underneath houses except on Lots 9 and 10, upon which out-building-type garages may be permitted.
2. **SIDE YARDS:** In keeping with the concept of a Charleston home, the large side yard is to be designed as an outdoor extension of the house itself. It may be used as an outdoor living area, a pool, a motor court or an enclosed utility court.
3. **REAR YARD:** A wall enclosing the yard may extend to and along the rear property line, irrespective of the setback requirement, allowing maximum use of the property, provided it does not violate applicable state and local laws. Uses permitted include outdoor living areas, a pool or an enclosed utility court.

H. MAINTENANCE OF PRIVACY

1. To facilitate privacy for a neighboring home, dwelling units must be constructed so that the "Privacy Wall" side of the unit provides no view openings looking into or over-viewing the adjacent lot and provides no access way or entry way into said adjacent lot, except as may be specifically agreed to in writing by adjoining lot owners. (see F2) However, ventilation openings may be permitted so long as the view concept is not violated.
2. The multistory Charleston home must provide an extended privacy wall three (3) feet beyond the rear facade of all indoor/outdoor living areas on all levels, e.g. porches, verandahs, balconies and windows (see Figure 29).

I. ADDITIONAL RESTRICTIONS

1. The cost of construction, maintenance and repair of the "Privacy Wall" is the sole responsibility of the lot owner on whose lot the wall is located.
2. The Charleston house will be constructed with gutters such that rainwater does not fall onto adjacent property or maintenance easements.
3. Every effort must be made to preserve natural vegetation and to fully utilize existing site amenities.

J. END LOTS

1. End Lot #10 is permitted to modify the "Privacy Wall" side of the house to provide select view, light and access openings.
2. Because it is at the "front door" to the Harbour, end Lot #1 must provide special design, construction and maintenance quality for its facade and side yard facing the harbour lock.

K. COLORS

Exterior facade and trim colors must be Charleston pastels. Tasteful and complementary accent colors may be permitted for shutters and embellishments.

L. ROOFS

Metal roofs are preferred and are strongly encouraged.

M. REVIEW AND INTERPRETATION

Review and actual interpretation of this design statement is at the discretion of the WHARB, which must approve all design considerations for the Reef Club.

IX. GUIDELINES AFFECTING SPECIAL DISTRICTS

A. SPARWHEEL LANE

Sparwheel Lane is intended as a transition between townhouses in the harbour areas and the full-size lots in other areas of the community and will take on a more urban character.

The limited depth of these lots requires particular care in siting structures relative to the street. The WHARB will consider each application individually, and vary the setback between 0 feet and 20 feet on front and back setbacks. All other setback requirements remain as in Sections V and VI.

Patio Lots Nos. 1 to 28 and 45 to 75 must have front walls or fences and gates. Front yard setbacks for walls, fences and gates will also be established by the WHARB at 0' to 10' from the street right of way based on the location of existing trees and the fences, walls, gates and buildings of adjacent lots.

B. HARBOUR COVE AREA

Harbour Cove refers to those full sized lots (1 through 17 Harbour Passage and 29 through 44 Sparwheel Lane) that are associated with the private harbour. All of these lots are considered to be full-sized lots, and the guidelines for full size lots will govern with the following exceptions:

1. **FRONT YARD SETBACKS FOR WALLS, FENCES AND GATES:** Front-yard setbacks on walls, fences and gates for Lots 29 through 44 Sparwheel Lane shall conform with all setbacks designated in the recorded plats.
2. **HARBOUR AND PROMENADE PROTECTION:** The harbour and promenade shall be protected against washing and run-off during construction. See Appendix for sediment and erosion control required during construction. These harbour and promenade lots shall install storm drainage control devices as outlined in the Appendix.

X. CONSTRUCTION GUIDELINES

A. BEFORE CONSTRUCTION

After receiving final approvals and to obtain a WHARB building permit, the owner must submit a signed "Acknowledgment" form and remit a refundable deposit. The Contractor must submit a deposit before material deliveries, lot clearing or construction may begin. The Compliance deposit is collected to insure: (1) compliance with the approved plans; (2) site maintenance; (3) correction of any damage caused by the contractor's actions; (4) installation of the landscape plans as approved by the WHARB; and (5) compliance with the Covenants of Windmill Harbour. Please contact the property manager to acquire a current fee schedule. The fees are subject to changes by the WHARB from time to time, with approval of the WHPOAB.

In summary, the following steps must be completed before construction may begin:

1. Receive final approval from the WHARB
2. Submit required deposits and sub-contractor lists and site plan.
3. Obtain the Beaufort County Building permit and WH Building permit and post permits on an approved job sign.
4. Install, as required, marina, marsh and tree protection.
 - a. Marina and marsh protection requires the builder to provide appropriate material to prevent any erosion from the site being discharged into marina or marsh areas. See Appendix B. Windmill Harbour Approved Drainage, Construction Erosion Control. Particularly applicable for lots 11 - 17 Harbour Passage and 29 - 34 Sparwheel Lane.
 - b. Tree protection requires the builder to encase all trees to be saved with sufficient fencing to insure that the roots, as well as the trunk, are protected from damage and the soil is protected from compaction within the drip line.

B. DURING CONSTRUCTION

1. INSPECTIONS

All construction in Windmill Harbour will be inspected by the WHARB Administrator. A final inspection will be conducted after the completion of the home, including all site work and landscaping. If cleanup and alterations to the construction site need to be made by the Association, these costs will be deducted from the compliance deposit. The WHARB will make inspections during construction but in no way assumes responsibility that the approved plans are being followed.

2. ACCESS

Contractor passes will be obtained from the Windmill Harbour Gatehouse upon payment of proper fees for the duration of the job. Passes are good for construction sites only. Construction access will be allowed Monday through Friday based on times posted at entrance gate. Saturday work, if any, will not extend beyond 12 noon and will be only quiet work. No residential construction (other than emergency) will be permitted on Sundays or holidays. Drivers of material delivery trucks must produce a bill of lading with the project or general contractor's name on it to gain access. Workers will not be permitted to walk through the gates to reach or leave construction sites. Contractors not abiding by Windmill Harbour regulations will have their passes revoked and be subject to fines and penalties.

- a. Each construction site is required to have portable toilet facilities located in an inconspicuous area of the site. The site must be approved as part of the final plan review.
- b. All construction materials must be kept within the site and maintained in a neat and orderly manner.
- c. All sites must be maintained in a clean and tidy manner. Open trash piles are prohibited. Construction debris **MUST** be contained in dumpsters, or hauled off the site daily.
- d. Special care **MUST** be taken during construction to preserve all existing vegetation. Any clearing, grading or building on site without approval of the WHARB will result in suspension of work and denial of access. All trees, which are not expressly authorized to be removed pursuant to approved plans, shall be protected during the construction process by physical barriers.
- e. Fires are not permitted on any construction site.
- f. Temporary utilities may be installed for electricity and water; temporary power poles must be erected plumb.
- g. The lot owner and contractor will be responsible for immediate repairs to curbs, paving, storm drains, utility lines and other existing features damaged as a result of construction.

4. UTILITY SERVICES

Owners are advised that no water usage will be permitted until the appropriate tap fees are paid and the meter is installed. Tap fees must be paid directly to the utility company.

5. CONTRACTOR REGULATIONS

- a. Owners are responsible for their contractors, and contractors are responsible for the actions of their employees and subcontractors. Workers must wear proper dress, including shirts and shoes, at all times. Loud music is not permitted. Contractors are also responsible for keeping all employees on their respective job site.

- b. The possession and/or consumption of alcohol and/or drugs is prohibited. Violators will be removed.
 - c. Firearms or other weapons are prohibited and will be confiscated by the Chief of Security.
 - d. All construction personnel and visitors are subject to the regulations and controls of the WHARB and the Chief of Security at Windmill Harbour. Violations will be subject to denial of access to the site. Contractors must supply the names of each trade and supplier expected at the site to the Chief of Security at Windmill Harbour.
 - e. The exterior of all buildings must be completed within 12 months of the issue date of the Windmill Harbour Building Permit; all exceptions will require special WHARB approval. All of the approved landscaping must be completed within ninety (90) days of initial occupancy.
 - f. A copy of the rules and regulations must be posted on the work site on the back of the construction sign
6. AFTER CONSTRUCTION (see paragraph 1.4, page 9 of the guidelines) Final Inspection.
7. PENALTIES AND FINES (see appendix).

Appendix A

SCHEDULE OF RULES, FINES AND PENALTIES

WINDMILL HARBOUR ASSOCIATION

Approved By:

Windmill Harbour Property Owners Association Board of Directors
(WHPOA)

Windmill Harbour Architectural Review Board (WHARB)

SECTION:

- A. ASSOCIATION PROCEDURES, RULES AND REGULATIONS**
- B. CONSTRUCTION PROJECT GUIDLINES AND RULES**
- C. SCHEDULE OF RULES, FINES AND PENALTIES**
- D. FEE SCHEDULE**
- E. ACKNOWLEDGEMENT FORM**
- F. CHANGE ORDER REQUESTS**
- G. SAMPLE BOARD SPECIFICATIONS**
- H. COMPLIANCE DEPOSIT REFUND POLICY AND PROCEDURE**

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**WINDMILL HARBOUR ASSOCIATION
PROCEDURES, RULES AND REGULATIONS
SECTION (A)**

All construction personnel and visitors are subject to the regulations and control of the Association and the Chief of Security at Windmill Harbour. All construction personnel and tradesmen will enter Windmill Harbour and the site only through corridors specified by the Chief of Security. Violations will be subject to restrictions imposed by the Association, including denial of access to the site.

The construction gate is for use of large vehicles only. Passenger vehicles and pickup trucks will use the main gate. It is the responsibility of the contractor to notify suppliers to use the construction gate and to notify security when the gate is to be opened.

The contractor and the lot owner will be responsible for the immediate and approved repairs to curbs, paving, utility lines and other existing finished work damaged as a result of the construction or other site improvements. Common areas, roads, curb and utilities shall not be used, cut or otherwise altered without prior written approval of the Association. Any modification to existing utility lines and facilities required by the construction are the responsibility of the contractor or lot owner.

1. All personnel on the construction site must wear proper dress attire (shoes, shirts etc.)
2. The dumpster size will not exceed eight (8) yards in capacity for town house projects; other projects will be evaluated at time of issuing the permit. The ARB requests that the containers be emptied once a week, preferably Fridays.
3. All construction personnel must display proper decals and park in designated parking areas. No off-street parking will be allowed, unless approved in advance. Streets must be kept clear for emergency vehicles and other through traffic. See security parking regulations.
4. All construction sites must be secured for the weekend, securing building materials, trash etc.
5. There will be no trespassing on adjoining properties for the purposes of material storage, parking, loitering or any other activity, without the expressed written approval of the property owner and the ARB/POA.
6. All construction sites must have a barrier around the project to prohibit the drainage of silt, mud and any other debris that may pollute or otherwise damage the adjoining property. See site specs.
7. Construction work hours are 7am to 5 pm (6 pm DST) M-F. No holiday work.
8. The possession and /or consumption of alcohol and drugs at Windmill Harbour is prohibited. Violators will be removed from the premises. Repeat offenders will not be allowed on Windmill Harbour property.
9. Firearms or other weapons at the site of the work and throughout the project are also prohibited and will be confiscated by the Chief of Security.
10. Loud disturbances not related to construction activity such as radios, profanity and loud vehicles are prohibited.
11. Workers are not permitted at any time in the Sports Center area or in the Marina area without specific business. Workers must remain on the job site at all times.
12. Construction workers will not be permitted to enter or leave Windmill Harbour on foot.
13. Visitors to construction employees will not be permitted.
14. Contractors must supply names of all persons having appointments or other interest at the job site.
15. The speed limit in Windmill Harbour is 25 MPH.

It is the responsibility of the owner and contractor to advise all persons working, visiting or having any business at the site of the contents of these rules and regulations.

A COPY OF THESE RULES MUST BE POSTED ON THE BACK OF THE CONTRACTOR'S SIGN ON THE JOB SITE

Initials / / /

**PROCEDIMIENTOS, REGLAS Y REGULACIONES
DE LA ASOCIACIÓN DE WINDMILL HARBOUR
SECCIÓN (A)**

Todo el personal que trabaja en la construcción y todos los visitantes estarán conforme a las regulaciones y al control de la Asociación y del Jefe de la Seguridad de Windmill Harbour. Todo el personal de la construcción y todos los comerciantes entrarán en Windmill Harbour solamente a través de las calles especificadas por el Jefe de la Seguridad. Todas las violaciones estarán conforme a restricciones impuestas por la Asociación, incluyendo la negación del acceso al sitio.

La puerta utilizada por el personal de la construcción estará solamente para el uso de los vehículos grandes. Los vehículos de pasajeros y los carros de recolección (pickup trucks) utilizarán la puerta principal. Los contratistas tienen la responsabilidad de notificar a sus surtidores que deben utilizar la puerta para el personal de la construcción y de notificar al personal de seguridad cuando la puerta debe ser abierta.

El contratista y el dueño del lote son responsables de las reparaciones inmediatas y aprobadas de los encintados, los pavimientos, las líneas para uso general y cualquier otro tipo de obra realizada dañada como resultado de la construcción o de otras mejoras del sitio. Las áreas comunes, las calles, los encintados y las utilidades no podrán ser utilizadas, cortadas o alteradas de ninguna manera, sin la aprobación escrita anterior de la Asociación. Cualquier modificación de las líneas para uso general y las instalaciones existentes requerida por el trabajo de construcción será la responsabilidad del contratista o del dueño del lote.

1. Todo el personal debe usar ropa apropiada (zapatos, camisas etc.) mientras se encuentre en el sitio de la construcción.
2. La capacidad del container para la basura no puede exceder ocho (8) yardas en el caso de los proyectos de construcción de los condominios; los otros proyectos serán evaluados cuando se apruebe la autorización de construcción. La ARB requiere que los containers sean vaciados una vez por semana, preferiblemente los viernes.
3. Todo el personal de construcción debe usar etiquetas de estacionamiento (parking decals) adecuadas y debe estacionar en las áreas de estacionamiento señaladas. El estacionamiento en otras áreas no será permitido sin la aprobación escrita anterior de la Asociación. Las calles deben mantenerse desocupadas para los vehículos de emergencia y para el tráfico general. Ver las regulaciones de estacionamiento del personal de seguridad.
4. Todos los sitios de construcción deben ser preparados para el fin de semana, asegurando los materiales de construcción, desechando la basura etc.
5. Está prohibido usar las propiedades vecinas para almacenar materiales, para estacionar el carro, para pasear o estacionar sobre esas propiedades sin ningún propósito definido o para cualquier otra actividad sin la autorización escrita del dueño de la respectiva propiedad y de la ARB/POA.
6. Todos los sitios de construcción deben ser rodeados por una barrera para prevenir el drenaje del lègamo, del fango y de cualquier basura que podría contaminar o dañar de alguna manera la propiedad vecina. Ver las especificaciones del sitio de construcción.
7. El personal de construcción puede trabajar entre 7 AM y 5 PM (6 PM DST), de lunes a viernes. No se trabaja durante las fiestas.
8. La posesión y el consumo de bebidas alcohólicas y de drogas están prohibidas en Windmill Harbour. Los que violan esta regla serán obligados a abandonar el sitio. A los que repiten esta infracción se les negará el acceso en Windmill Harbour.
9. La posesión y el uso de armas de fuego o de otro tipo de armas están prohibidas en el sitio de trabajo durante el proyecto de construcción. Todas las armas serán confiscadas por el Jefe de la Seguridad.
10. Los ruidos y disturbios ocasionados por actividades que no son relacionadas con la construcción, como escuchar la radio, maldecir o utilizar vehículos grandes que causan ruidos exagerados están prohibidos.
11. El acceso de los trabajadores en el área del Centro de Deportes o en el área del puerto está prohibido a todas horas si no está relacionado con el trabajo. Los trabajadores deben mantenerse en el sitio de trabajo todo el tiempo.
12. El personal de construcción no podrá entrar en Windmill Harbour o salir de la plantación a pie.
13. El personal de construcción no podrá tener visitantes durante el proyecto.
14. El contratista debe divulgar los nombres de todas las personas que tendrán citas u otros asuntos en el sitio de trabajo.
15. El límite de velocidad máximo en Windmill Harbour es de 25 millas por hora.

El dueño de la propiedad y el contratista son responsables de informar a todos los trabajadores, a los visitantes y a las personas que tienen cualquier asunto en el sitio de trabajo sobre el contenido de estas reglas y regulaciones.

UNA COPIA DE ESTA LISTA DE REGLAS DEBE SER EXHIBIDA EN LA PARTE POSTERIORA DE LA MARCA DEL CONTRATISTA EN EL SITIO DE TRABAJO.

Iniciales / / /

**CONSTRUCTION GUIDELINES AND RULES
BY PARTIES WHO PERFORM
CONSTRUCTION PROJECTS IN WINDMILL HARBOUR
SECTION (B)**

Construction shall commence within ninety (90) calendar days after the issuance of the WH Building permit. If not, the project must be resubmitted for reconsideration by the WHARB board. Construction is "permitted" in phases by the WHARB. Do not proceed to the next phase of construction without securing approvals from the WHARB. Non-compliance may result in loss of building permit.

A CURRENT COPY OF THE APPROVED PLANS AND CHANGE ORDERS MUST BE ON SITE, IN A WATER PROOF TUBE, AT ALL TIMES FOR WHARB INSPECTORS.

Phase I.

Clearing, Batter Board Placement, Foundation Excavation, Grading, Filling, Setting of Forms, Concrete pour, Placement of Plates and/or First Masonry Course to show location of all vertical planes on the perimeter of the structure shall be completed. The location of these vertical planes and elevations in relation to the property lines and required setbacks shall be certified by a South Carolina registered land surveyor. This shall be documented on the signed site plan at 1/8" = 1'0" for approval by the WHARB. Any discrepancies from the approved plans must be corrected by the applicant before construction may proceed.

Phase II.

Framing, Roofing, Porches, Decks, and Placement of Windows & Doors. At this point, the ARB will inspect the completed work to verify that it conforms to the approved plans. Work can not proceed until the work in this phase is approved by the WHARB.

Phase III.

All exterior trim, Stairs, Siding, Stucco, Exterior Painting and/or other Exterior Finishes, Gutters and Downspouts, Forms for Drives and Walks shall be complete. At this point, the WHARB will inspect this completed work to verify it conforms with the approved plans.

Phase IV.

All Walks, Drives, Fences, and all landscaping completed. Once permitted "punch list" items are all approved, and the dumpster and port-o-let are removed, final approval and a letter of Certificate of Completion will be issued by the WHARB. A notice will also be sent to the WHPOA.

ALL INSPECTIONS WILL BE DONE ON TUESDAY MORNINGS AND/OR THURSDAY AFTERNOONS. PLEASE CALL 842-1133 IN ADVANCE TO SCHEDULE AN INSPECTION.

Other Specific Requirements

- A. Install a minimum of 2-2" conduits under driveways and walkways approximately 3' back of curve or edge of street.
- B. All plumbing vents, flashing and other roof penetrations must be on back side of roof, painted to blend with the roof materials.
- C. All construction along the marina and marsh MUST install retaining fabric or other material to avoid washout onto the Marina promenade and marsh or any other property that may become damaged.

Initials / / /

WHPOA/WHARB
SCHEDULE OF RULES, FINES AND PENALTIES
FOR WINDMILL HARBOUR CONSTRUCTION PROJECTS
SECTION (C)

1. Clearing, preparing, moving equipment or materials on site before the issuance and posting of a Beaufort County Building Permit and a Windmill Harbour (WH) building permit is prohibited.

The fine and penalty is forfeiture of application fee. New application fee must be submitted. The owner or builder may be required to replace any plant or trees that were disturbed, at owner's or builder's expense.

2. Fine schedule for unauthorized tree removal or damage to trees not marked for removal:

Pine or Palmetto	up to	\$ 500 per tree
Oak (any variety)	up to	\$2,000 per tree
Other hardwoods or plants	up to	\$1,000 per occurrence

The building permit will be pulled until a suitable tree replacement plan is agreed upon by the WHARB. Once approved by WHARB, the building permit will be reinstated.

3. WH and Beaufort County building permits and a copy of site rules must be posted before work begins on approved signs per the WHARB sign specifications. Failure to post permits and rules is a \$25.00 per-day fine after phone call or other notification. Fine starts 48 hours after notification, until signs are in compliance.
4. Portable toilets and trash containers must be properly screened and on site before any work begins. Failure to properly screen and/or place portable toilets or trash containers in the proper place (see site plan) at construction site will result in \$100.00 per-day fine and permit being pulled 48 hours after notification. Once in compliance, the permit will be reinstated.
5. Trash containers must be emptied when the debris reaches the top of the container. Failure to keep the construction site in an orderly and "picked up" condition will result in \$100.00 per-day fine 24 hours after notification. If not in compliance within 72 hours (3 days), building permit will be pulled. Once all fines are settled, the permit will be reinstated.
6. Survey must be submitted to the WHARB after footings, pilings or other foundation work is done and prior to beginning any vertical construction. This survey must be inspected and approved by the WHARB, must match the approved site plan and conform to the position of the foundation. An as-built survey is required in order to have on record that the site plan has been approved. Failure to comply will result in the WH Building permit being pulled. All construction will be halted until a survey is delivered to the WHARB. The builder/owner may be required to resubmit a deposit and be responsible for any additional cost to the WHARB. When all fines and penalties are settled, the permit will be reinstated.
7. Project must be completed within one (1) year after the building permit is issued. The owner may request an extension to the permit; however, this must be approved in advance by the WHARB before the WH building permit is pulled or expired. Ten percent (10%) of the compliance deposit each month, up to the total deposit, will be charged each month the extension is not requested. There will be no charge for the extension.
8. Non-compliance with the approved construction plans, including the site variance, or making changes without prior WHARB approval will result in the WH building permit being pulled. Owner may be required to resubmit corrected architectural "as-built" drawings, with the approved Change Order Request. WHARB may require demolition, re-sitting or rebuilding at owner's expense. Once in compliance, building permit will be reinstated.

9. Applying any exterior color treatments, including roofing, etc., before WHARB approval of on-site color boards is prohibited. Color boards must conform to specifications; otherwise, the WH building permit will be pulled and a \$100-per-day fine assessed until the color boards are approved by the WHARB. Once in compliance and the fines and penalties are settled, the building permit will be reinstated.
10. Landscaping must be completed per the WHARB approved landscape plans within 90 days after receipt of the CO from Beaufort County. Failure to complete the landscaping in that time frame will result in a fine of 10% of the total owner and builder deposit each month, up to the total deposit.
11. Building occupancy prior to issuance of Beaufort County's CO or before furnishing a copy of CO to WHARB and occupancy before issuance of WHARB occupancy permit will result in total compliance deposit forfeiture.

Notifications of compliance violations or rule violations can either be made by phone or by written notification, or in person by a representative of the WHPOA, WHARB or WH security. Any and all questions or information should be directed to PAI, Attention: Windmill Harbour property manager, 307 Watersedge, HHI 29928, (843) 842-1133.

Failure of contractor/owner to notify WHARB of required inspections as called for in the Rules and Guidelines in a timely manner, or proceeding to the next phase, is prohibited and will be punishable by having the building permit pulled and/or the deposit forfeited.

Initials / / /

Windmill Harbour Property Owners Association

PERMIT FEE AND COMPLIANCE DEPOSIT SCHEDULE

(Schedule is subject to change without notice. Payments should be made payable to Windmill Harbour POA.)

All exterior projects (changing appearance or not), except for power washing, require a WHARB permit. Interior projects needing a portable toilet, dumpster, and/or overnight storage container also require a WHARB permit.

<i>EFFECTIVE MAY 20, 2014</i>	WHARB REVIEW PERMIT FEE <i>(non-refundable)</i>	COMPLIANCE DEPOSIT <i>*(refundable)</i>
NEW CONSTRUCTION: ▪ 4 change order submissions included under the published fee. ▪ 4 construction inspections & 2 landscape inspections included under published fee.	\$4,850	\$15,000 additional charge of \$10 per sq. ft. over 2000 sq. ft.
VERTICAL ADDITIONS & ALTERATIONS:		
▪ Under roof greater than 800 sq. ft. 4 construction inspections included under published fee	\$2,700	\$7,500 additional charge of \$5 per sq. ft. over 2000 sq. ft.
▪ Under roof less than or equal to 800 sq. ft. 4 construction inspections included under published fee	\$1,700	\$7,500
▪ Vertical construction not under roof (i.e. fencing, walls, trellis, etc.)	\$250	\$1,000
POOLS & SPAS		
▪ Greater than 100 sq. ft.	\$500	\$7,500
▪ Less than or equal to 100 sq. ft.	\$250	\$2,500
ON GRADE ADDITIONS & ALTERATIONS: (i.e. patios, driveways, etc.)		
▪ Greater than 200 sq. ft.	\$250	\$2,500
▪ Less than or equal to 200 sq. ft.	\$125	\$1,000
RESIDENTIAL MAINTENANCE:		
▪ Exterior paint or roof with change of color	\$100	\$0
▪ Minor exterior alterations	\$50	\$0
▪ No change in exterior appearance	\$0	\$0
LANDSCAPING ALTERATIONS:		
▪ Major alterations 2 landscape inspections included under published fee	\$250	\$100
▪ Minor alteration	\$50	\$0
▪ Tree removal (WHARB may require planting another tree.)	\$50	\$0
▪ Tree trimming	\$0	\$0
DUMPSTER, PORTA POTTY, STORAGE CONTAINER: Any project, interior or exterior, requiring a dumpster, portable toilet and/or overnight storage container/trailer, and requires less than \$1,000 compliance deposit.	Fee applicable to project	\$1,000
DEMOLITION (rebuild or non-rebuild): ▪ Non-rebuild lots must grade and hydromulch entirely ▪ Tear downs will be treated as new construction	\$500	\$15,000
PROFESSIONAL INSPECTION (whether or not a project requires an inspection is at the discretion of the WHARB.)		
▪ Construction Inspection	\$175	\$0
▪ Landscape Inspection	\$75	\$0

CHANGE ORDERS:	\$75-\$500 dependent upon complexity of submission	\$0
MISCELLANEOUS:		
▪ Request for plans or ARB archived information	\$25	\$0

- Please review the compliance refund policy, schedule H, of the ARB guidelines. * Full or partial compliance refunds may be forfeited if damages to common or neighboring property are not repaired by the contractor / owner and/or if the project is in non-compliance with the covenants and/or WHARB approved plans.
- Deposits for new and under roof construction are for one (1) year of the permit issue date. An extension is available UPON REQUEST.
- Deposits for all other projects, except for new and under roof construction, are for six (6) months of the permit issue date. An extension is available UPON REQUEST.
- WHARB meetings are held on the second Thursday of each month. Complete submissions must be received on the Thursday preceding the Board Meeting to be included on the agenda.

ACKNOWLEDGEMENT:

SECTION (E)

Your signatures indicate that you are thoroughly familiar with and agree with Sections 3.1 through 3.30 of the Windmill Harbour covenants and the Windmill Harbor Architectural guidelines. You also understand that when all construction documents, drawings, site location, materials and colors have been approved by the WHARB, **NO DEVIATION MAY BE MADE FROM THESE APPROVED PLANS WITHOUT PRIOR WRITTEN APPROVAL FROM THE WHARB.**

The owner, contractor and architect acknowledge that the WHARB has the right to assess penalties against the owner, builder, architect or any other party that may have authority on behalf of the owner. The WHARB has the right to withdraw the building permit for failing to comply with all of the rules, regulations, approved plans or failing to complete the project in a timely fashion.

The owner, contractor and architect agree and understand that the WHARB or WHPOA are not responsible for any loss time or expense, when the project is out of compliance with any of the above rules and regulations.

The above schedule of penalties applicable to this project has been reviewed and is acknowledged and agreed to by my/or our signatures below. All fines and/or penalties will be paid at the offices of PAI, unless otherwise directed.

Property Location / Address: _____

Property Owner

Property owner

Builder

Architect

Date

Date

Date

Job Supervisor / Foreman

Landscape

Date

Date

**WHARB
CHANGE ORDER REQUESTS AND PROCEDURES
SECTION (F)**

1. All changes needed to be made to the original approved plans will require a Change Order Request.
2. Change Order Request forms may be picked up at PAI.
3. You should submit the requests to the ARB board before the next meeting in order to get a timely response to your request.
4. Change order requests will be reviewed by the Board in the same way all other plans are reviewed.
5. Please submit a change order before you change, modify or in any way deviate from the original plans.
6. A copy of all approved change orders must be attached to the construction site copy of the plans.

The owner, architect and contractor are responsible for changes made to the original approved plans without WHARB approval.

There will be a charge for Change Orders depending upon whether or not any additional time will be spent by the ARB. The following are the charges:

Simple CO requests that can be approved by staff in the field: \$75.00 per change order.

CO requests that must be reviewed by the ARB (depending upon the change and time spent): up to \$500.00 per change order. This determination will be made by staff personnel at PAI. All change orders must be submitted to PAI along with the appropriate fee before the CO will be reviewed.

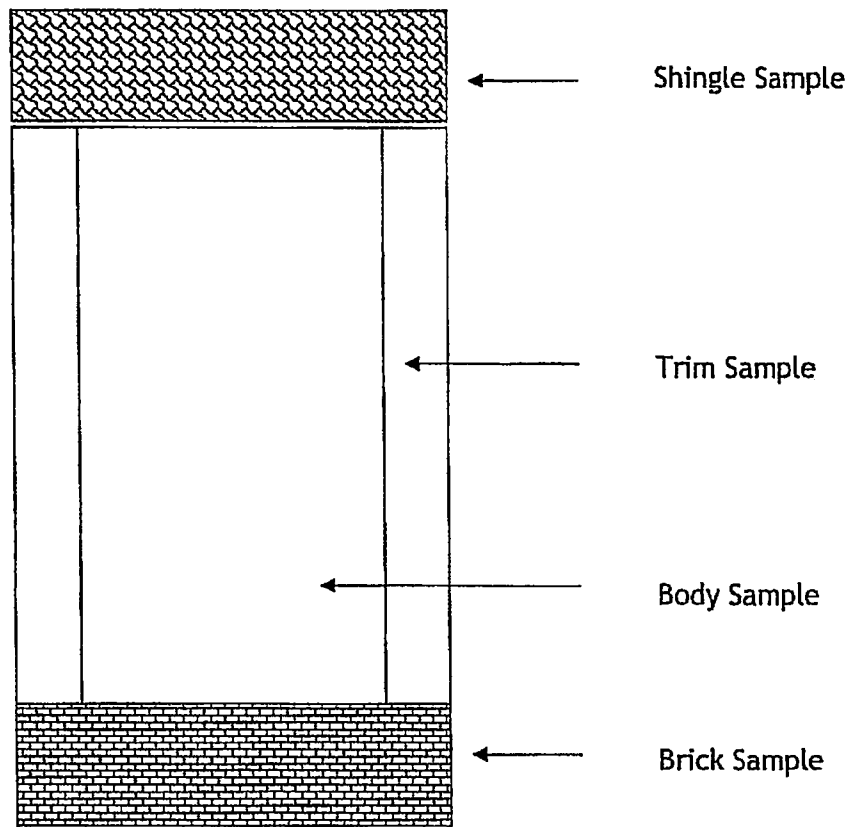
If you have any questions, or if you need further assistance, please call PAI at 842-1133.

COLOR SAMPLE BOARD
SECTION (G)

ALL CONSTRUCTION SITES WILL REQUIRE A COLOR SAMPLE BOARD WITH THE FOLLOWING INFORMATION.

Please refer to the ARB specifications regarding the size and contents.

A small sample is shown below.



Sample Board should be approximately 2' x 6'. Samples displayed should be proportionate to their use. Samples shall be displayed on the finish to be used. Display Board shall be placed in full view of the street front.

COMPLIANCE REFUND POLICIES

Schedule (H)

In order to receive your compliance deposit refund, the following procedure must be complied with. Refunds requests will not be honored without the proper approvals from the WHARB.

1. A letter from the owner or builder must be sent to the ARB requesting final inspections and the deposit refund.
2. A copy of the final plans, including any change orders; need to be sent to PAI in digital form. (CD)
3. The completed "Color/Materials Inventory" form including a photograph of the finished house must be sent to PAI.
4. Once the final inspection is completed and all issues are resolved and approved by the ARB inspectors and the ARB Board, then the deposits will be refunded.
5. Please allow five (5) working days after the approved inspection for the refund to be sent.
6. If there are any outstanding issues found during the final inspection, a letter will be sent to the owner or builder, stating the deficiency. When corrected, the owner or builder may call the ARB and schedule a re-inspection.

Appendix B

**Windmill Harbour Property Owners Association
Architectural Review Board**

Submission Date
____/____/____

Final Approval Date
____/____/____

APPLICATION FOR RESIDENTIAL CONSTRUCTION

Lot Number _____
Street Address _____
Property Owner _____
Home Address _____
City, State, Zip _____
Phone No. Em _____
Wk _____

Patio _____
Townhouse _____
Full Size _____
Remodel _____
Maintenance _____
Other _____

ARCHITECT

Name _____
Address _____
City, State, Zip _____
Phone _____

BUILDER

Name _____
Address _____
City, State, Zip _____
Phone _____

LANDSCAPE ARCHITECT

Name _____
Address _____
City, State, Zip _____
Phone _____

Building Permit Information:

Permit _____ Date ____/____/____
Compliance Deposit Amt \$ _____

ENCLOSED DWELLING AREA

First Floor _____
Second Floor _____
Total _____

ELEVATIONS (AMSL)

Existing at center of building
Footprint _____
Proposed fill/grade Elevation _____
First Floor _____
Roof Height _____

APPROVALS	
Conceptual	____/____/____
Preliminary	____/____/____

Appendix C

**Windmill Harbour Association
Change Order Request**

**Submit to:
Windmill Harbour Architectural Review Board
307 Waters Edge, Hilton Head Island, SC 29928**

DO NOT Construct, Build, Install, Paint, Plant, Etc. different than shown on Approved Construction Documents. If you have a question or need urgent response, call 843/842-1133.

OWNER _____	CHANGE ORDER NO. _____
ARCHITECT _____	DATE SUBMITTED _____
CONTRACTOR _____	DATE RESPOND _____
LOT NO. _____	APPROVE _____ DENY _____
STREET ADDRESS _____	STAFF _____ BOARD _____

1. DESCRIPTION OF CHANGE REQUESTED.

2. DETAIL DRAWING OF CHANGE REQUESTED ATTACHED. YES _____ NO _____

3. REASON FOR CHANGE REQUEST.

4. DRAWING NUMBERS & DETAILS AFFECTED BY CHANGE.
THIS CHANGE REQUEST APPROVED BY:

OWNER _____	DATE _____
ARCHITECT _____	DATE _____
CONTRACTOR _____	DATE _____

Appendix D

CONTRACTORS LIST

JOB LOCATION _____

DATE _____

GENERAL CONTRACTOR _____

PHONE # _____

<u>TRADE</u>	<u>SUB-CONTRACTOR</u>	<u>ADDRESS</u>	<u>PHONE #</u>	<u>CTY BL#</u>
--------------	-----------------------	----------------	----------------	----------------

Site Work _____

Concrete _____

Masonry _____

Metals _____

Framing _____

Exterior Trim _____

Interior Trim _____

Stucco _____

Insulation _____

Roofing _____

Hardware _____

Drywall _____

Painting _____

Ceramic Tile _____

Carpet _____

Vinyl _____

HVAC _____

Plumbing _____

Electrical _____

Specialties _____

Other _____

Paving _____

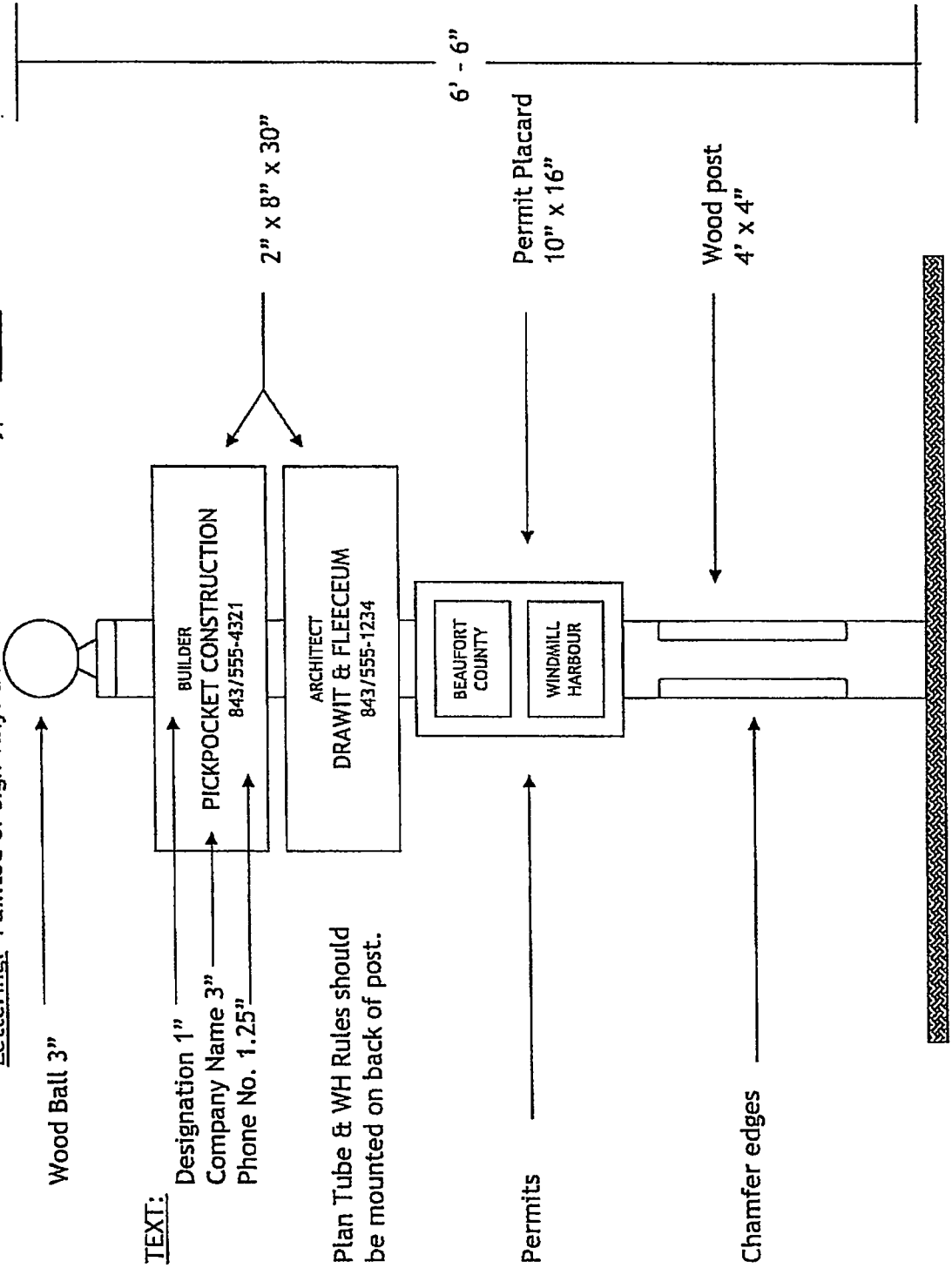
Underground Utilities _____

WINDMILL HARBOUR

Appendix E

CONSTRUCTION SIGNAGE REQUIREMENTS

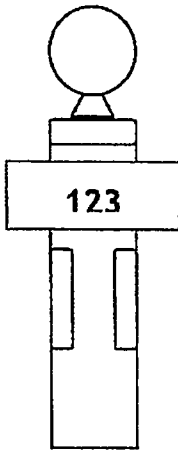
Sign post and all Signage background color to be CHARLESTON GREEN. (Same as community signs)
Lettering: Painted or sign vinyl transfer in Helvetica type. Color: White



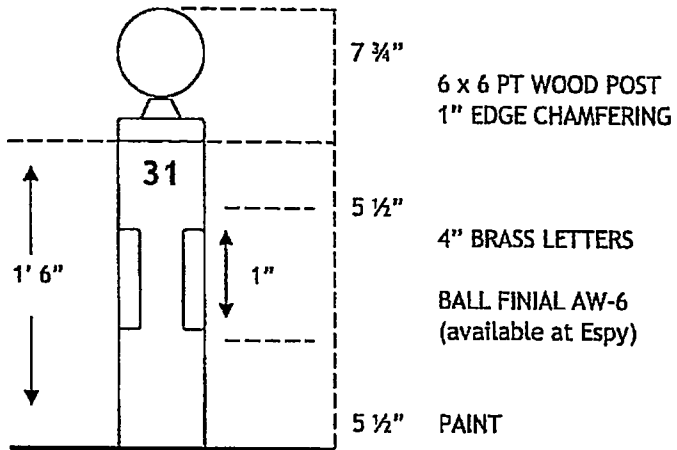
Appendix F

House Number Requirements

ALTERNATE:
12' 2x6
AS REQUIRED

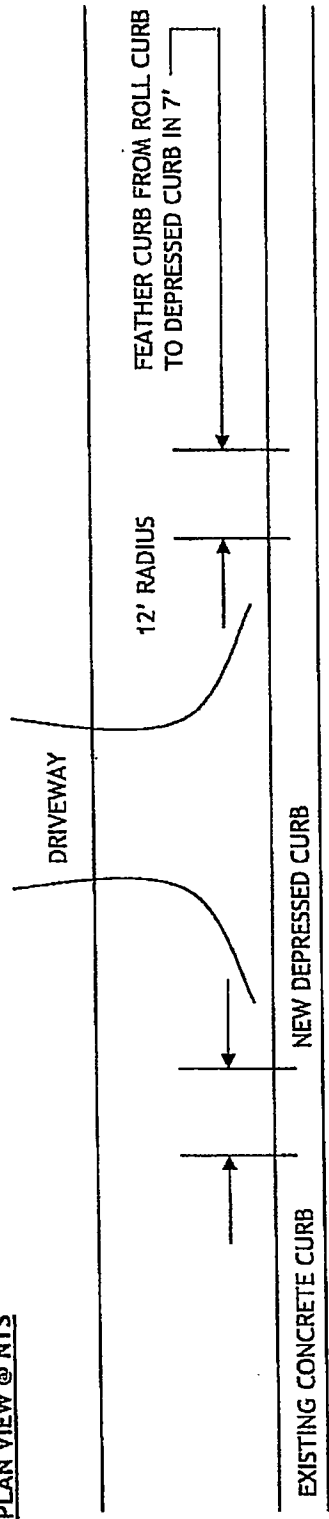


LOT BOLLARD

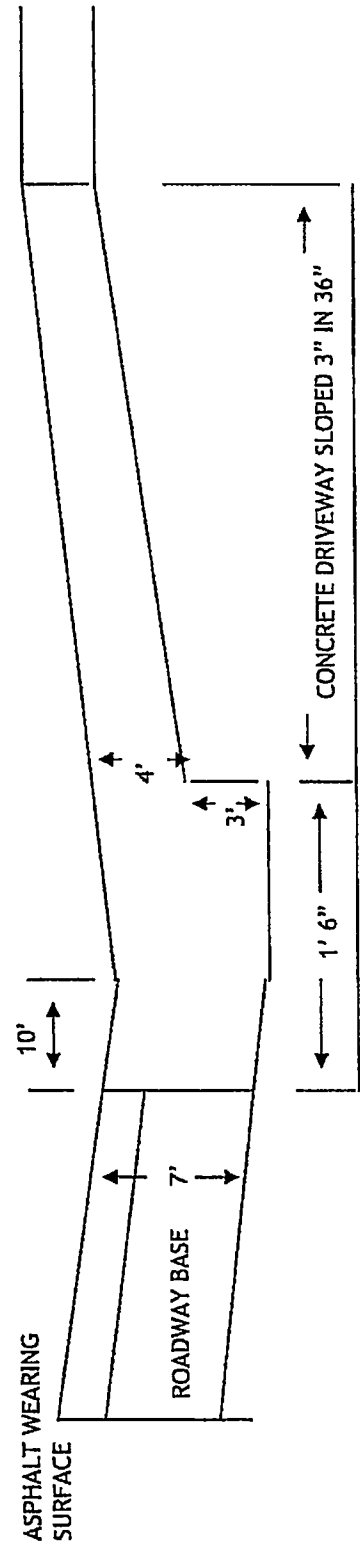


Appendix G

PLAN VIEW @ NTS



PLAN VIEW @ 1"



MODIFICATION TO ROLL CURB @ DRIVEWAY 1"

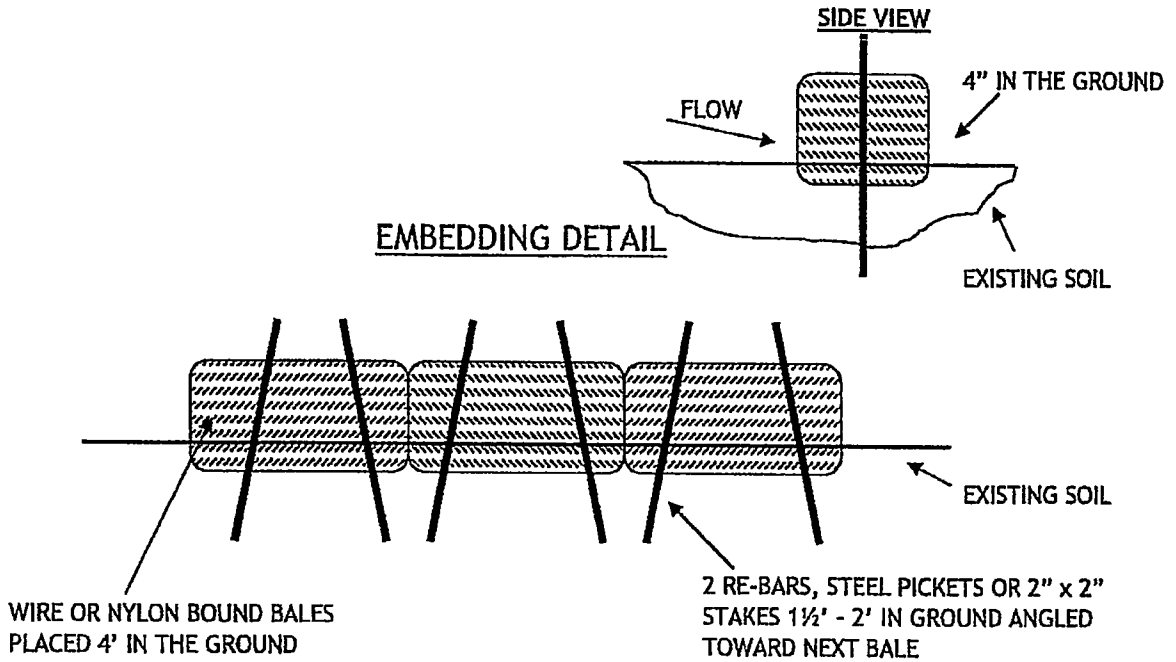
Windmill Harbour Owners Association

EROSION PROTECTION

Special erosion protection is required before construction for lots 11 to 17 Harbour Passage and 29 through 34 Sparwheel Lane to protect the marina harbor.

- A. Existing grass sod is not to be disturbed during construction for a distance of fifteen (15) feet from the bulkhead.
- B. A filter fabric barrier two (2) feet high or more is to be placed five (5) feet inland from the bulkhead across the entire construction site and turned inward toward the front of the lot and supplemented by a line of hay bales along its entire length. Following any appreciated rain that causes erosion, the area should be cleaned immediately. If erosion is allowed to enter the harbor, the owner is responsible for all cost as it has to be removed.

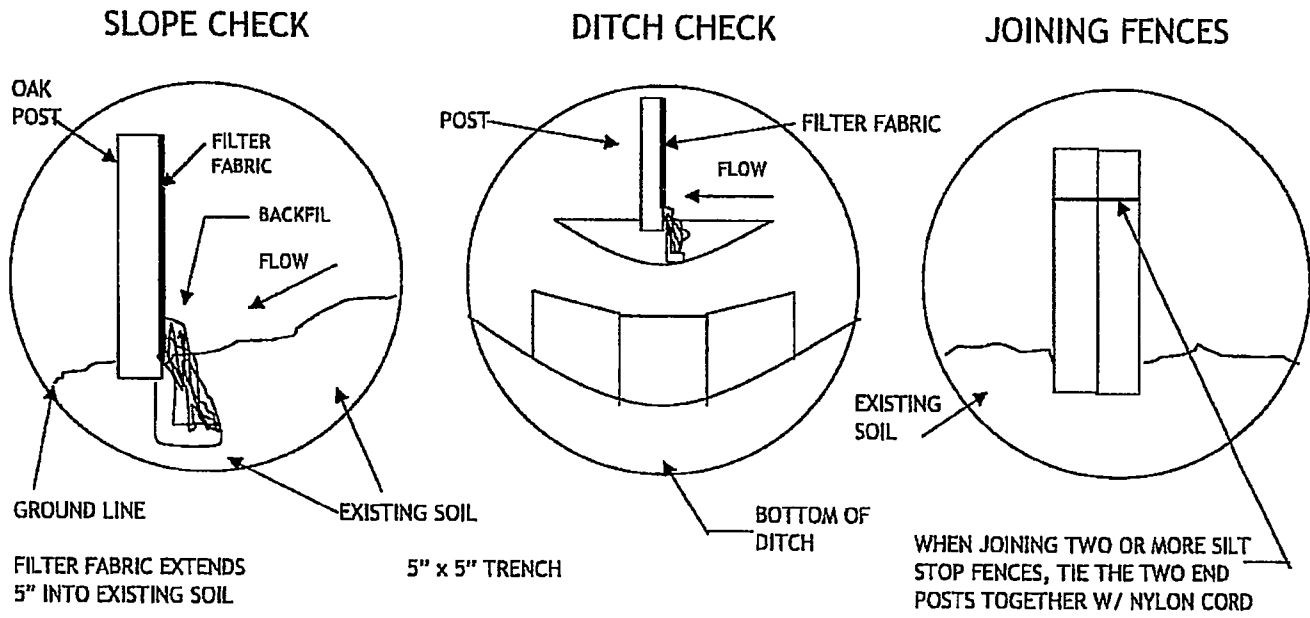
Appendix H
Page 2 of 3



NOTES:

1. ANCHOR AND EMBED INTO SOIL TO PREVENT WASHOUT OR WATER WORKING UNDER A BARRIER.
2. REPAIRS OR REPLACEMENT MUST BE MADE PROMPTLY AS NEEDED.

HAY BALE DETAIL
SEDIMENT BARRIER
NOT TO SCALE



36" BLACK FILTER FABRIC ATTACHED TO 1 1/3" x 1 1/8" x 54" CURED OAK POST. POSTS ARE SPACED APPROXIMATELY 7" - 8" APART. EACH FENCE IS REINFORCED WITH HEAVY DUTY NYLON CORD. TWO OR MORE FENCES CAN BE JOINED TOGETHER WITH 12" OF EXCESS NYLON CORD REMAINING AT EACH END POST. AVAILABLE IN 50' AND 100' LENGTHS

SILT FENCE DETAIL
SEDIMENT BARRIER
 NOT TO SCALE

WINDMILL HARBOUR ARB

COLOR/MATERIALS INVENTORY

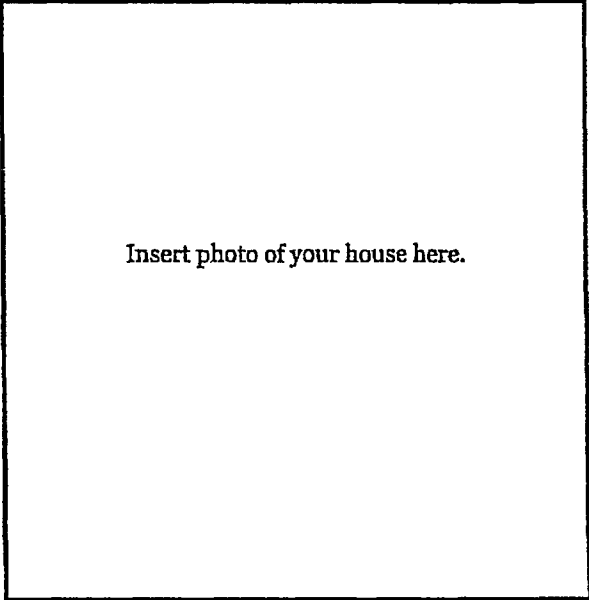
Lot: _____ Street Address: _____

PAI Account #: _____

Owner: _____

Architect/Designer: _____

Total Dwelling Area: _____



EXTERIOR MATERIALS & COLORS:

ITEM	MATERIAL/COLOR	MANUFACTURER/PRODUCT #	COLOR SAMPLE
Siding (Masonry):			
Roofing:			
Facia Trim:			
Other Masonry: (i.e. Chimneys, foundation walls, etc.)			
Front Door:			
Garage Door:			
Shutters:			
Drive (Paving):			
Walks (Paving):			
Iron Railing:			
Approval Date:			

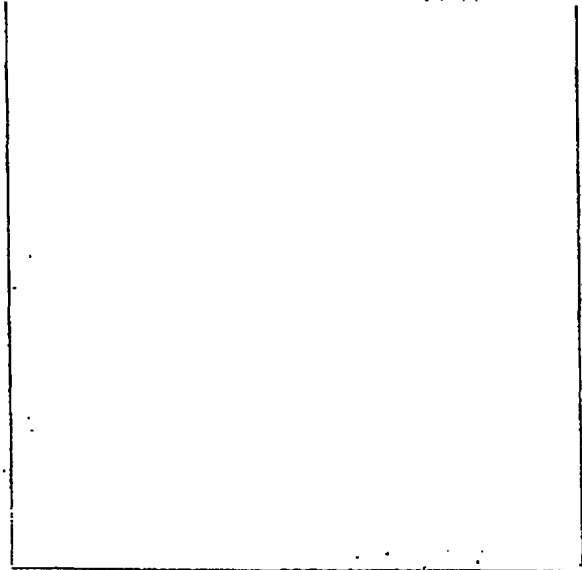
Address:

Owner:

Architect/Designer:

Total Dwelling Area:

EXAMPLE



EXTERIOR MATERIALS & COLORS:

ITEM	MATERIAL/ COLOR	MANUFACTURER/ PRODUCT #	COLOR SAMPLE
Siding (Masonry):	Stucco/London Fog	Synenergy	
Roofing:	Shingles/Weatherwood	Elk Prestique	
Fascia Trim:	Wood/Shell White	Duron	
Other Masonry:	Trim/Stucco/Stark White	Synenergy	
(ie. Chimneys, foundation walls, etc.)	Chimney/Stucco/London Fog	Synenergy	
Front Door:	Wood/Approx. Walnut		
Garage Door:	Gray to Match London Fog		
Shutters:			
Drive (Paving):	Concrete		
Walks (Paving):	Concrete		
Iron Railing:	Stormy Night	Pratt & Lambert	
Approval Date:			

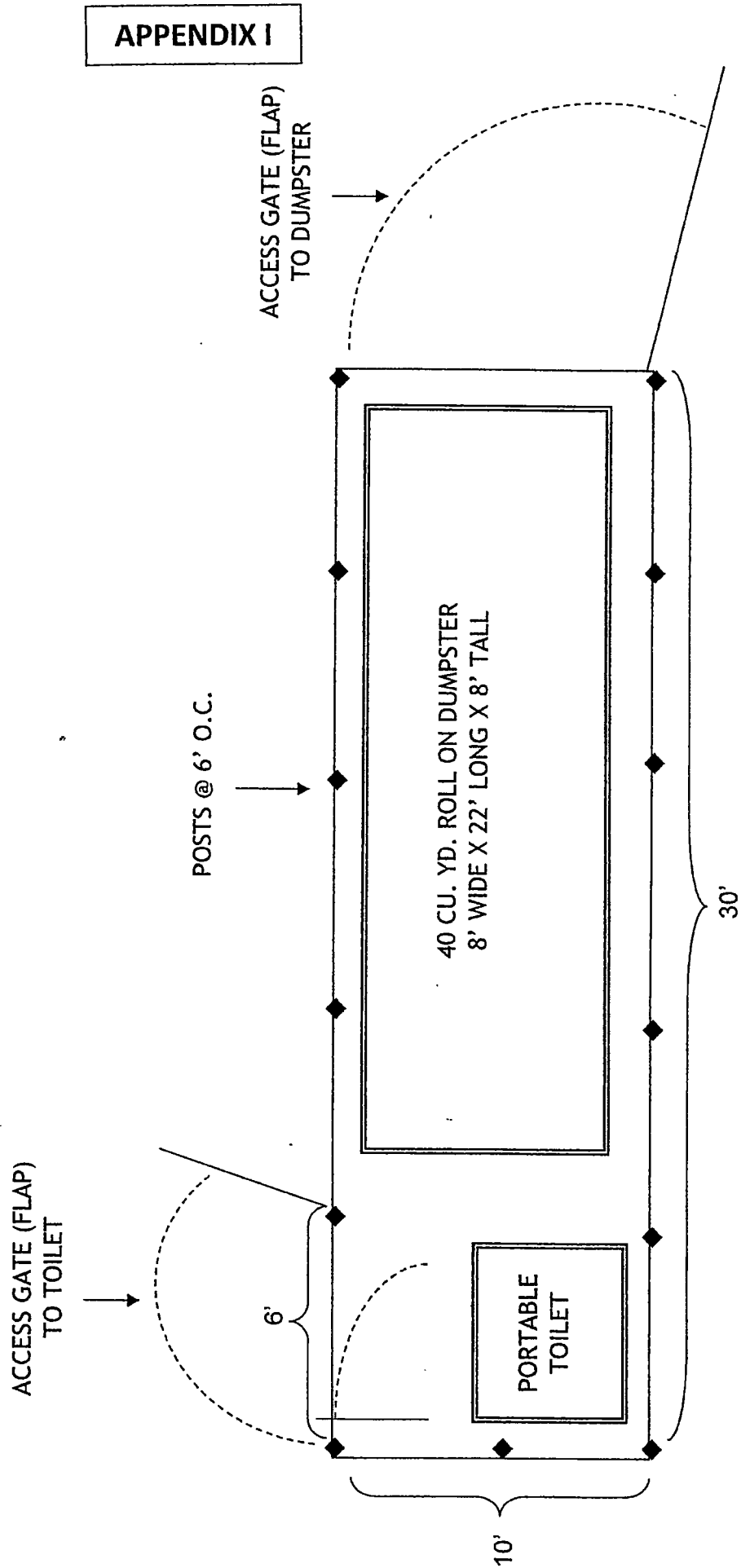
ACTUAL SAMPLES

Code: 47HPE

WINDMILL HARBOUR CONSTRUCTION SCREENING REQUIREMENTS

PLAN DETAIL - DUMPSTER / PORTABLE TOILET SCREEN

NOT TO SCALE



ATTACHMENT

BYLAWS

**AMENDED AND RESTATED DECLARATION OF BY-LAWS
RUNNING WITH CERTAIN LANDS IN WINDMILL
HARBOUR IN BEAUFORT COUNTY, SOUTH CAROLINA,
AND PROVISIONS FOR MEMBERSHIP IN THE WINDMILL
HARBOUR ASSOCIATION**

TABLE OF CONTENTS
BY-LAWS
WINDMILL HARBOUR ASSOCIATION

	Page
ARTICLE I	
IDENTITY	1
ARTICLE II	
ASSOCIATION DUTIES AND OBLIGATIONS, AND LIMITATIONS THEREON	1
Section 1	1
Section 2	1
Section 3	1
Section 4	2
Section 5	2
Section 6	2
Section 7	2
Section 8	2
Section 9	2
Section 10	2
Section 11	2
Section 12	3
Section 13	3
Section 14	3
Section 15	3
Section 16	3
Section 17	5
Section 18	5
Section 19	5
Section 20	5
Section 21	6
Section 22	9
Section 23	9
Section 24	9
Section 25	9
Section 26	9
Section 27	9
Section 28	9
Section 29	9
Section 30	9
Section 31	10
Section 32	10
Section 33	10
ARTICLE III	
MEMBERSHIP AND VOTING PROVISIONS	10
Section 1	10
Section 2	10
Section 3	11
Section 4	11
Section 5	11

Section 6	Quorum Required for Any Action Authorized at Regular or Special Meetings	13
Section 7	Proxies	13
Section 8	Duty of Property Owners to Inform Association of Current Address	13
Section 9	The voting rights of any Member who is more than ninety (90) days delinquent	13
ARTICLE IV	MEETING OF THE MEMBERSHIP	13
Section 1	Place	13
Section 2	Notices	13
Section 3	Annual Meeting	14
Section 4	Special Meetings	14
Section 5	Waiver and Consent	14
Section 6	Adjourned Meeting	14
Section 7	Approval or Disapproval	14
Section 8	The Management Firm	14
Section 9	Election of Directors	14
ARTICLE V	DIRECTORS	14
Section 1	Board of Directors	14
Section 2	Removal of Directors	15
Section 3	Vacancies on Directorate	15
Section 4	Disqualification and Resignation of Directors	15
Section 5	Regular Meetings	15
Section 6	Special Meetings	16
Section 7	Directors' Waiver of Notice	16
Section 8	Quorum	16
Section 9	Compensation	16
Section 10	Powers and Duties	16
Section 11	Fidelity Bonds	17
Section 12	Liability of the Board of Directors	17
Section 13	The Management Firm	17
ARTICLE VI	OFFICERS	17
Section 1	Elective Officers	17
Section 2	Election	17
Section 3	Appointive Officers	17
Section 4	Term	17
Section 5	The President	17
Section 6	The Vice President	17
Section 7	The Secretary	18
Section 8	The Treasurer	18
Section 9	Liability of Officers	18
ARTICLE VII	AMENDMENTS TO THE BY-LAWS	19
ARTICLE VIII	INDEMNIFICATIONS	19
ARTICLE IX	LIABILITY SURVIVES TERMINATION OF MEMBERSHIP	19
ARTICLE X	PARLIAMENTARY RULES	20
ARTICLE XI	LIENS	20

Section 1	Protection of Property	20
Section 2	Notice of Lien	20
Section 3	Notice of Suit	20
Section 4	Liens for Unpaid Assessments	20
Section 5	Foreclosure of Liens for Unpaid Assessments	20
Section 6	Alternative to Lien Foreclosure	20
Section 7	Liability of Purchaser at Foreclosure Sale for Unpaid Assessments Accruing Prior to Sale	20
ARTICLE XII	MANAGEMENT AGREEMENT	21
ARTICLE XIII	ASSESSMENTS AND OTHER CHARGES	21
Section 1	Levying Assessments and Other Charges	21
Section 2	Collection of Assessments	21

BY-LAWS
for
WINDMILL HARBOUR ASSOCIATION

ARTICLE I
IDENTITY

The following By-Laws shall govern the operation of Windmill Harbour Association, (the "Association").

The Association is a Non-Profit Corporation organized and existing under the laws of the State of South Carolina for the purposes set forth in PART THREE, ARTICLE VIII of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Windmill Harbour Property and Provisions for Membership in Windmill Harbour Association (the "Windmill Harbour Covenants" or simply as the "Covenants").

Section 1. The offices of the Association shall be at c/o Windmill Harbour Security Office, 1 Harbour Passage, Windmill Harbour, Hilton Head Island, South Carolina 29926, or at such other place as may be subsequently designated by the Board of Directors of the Association.

Section 2. The Seal of the Corporation shall bear the name of the Corporation, the words "South Carolina", and the words "NonProfit Corporation".

Section 3. As used herein, the word "Association" shall be the equivalent of "Windmill Harbour Association" as defined in the Windmill Harbour Covenants. All other words, as used herein, shall have the same definitions as applied to them in the Windmill Harbour Covenants.

Section 4. The Association, its successors and assigns shall be considered: (1) assignees of the Declarant; (2) trustees of the Property Owners, their successors and assigns with respect to the Functions specified herein; (3) real parties in interest in any litigation or judicial proceeding affecting the Covenants, by virtue of the rights and obligations assigned to this Association herein; (4) third-party beneficiaries under the Covenants, and (5) owners of property subject to the Covenants. The Association and its successors and assigns shall have standing and authority at law or in equity, to carry out and enforce the Covenants or any supplemental declaration made pursuant to the Covenants.

ARTICLE II
ASSOCIATION DUTIES AND OBLIGATIONS, AND LIMITATIONS THEREON

Section 1. The Association shall aggressively strive to carry out and put into effect the Functions and services specified or reasonably implied in the Windmill Harbour Covenants; however, the Functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association with due consideration given to the quantum of reserves and revenues available to the Association, and the relative demands upon the resources which the Association can utilize to maintain Common Properties and to increase the use and enjoyment of the Property as a whole. Functions for which the Association "shall" be obligated to perform shall have priority over Functions which the Association "may" perform. The Association shall not be obligated to incur debt or deficits of expenditures over revenues in order to carry out its "shall" or mandatory functions.

Section 2. Limited Liability. The Association and its Directors and Officers shall not be liable to any Property Owner, their Lessees or Guests for any damage or injury which results from any rule or regulation promulgated pursuant to the Covenants in good faith and with reasonable care.

Section 3. New Functions. The Association may perform Functions not set out herein so long as: (1) the Board of Directors specifically finds that such Function will maintain or enhance the economic value or use and enjoyment of the Property; (2) the commitment to provide for such new Function is approved by the Board of

Directors of the Association; (3) the commitment to provide for such new Functions is approved by the Members in a Referendum or otherwise by amendment to the Covenants and (4) such new Function is recorded in a supplemental declaration to the Covenants.

Section 4. Ownership of Common Properties. The Association shall be authorized to own, lease or rent Common Properties, including but by no means limited to Open Space and other real property, and also equipment, furnishings and improvements necessary to carry out its Functions pursuant to the Covenants.

Section 5. Acceptance of Properties Donated by Declarant. The Association shall be obligated to accept and assume responsibility for maintaining those lands and facilities described in Section 10-4 of the Covenants which have been conveyed by Declarant to the Association or when the Association purchases said facilities.

Section 6. Ownership or Lease of Land or Facilities not on the Property. The Association may acquire and own land or facilities either located on the Property or elsewhere so long as such land or facilities are necessary to carry out the authorized Functions of the Association which are likely to enhance the Members' use and enjoyment of the Property or the ownership of which are otherwise deemed to be in the best interest of the Association as determined by the Board of Directors.

Section 7. Power to Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge designated percentages of the revenues of the Association whether from Annual or Special Assessments and whether for single or multiple years, as security for loans made to the Association in performing its authorized Functions.

Section 8. Property Maintenance Function. The Association shall provide for the care, operation, management, maintenance, repair and replacement of all Common Properties.

Section 9. Security Functions. The Association may provide security and fire protection within the Property and provide and maintain a fire and watch system which may include periodic fire prevention inspections and equipment certifications, cable, microwave, telephone or radio-based fire monitoring and television security electronics which do not unreasonably offend the privacy of the Property Owners, Declarant or their residents, guests, employees or invitees.

Section 10. Parking Function. The Association may construct, purchase, lease, landscape, install directional signs on, care for, operate, manage, maintain, repair or replace parking areas to accommodate Property Owners, Lessees and Guests. For these purposes Club Members shall be considered Guests of Property Owners.

Section 11. Vehicular Control and Road Maintenance Function. The Association shall provide reasonable controls over vehicular access to and vehicular traffic within the Property when necessary or desirable for the health, safety or welfare of persons within the Property. Said obligation shall include constructing, operating and maintaining access road control gates restricting vehicular traffic into the Property except for Property Owners, Lessees or their Guests and restricting commercial vehicular traffic into and within the Property. For these purposes Club Members shall be considered Guests of a Property Owner. All Property Owners and Lessees may be required to keep the Association informed of all persons who have overnight accommodations at such Property Owner's or Lessee's property in order to enforce its vehicular access rules and regulations appropriately. To facilitate this and other Functions described herein, the Association may operate directly or through service bureaus, appropriate computerized or other electronic record keeping, automatic data processing and cable transmission systems. The Club shall keep the Association regularly advised of the names and addresses of the Club Members.

The Association may establish any fee or toll for use of roadways belonging to the Association; provided, however, that such fee or toll shall be limited to an amount which, when combined with a portion of the total Annual Assessments, generates sufficient sums to the Association to cover the cost of the operation of every road entry control security station, to repair, rehabilitate, resurface and otherwise maintain said roadways, and to provide otherwise for security reasonably related to use of roads and security risks arising from illegal acts of roadway users on or off the roadways.

In addition, the Association shall have the power to protect the use and enjoyment of the Property by placing reasonable restrictions upon the use of the roadways owned by the Association, including, but not limited to, restrictions on the types, sizes and weights of vehicles using said roads, the maximum and minimum speeds of vehicles using said roads, all other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. The Association may prohibit overnight parking of commercial vehicles (trucks or cars) within the Property. The Association may prohibit excessively noisy vehicles and restrict or prohibit the entry into the property of two (2) wheel vehicles, other than those with engines of one (1) brake horsepower or less. Restrictions on the use of the roads may be more restrictive than the laws of any state or local government having jurisdiction over the Property.

Section 12. Recreation and Festival Functions. In order to promote the use and enjoyment of the Property, the Association may provide limited year-round sports, recreation, festival and adult education programs of suitable variety and such miscellaneous equipment as may be necessary therefor.

Section 13. Solid and Organic Waste Collection and Recycling Function. The Association may provide for collection and removal of all solid and organic waste within the Property. Moreover, the Association may cooperate with private and governmental entities to encourage recycling efforts and activities within the Property.

Section 14. Domestic Animal Control Function. The Association shall be obligated to and shall provide regulations, facilities, manpower and funds to enforce pet control in a manner consistent with Section 3-14 of the Covenants, or to exclude pets from Common Properties and other public areas.

Section 15. Environmental Monitoring Function. The Association may monitor air and water quality within the Property including the Harbour Basin to determine environmental trends and to detect violation of local, state and federal pollution laws.

Section 16. Enforcement of Covenants Function.

(a) If any Property Owner fails to maintain the Undeveloped Land, Regime Common Property, any Dwelling Lot, Dwelling Unit, or other Structure or facility within the Property, or fails to perform any acts of maintenance or repair required under the Covenants, the Association, upon reasonable notice given to the Property Owner and after providing a reasonable time for the Property Owner to remedy the violation, may provide grounds and space exterior Structure maintenance and repair upon such site and improvements thereon. In addition, the Association may, without notice, make such emergency repairs and maintenance as may in its judgment be necessary for the safety of any person or to prevent impending damage to any other property. The cost of such exterior maintenance and repair shall be assessed against the Property Owner and shall be a lien on the subject property and an obligation of the Property Owner and shall become due and payable as set forth in Sections 11-10, 13-1 and 13-4 of the Covenants and enforceable as a lien in accordance with Article X of the By-Laws. For the purpose of performing the exterior maintenance authorized by this Section, the Association, through its duly authorized agents or employees shall have the right to enter upon the respective property during reasonable hours on any day except Saturday or Sunday. The Association is given a license or easement over all the Property to inspect in order to determine whether any repair is necessary under this Section.

(b) Neither the Declarant, the Association, nor any of their directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any land or improvements or portion thereof or to repair or maintain the same. Neither the Declarant, the Association or any other person, firm or corporation undertaking such repairs or maintenance shall be liable for any personal injury or property damage or other incidental or consequential damages occasioned by any non-negligent act or omission in the repair or maintenance of any site, improvements or portion thereof.

(c) Whenever the Association undertakes, pursuant to the Covenants, to correct, repair, clean, preserve, clear out or perform any action on the property or on easement areas adjacent thereto, entering the property and taking such action shall not be a trespass and a license or easement to enter is hereby granted by any Property Owner who takes subject to the Covenants.

(d) The Association shall respond to complaints received as to violations of the Covenants and shall inform the violators of such complaint. If the violation is not expeditiously terminated, the Association may engage legal counsel to bring an appropriate action at law or in equity including any appeals, to enforce the Covenants. After final adjudication, violators shall be obligated to reimburse the Association in full for all its direct and indirect costs including, but not limited to, legal fees and expenses incurred by the Association in maintaining compliance with the Covenants.

(e) The Association may suspend the rights of enjoyment in Common Properties of any Member, or Lessee or Guest for any period during which the payment of any assessment against property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days next following the cessation of any violation for any infraction of its published rules and regulations, provided that any suspension for either nonpayment of any assessment or breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment or to abide by such rules, and provided further that the Association shall not suspend the right to use the roads belonging to the Association subject to the rules, regulations and fees, if any, established by the Association for such use.

(f) The association may adopt fines to enforce the provisions of the Covenants and the published rules and regulations of the Association. Such fines may be adopted and amended from time to time by a majority vote of the Association Board of Directors. Association fines may not be levied against any Property Owner until the fines have been mailed to all Property Owners to the addresses on record with the Association. Fines levied against Property Owners for violations of the Covenants, or the Association rules and regulations, shall be a charge against the Windmill Harbour property owned by the Property Owner in violation of the Covenant, rule or regulation, and shall be a charge and continuing lien on the subject Property Owner's Dwelling Lot, Dwelling Unit, or Boating Unit as well as a personal obligation of the Property Owner. Such fine shall be collectible by the Association as an assessment against the subject Property Owner's Dwelling Lot, Dwelling Unit, or Boating Unit as set forth in Article XI of the Covenants. Property Owners shall have the right to appeal any Association fine. All appeals shall be in writing and shall be heard by the Board, or a committee selected by the Board. The determination by the Board, or the Board's appeal committee, of all appeals shall be made in the Board's, or the Board's appeal committee's, sole discretion. Such determination shall be final adjudications of all fines and shall not be subject to any further appeal whatsoever. The Board may promulgate rules governing the fine appeal process.

Section 17. Central Identification Function. The Association may provide to Property Owners, Lessees and Guests within the Property a central identification card or vehicle sticker function, which may provide for the issuance of an identification card to Guests, employees who service the Property, Property Owners and Lessees. The Club shall be responsible for assisting its Club Members to facilitate the issuance of vehicle stickers in those instances where a Club Member is not a Property Owner.

Section 18. Insurance Function. In order to protect the financial integrity of the Association so that it may carry out its Functions, the Association shall in its name keep in full force and effect at all times at least the following insurance coverage:

(a) Casualty insurance with respect to all Common Properties including all improvements thereon, insuring such facilities for the full replacement value thereof, including coverage for flood, fire and extended coverage (including wind storm), vandalism, malicious mischief and Acts of God; and

(b) Broad form comprehensive liability coverage, covering both public liability and automobile liability, with limits of not less than \$1,000,000 for each person injured and not less than \$2,000,000 for each occurrence, and with property damage limits of not less than \$200,000 for each accident. The Board in its discretion may provide higher coverage limits in all categories.

All insurance may contain such deductible provisions as good business practice may dictate. If the Board of Directors determines that cost of any coverage appears to be unreasonable, the Board of Directors may recommend that such coverage be waived or modified and, if approved by the Association, it shall be. The proceeds of all casualty insurance shall be applied to the repair or replacement of the damaged or destroyed land, improvements or vegetation. The proceeds of all casualty insurance shall be applied to satisfy the liability. All insurance shall name the Declarant as an additional insured so long as Declarant continues to exist and continues to be a Property Owner. All insurance shall also, to the extent reasonably possible, cover each Property Owner and Lessee with respect to Common Properties without each Property Owner being specifically named. The Association shall provide the Declarant, upon request, with certificates evidencing such insurance and copies of the insurance policies.

Section 19. Reconstruction Function. In the event that any Structures maintained on Common Properties are damaged or destroyed by fire, Act of God or other casualty other than war, the Association shall have the affirmative duty to repair or rebuild such Structure or improvement or to clear such Structure from the land and to landscape the property so as to render it attractive.

Section 20. Resource Protection Functions. Subject to the provision regarding the notice as set forth in Section 8-33 of the Covenants, the Resource Protection Functions of the Association shall be as follows:

(a) Drainage Control Function. The Association may promulgate, prescribe and amend from time to time, reasonable standards and regulations for drainage control to minimize the ecological damage which would tend to result from any grading, paving, landscaping, clearing or vegetation, excavation, burning, application or discharge of chemicals and nutrients, construction or demolition activity on the Property.

(b) Environmental Hazard Function. The Association may promulgate, prescribe and amend from time to time, reasonable rules and regulations which shall govern activities which may be environmentally hazardous, such as the application or discharge of fertilizers, pesticides and other chemicals.

(c) Insect, Reptile and Woods Fire Control Function. To implement effective insect, reptile and woods fire control, the Association or its agents have the right to enter upon any unimproved property (e.g., property on which no building or Structure has been constructed, and upon which no landscaping plan has been implemented) for the purpose of mowing, removing, cleaning, cutting or pruning underbrush, weeds or other growth, removing trash or dispensing pesticides.

(d) Wildlife Function. The Property has been developed and is intended to be maintained for the principal purpose of accommodating human uses and is not intended to be maintained as a wildlife sanctuary; nonetheless, the Association may undertake reasonable measures to protect or replenish species of wildlife that can be expected to adapt to man's presence on the Property, particularly in Open Space areas, and the Association shall undertake to enforce the prohibitions of Section 3-24 of the Covenants against willful destruction of important species of wildlife that can be expected to adapt to man's presence in the area.

(e) Hazardous Waste Function. In addition to the requirements for solid waste management and for disposition and control of hazardous wastes as provided by Pertinent Law, the Association may from time to time establish appropriate, reasonable regulations and controls designed to reduce the likelihood that noxious and hazardous wastes may seep into the water table or into any lakes, lagoons or ponds which are or may in the future be located on the Property.

Section 21. Architectural, Siting, Vegetation and Building Control Function. The Association shall have the ultimate authority for approvals, decisions and actions made pursuant to Article III of the Covenants. In order to carry out this Function, the Board of Directors of the Association shall appoint on annual terms, at the first scheduled meeting of the Board of Directors after the Annual Meeting, a five (5) or seven (7) member Architectural Review Board, the Members of which shall be Property Owners. All officers of a corporate Property Owner and all adult members of the immediate family of an individual Property Owner, for purposes of this Section, shall be deemed to be Members of the Association to qualify to serve on the Architectural Review Board. For purposes of this Section an officer of the Declarant and an adult member of the immediate family of a Property Owner shall be deemed eligible for service on the Architectural Review Board. The Architectural Review Board shall function as an agent of the Association for the purpose of establishing and enforcing architectural, siting, landscaping, vegetation and building controls in conformity with the Covenants and Pertinent Law. The business of the Association shall be conducted as follows:

(a) Compensation and Consultants. The Association may compensate the members of the Architectural Review Board in a manner and to the extent that is deemed prudent, desirable and reasonable in the judgment and discretion of the Board of Directors of the Association, and the Architectural Review Board may engage or contract for such consultant or professional service of architects, landscape architects, engineers, urban designers, inspectors and/or attorneys as may in its judgment be necessary to carry out this Function with the Approval of the Board of Directors.

(b) Conflict of Interest. Whenever a member of the Architectural Review Board has any direct or indirect conflicting interest in any matter coming before the Architectural Review Board, the affected person shall a) fully disclose the nature of the interest to the Architectural Review Board in writing; and b) withdraw from discussion, lobbying, and voting on the matter. For the purposes of this section, a member shall have a conflicting interest when any application before the Architectural Review Board is made by the member or the member's immediate family or in which the member or the member's immediate family has any pecuniary interest. Notwithstanding the provisions of this Section 21(b), no action taken by the Architectural Review Board shall be deemed invalid solely based on the failure of a member of the Architectural Review Board to comply with the obligations of this subsection.

(c) Submission, Approval and Refusal of Architecture, Siting, Landscaping and Other Building Plans. Any Property Owner submitting plans to the Architectural Review Board must insure that the Association's assessments are current on the property for which plan approval is sought since the application for plans reviewed will not be processed on Lots having delinquent Association assessments. Two (2) copies of all plans and related data shall be provided the Architectural Review Board. One (1) copy shall be retained in the records of the Architectural Review Board. The other copy shall be returned to the Property Owner, and both copies shall be marked "approved" or "disapproved" with the signature of the Chairman or Executive Director of the Architectural Review Board. The Architectural Review Board may require payment of a fee in a reasonable amount which shall be approved by the Board of Directors in its discretion prior to implementation, and which fee is expected to partially compensate for the expense of reviewing plans and related data submitted for review, for site inspections, or related items.

Approvals shall be dated and shall not be effective for construction commenced more than twelve (12) months after such approval. Applicant shall notify the Architectural Review Board of the date of commencement of construction within not more than fourteen (14) days of such commencement. Disapproved plans and related data shall be accompanied by a statement of items found unacceptable and the reasons they are unacceptable. In the event approval of such plans is neither granted nor denied within sixty (60) days following receipt by the Architectural Review Board of written request for approval, the applicant may send a demand for action by certified mail, and if the application is neither granted nor denied within ten (10) days of receipt of such demand, said application shall be deemed to be approved by the Association.

Refusal of approval of plans, locations or specifications may be based by the Architectural Review Board or the Association upon the fulfillment of the objectives of the Covenants, including but not limited to: aesthetic considerations; the harmony and scale, bulk, coverage, function and density of use of exposed Structure; the effect of the Structure or plans on neighboring properties; the view of the Structure or property from public or private roads; the placement of buffer zones, fences, shrubbery, trees, vegetation, berms and parking spaces; and the desirability of preserving significant trees or other unique vegetation. The architectural review process shall not be conducted in an arbitrary and capricious fashion by, for example, applying substantially different standards than those typically applied by the Board to submissions during the same period of time; nonetheless, any approval of a plan which, when built, is not considered desirable for future construction, shall not be considered as a precedent requiring the Board to approve similar plans on subsequent submissions.

(d) Specific Building Construction Standards and Other Building Standards. Certain Specific Building Construction Standards (as herein defined) are included in the Covenants to deal with certain specific building types. In addition thereto, the Architectural Review Board and the Association have promulgated standards through Architectural Guidelines making reference to various national building standards, fire safety standards and other building codes which must be followed in architectural designs submitted to the Architectural Review Board. Building standards in the form of Architectural Guidelines shall be published by the Architectural Review Board of the Association and shall be made available to any Property Owner at the Association's cost of publication. Modifications to such building standards may be made by the Architectural Review Board by amending and republishing the Architectural Guidelines. The Specific Building Construction Standards shall be applicable to the Patio, Townhouse and Reef Club type Dwelling Unit approvals, supplemented by the Architectural Guidelines. Except as amended or modified, however, such Architectural Guidelines shall be binding on all Property Owners and each property is deemed to have actual notice of the content and applicability of such Architectural Guidelines. In case of conflict between the Architectural Guidelines and the Covenants, the Covenants shall Prevail.

(e) Collection of Compliance Deposit. In addition to all other rights and powers conferred upon the Architectural Review Board by the Covenants and pursuant to its rules of

procedure, the Architectural Review Board is expressly authorized to collect the sum of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) from the Property Owner (which sum may be raised or lowered from time to time, but not waived, by the Board of Directors without amendment of the Covenants) as a condition to the approval of all plans and related data, to insure compliance with the requirement to restore all grassed parkway, street pavement and graded surfaces on adjacent common lands or private property to their original condition and contours, as well as the requirement to complete all landscape work on the subject property according to the plans and specifications approved by the Architectural Review Board within one (1) year after the completion of construction. In addition to the deposit required above, the Architectural Review Board is expressly authorized to collect from either the owner or the building contractor a "contractor's deposit" in the amount of Two Thousand and No/100 Dollars (\$2,000.00) (which sum may be raised or lowered from time to time, but not waived, by the Board of Directors without amendment of the Covenants) at the time the contractor applies for a construction application as required by the Architectural Guidelines. The Contractor's Deposit is intended to insure compliance with the approved plans, for site maintenance and correction of all off-site damage caused by contractor's actions. The posting of this Contractor's Deposit does not, however, relieve the contractor or the Property Owner from compliance to approved plans or from their clean-up responsibilities described herein and in the Architectural Guidelines.

The Association shall establish a separate trust account into which all such compliance deposits shall be deposited and said account shall be administered by the Architectural Review Board. The account may be an interest bearing account and any interest earned thereon shall be used by the Association to partially offset the cost of administering the Architectural Review Board. If the work for which the deposit has been required is not timely completed, the Architectural Review Board and the Board of Directors shall each have the right to use such amount to contract for and complete such work; provided, however, that should such amount be insufficient to complete such work, the Property Owner shall remain liable therefor, and shall be subject to an action for specific performance by the Board of Directors to compel the completion of such work, in addition to any and all remedies available to the Association and all affected Property Owners pursuant to the Covenants, the Bylaws, at law or in equity.

(f) Approval Not a Guarantee or Representation of Proper Design or Good Workmanship. No approval of plans, location or specifications, and no publication or architectural standards in the Architectural Guidelines by the Architectural Review Board or the Association shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed residence or that such standards comply with Pertinent Law. Such approvals and standards shall in no event be construed as representing, guaranteeing or implying that any residence will be built in a good workmanlike manner. NO IMPLIED WARRANTIES OF GOOD WORKMANSHIP, DESIGN, HABITABILITY, QUALITY, FITNESS FOR PURPOSE OR MERCHANTABILITY SHALL ARISE AS A RESULT OF ANY PLANS, SPECIFICATIONS, STANDARDS OR APPROVALS MADE BY THE DECLARANT, THE ASSOCIATION OR THE ARCHITECTURAL REVIEW BOARD, THEIR SUCCESSORS AND ASSIGNS.

(g) Liabilities for Approvals Granted by the Architectural Review Board or the Association. Neither the Architectural Review Board nor the Association shall be liable to a Property Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against a Property Owner or such other person arising out of or in any way relating to the subject matter of any review, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Architectural Review Board or the Association whether given, granted or denied.

Section 22. Other Utilities Functions. Subject to Pertinent Law and the rights reserved by the Declarant, the Association may regulate the installation of any utilities, including but not limited to water, sewage, power lines, cable television, satellite communications and microwave transmission facilities on the Property.

Section 23. Assessment Function. The Association shall be authorized to collect assessments and fees as prescribed in Article XI of the Covenants.

Section 24. Tax Payment Function. The Association shall pay all ad valorem real estate taxes, special improvement and other assessments, ad valorem personal property taxes and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority, which shall be imposed, assessed or levied upon, or arise in connection with any Common Properties, and any other real property or any personalty owned by the Association.

Section 25. Right to Dispose of Common Properties, Other Real Property and Personalty. Subject to the provisions of the Covenants requiring the consent of the Declarant with respect to Properties Donated by Declarant (Section 7-9 and Section 10-4), the Association shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any Common Properties, other real property and personalty owned by the Association.

Section 26. Governmental Successor. Subject to Pertinent Law and the condition that the Association shall never relinquish its ultimate authority to perform any delegated Function, the Association may convey all or any part of any Common Properties owned by the Association, including lease-hold interests, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Association. No such gift or sale or determination as to the purposes or as to the conditions of the transfer shall be effective unless such dedication, transfers and determinations as to purposes and conditions is authorized by Referendum as set forth in Section 9-4. Unless specifically reserved in the deed of conveyance, the transfer of any Common Properties by the Association to third parties will extinguish all licenses and easements of Property Owners in Common Properties so conveyed.

Section 27. Implied Rights and Functions. The Association shall have and may exercise any right or privilege given to it expressly in the Covenants or, except to the extent limited by the terms and provisions of the Covenants, given to it by law, and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfill its obligations under the Covenants, including the right to engage necessary labor and acquire use of or purchase necessary property, equipment or facilities; employ personnel necessary to manage the affairs of the Association; obtain and pay for legal, accounting, engineering, architectural and other professional services as may be necessary or desirable; and to perform any Function by, through or under contractual arrangements, licenses or other arrangements with any governmental or private entity as may be necessary or desirable.

Section 28. Indemnification Function. The Association shall be empowered to and shall indemnify Declarant and hold it and its officers, partners, shareholders, directors, agents and employees harmless from all liability, loss, cost, damage and expense, including attorneys' fees, arising with respect to any matter for which the Association agreed to provide indemnification pursuant to that certain Transition Agreement between the Declarant and the Association or with respect to functions which were formerly designated to be performed by the Declarant and are now designated to be performed by the Association.

Section 29. Limited Regulation Function. The Association shall be authorized to and shall have the power to adopt, amend and enforce reasonable rules and regulations applicable within the Property with respect to any Common Property or Function, and to implement the provisions of the Covenants, the Association's Articles of Incorporation and these By-Laws.

Section 30. Charges for Use of Facilities. The Association may establish charges for use of Common Properties to assist the Association in offsetting the costs and expenses of the Association attributable to the Common Property. All charges established shall be reasonable and shall be uniformly applied, except such charges may differentiate among Owners, Lessees or Guests. Each Owner, Lessee and Guest shall be obligated to and shall pay any such reasonable charges for their use of Common Properties.

Section 31. User Charges for Service Functions. The Association may establish reasonable charges for providing any service as required or permitted by the Covenants to be provided to a Property Owner, Lessee or Guest to assist the Association in offsetting the costs and expenses of the Association attributable to providing the service to the user.

Section 32. Annual Reporting Function. The Association shall annually, within ninety (90) days after the closure of the fiscal year of the Association, make available to Property Owners a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, the Association's revenues, costs and expenses, and the name of any creditor who is owed more than \$1,000. The Association shall furnish to each Member of the Association who makes request therefor in writing a copy of such audit or statement.

Section 33. Notice Function. Notice of all rules and regulations established by the Association shall be made available to Property Owners upon written request. The Association may establish a charge for reproducing and distributing the rules or regulations. Copies of the rules and regulations shall be available for review at the Association offices. In addition, the Association may, but shall not be required, to publish such rules and regulations in a local newspaper or mail the rules and regulations to Property Owners as provided in Sections 9-7, 9-8, 9-9 or 9-10 of the Covenants.

The Association or its agents may not enter upon the lands, realty or facilities of any Property Owner to perform any Resource Protection Function or to install any utility, communications or public convenience facility without providing at least two (2) weeks mail notice to the Property Owner in conformity with Sections 9-7, 9-8, 9-9 or 9-10 of the Covenants.

ARTICLE III MEMBERSHIP AND VOTING PROVISIONS

Section 1. Automatic Memberships. Every Property Owner and the Declarant shall automatically be a member of the Association. The Class "A" and "B" Members as defined in Section 9-2 of the Covenants are sometimes hereinafter collectively referred to as the "Members".

Section 2. Number of Votes. The Association shall have two (2) types of regular voting membership. Members are divided into classes for the sole purpose of computing voting rights and shall in no event vote as a class.

Class "A" Class "A" Members are those Property Owners (including Declarant) of Dwelling Lots, Dwelling Units and Boating Units. A Class "A" Member shall be entitled to one (1) vote for each Dwelling Lot. As long as property qualifies as a Dwelling Lot because improvements have not been constructed thereon, the owner thereof shall have only one (1) vote, but once improvements are constructed and it loses its character as a Dwelling Lot and becomes a Dwelling Unit, the owner shall have two (2) votes for the ownership of such property. Each Class "A" Member shall have one-half (1/2) vote for each Boating Unit he owns. Moreover, in those instances where one (1) or more Dwelling Lots have been consolidated with a contiguous Dwelling Unit, as provided in Section 7-12 of the amended and Restated Covenants, the voting rights of the consolidated Dwelling Lot shall be reduced to one-half (1/2) vote in a manner commensurate with the reduced assessment.

Class "B" - Class "B" members are those Property Owners (including Declarant in its capacity as owner of developed or Improved Property) other than Class "A" Members, such as the owner of the Inn Site or the Sale Center Site, which properties shall be designated as provided in Section 2-1 and 2-2 of the Covenants for Purposes of Land Use Class and assessment quantification purposes. The Owner(s) of the South Carolina Yacht Club shall be a Class "B" Member(s) for assessment and voting purposes.

Beginning in 1995, the South Carolina Yacht Club shall be entitled to eighty-three (83) votes in consideration of the assessment paid pursuant to Section 11-4 of the Covenants. In the event the amount of the South Carolina Yacht Club assessment increases above the base assessment of \$50,000.00, the vote entitlement of the South Carolina Yacht Club shall increase on the same relative basis as other categories of votes increase, if any, as a result of increased assessment amounts. Each other Class "B" member is entitled to one-half (1/2) vote for each Boating Unit equivalent assessments paid in the assessment year beginning in 1995, as specified in Section 11-4 of the Covenants. The dollar amount of such assessment and the resulting vote entitlement in future years shall rise and fall in the same manner as that fixed for Boating Units in future years and shall be based upon the dollar amount of assessment paid in the year prior to the year in which the vote entitlement is determined.

Section 3. Multiple Ownership. When any property entitling any owner to membership as a Class "A" or "B" Member of the Association is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants by the entirety, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and the instrument or a copy thereof is filed with the Secretary of the Association, their acts with respect to voting shall have the following effect:

- (a) If only one (1) votes in person, by Referendum or by proxy, his act binds all;
- (b) If more than one (1) votes in person, by Referendum or by proxy, the act of a majority so voting binds all;
- (c) If more than one (1) votes in person, by Referendum or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled to its proportionate share of the vote or votes;
- (d) If the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or even split for purposes of this paragraph shall be a majority or even split in interest;
- (e) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, Referenda, waivers, consents, or objections and for the purpose of ascertaining the presence of a quorum.

Section 4. Assignment of Voting Rights. The voting rights of any Property Owner may be revocably assigned to his horizontal property regime president or his lessee who has entered into a lease with a term of one (1) year or more; provided, however, that the Property Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by the lessee; provided, further, that such assignment of voting rights or revocation thereof is in writing and a copy of such assignment of revocation is filed with the Association.

Section 5. Members' Rights to Approve Certain Actions by Referendum: Special Assessments: Amendments of Covenants: Merger of Another Property Owners Association: Matters Specified in By-Laws of Association. The Board of Directors of the Association may, by resolution adopted by a two-thirds favorable vote of the Board, initiate a Referendum in which members of the Association shall collectively have the power to approve or reject:

(a) Any special assessment recommended by the Directors as provided in Section 11-6 of the Covenants;

(b) Any merger of the Association with another property owners' association outside of the Property;

(c) Amendments to the Covenants except that no amendment may impair any right reserved by Declarant, create or increase any liability of Declarant or the Association, alter the Land Use Class of any property retained by Declarant or any property conveyed by Declarant prior to the Referendum unless expressly approved by Declarant;

(d) Any other fundamental and material actions designated in these By-Laws or the Covenants as actions for which a Referendum must be held; and

(e) The addition or deletion of Functions or services which the Association is authorized to perform; and

(f) The sale of any Common Properties or Open Space.

Any Referendum mailing shall include a statement prepared by the Directors of the Association stating the reasons that two-thirds of the Directors are for or against the referendum, together with a statement prepared by the Directors dissenting from such proposed action; provided, however, that neither of such statements may exceed a maximum length of five (5) pages on each proposed action.

Wherever a Referendum is conducted and such referendum shall be deemed "passed" and such action voted upon shall be deemed to be authorized by the Members in the event that sixty (60%) percent or more of the votes actually returned to the Association within the specified time shall be in favor of such action.

In order to be counted, any mail referendum ballots must be returned to the Association within sixty (60) days of the date the ballot was post marked as mailed by the Association to the Members.

No mail referendum shall be effective unless a statement of the results thereof is signed by the President and Secretary of the Association in their representative capacities, the statement is mailed to Property Owners in the manner provided in Sections 9-7 through 9-10 of the Covenants, and said statement is recorded in the name of the Association. Said statement shall include the effective date of the action, the date at which a mailing of the Referendum ballot was made, the total number of votes needed to adopt the action and the total number of votes cast for and against the action. If the action involves an amendment to the Covenants, an Appropriate Addendum shall be executed and Recorded reflecting such Amendment.

No Property Owner may challenge a Referendum if the Association mailed an assessment bill, statement, Referendum Ballot or notice of Referendum to the last address of said Property Owner which is recorded on the books of the Association and for which the Association has not received the Property Owners current address or notice of change of ownership from the Property Owner.

Any notice or Referendum ballot required to be sent to any Member or Property Owner under these provisions or any provision of the Covenants shall be sufficient if mailed with the proper postage affixed to the last known address of the person or entity who appears as owner in the Association's records as established pursuant to Section 9-7 of the Covenants, or if not known, in the public tax or real estate records of Beaufort County, South Carolina on the first day of the calendar year in which said notice is mailed.

Any person who becomes a Property Owner and Member following the first day in the calendar month in which notice or Referendum ballots are mailed is not entitled to additional notice or a Referendum ballot if notice or Referendum ballot was given or mailed to his predecessor in title.

Notice or Referendum ballot to one (1) of two (2) or more co-owners of any unit of property within the Property shall constitute sending of proper notice or Referendum ballot to all co-owners of said unit. Similarly, the sending of notice or a Referendum ballot to a life tenant shall constitute proper notice or Referendum ballot to all remaindermen and holders of other future interest.

Section 6. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. Except as provided in Article XV of the Covenants regarding amendments to said Covenants, the quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from a Referendum) shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast fifty-one (51%) percent of the total vote of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, a second meeting may be called subject to the giving of proper notice, and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five percent (25%) of the total vote of the Membership of the Association. In the event that the required quorum is not forthcoming at the second meeting, a third meeting may be called, subject to the giving of proper notice, and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference herein to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by Section 9-5 of the Covenants, and any other requirements for such "duly called meeting" which may be established by these By-laws. For the purpose of this section, "proper notice" shall be deemed to be given when given to each Member not less than fourteen (14) days but not more than forty-five (45) days prior to the date of the meeting at which any proposed action is to be considered

Section 7. Proxies. All Members may vote and transact business at any meeting of the Association by proxy authorized in writing, provided, however, that proxies shall not be allowed for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by ballots provided by the Association and mailed to Members by the Association.

Section 8. Duty of Property Owners to Inform Association of Current Address. Each Property Owner shall have the affirmative duty and obligation to inform the Association in writing of any change of ownership of the Property, the Property Owner's current address, and any failure of the Property Owner to receive any information from the Association.

Section 9. The voting rights of any Member who is more than ninety (90) days delinquent in the payment of any (i) Annual Assessment or Special Assessment assessed upon the Member's Dwelling Lot(s), Dwelling Unit(s) and/or Boating Unit(s), or (ii) any and all other fees or costs due from the Member to the Association (a "Delinquent Member") shall be suspended until such time as the delinquency is paid in full. The attendance at any meeting or participation in any referendum by a Delinquent Member shall not be used for the determination of a quorum.

ARTICLE IV MEETING OF THE MEMBERSHIP

Section 1. Place. All meetings of the Association membership shall be held at the Office of the Association, or at such other place and at such time as shall be designated by the Board of Directors of the Association and stated in the Notice of Meeting, and shall be opened to all Property Owners.

Section 2. Notices. It shall be the duty of the Association's Secretary to mail or deliver a Notice of each annual or special meeting stating the time and place thereof to each Property Owner of record at least

fourteen (14), but no more than forty-five (45), days prior to such meeting. Notices of any Special Meetings shall state the purpose thereof. All notices shall be mailed to or served at the address of the Property Owner as it appears on the books of the Association.

Section 3. Annual Meeting. Unless changed by the Board of Directors the Annual Meeting shall be held at 10:00 a.m. Eastern Standard Time, on the third Saturday of November, each year for authorized business to be transacted by the members, provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next secular day following. At the annual meeting, the Property Owners shall adopt the next fiscal year budget and transact such other business as may properly be brought before the meeting.

Section 4. Special Meetings. Special meetings of the Property owners for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or Board of Directors of the Association and shall be called by the President or Secretary of the Association at the request, in writing, of Property Owners owning twenty-five (25%) percent or more of the interests in the Property, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the Notice thereof.

Section 5. Waiver and Consent. Whenever the vote of Property Owners at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of Property Owners may be waived if a majority of Property Owners who would have been entitled to vote on the action if such meeting were held, shall consent in writing to such action being taken, provided, however, Notice of such action shall be given to all Property Owners, unless all Property Owners participated in the approval of such action.

Section 6. Adjourned Meeting. If any meeting of Property Owners cannot be organized because a quorum does not exist, then the meeting may be adjourned from time to time until a quorum does exist.

Section 7. Approval or Disapproval. Approval or disapproval of a Property Owner upon any matter, whether or not the subject of an Association meeting, shall be by the voting Members; provided, however, that where property is owned jointly by a husband and wife, their voting rights shall be governed by Article III, Section 3, above.

Section 8. The Management Firm. The management firm, as long as any management agreement remains in effect, shall be entitled to notice of all Association meetings and shall be entitled to attend the Association's meetings and it may designate such person(s) as it desires to attend such meetings on its behalf.

Section 9. Election of Directors. Members shall vote for Directors by mail. The ballots will be mailed to all Members three (3) days after each annual meeting. Ballots must be returned to the Association postmarked within thirty (30) days after the date of the annual meeting. Once the Association has received a Member's ballot, that Member's vote may not be changed or withdrawn. All members shall cast ballots to elect new members of the Board of Directors in accordance with Article V, Section 1 below.

ARTICLE V DIRECTORS

Section 1. Board of Directors. The Association shall be governed by a Board of Directors consisting of five (5), seven (7) or nine (9) members. Initially, the Board shall consist of five (5) members, with the number in subsequent years to be determined by the members of the Board of Directors. All Directors, except officers of the Windmill Harbour Company, must be members of the Association. All officers of a corporate Property Owner and all adult members of the immediate family of an individual Property Owner, solely for the purpose of this paragraph, shall be deemed to be members of the Association so as to qualify as a Director herein. Each Member of each Membership Class shall be entitled to one vote for a person to fill each open seat for a Member of the Board of Directors, but shall **not** be permitted to "cumulative vote" as that term is generally used in corporate terminology. The Association recognizes that continuity of experience is a necessity in running an enterprise of this magnitude and

wishes to adopt a staggered three-year term so that as nearly as possible one-third of the Board of Directors is replaced each year. Accordingly, commencing with the Annual Meeting in 1993 terms of office for Directors of the present seven man board shall be fixed as follows based upon the number of votes received in the election:

Seven Member Board	Three members for Three (3) years
	Two members for Two (2) years
	Two members for One (1) year

At the expiration of the initial term of office of each Director, his successor shall be elected to serve a term of three years. The Directors shall hold office until their successors have been elected and hold their first meeting. In the event that Board size is changed as nearly as possible to one-third of the Directors shall be elected each year - Five member Board (2,2,1); Nine member Board (3,3,3)

Whenever a Director has any direct or indirect conflicting interest in any matter coming before the Board of Directors, such Director shall a) fully disclose the nature of the interest to the Board of Directors; and b) withdrew from discussions, lobbying, and voting on the matter. For the purposes of this section, a director shall have a conflicting interest when any matter before the Board of Directors affects the Director or the Director's immediate family or in which the Director or the Director's immediate family has any pecuniary interest. Notwithstanding the provisions of this Section, no action taken by the Board of Directors shall be deemed invalid solely based on any Director's failure to comply with the obligations of this paragraph.

Section 2. Removal of Directors. Any one or more of the directors may be removed, with or without cause, by the affirmative vote of at least sixty six and two thirds (66 2/3%) percent of the members in the Association entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Should the Association fail to elect said successor, the Board of Directors may fill the vacancy in the manner provided in Article V, Section 3 below. Any director missing any three (3) of six consecutive regular Board meetings shall automatically be disqualified to serve as a Board member.

Section 3. Vacancies on Directorate. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the successor shall be the Board candidate who received the most number of votes at the most recent Board election without being elected, so long as such candidate received more than ten percent (10%) of the votes cast at the applicable meeting. If there was no such candidate, or if that person is unable to serve on the Board, a majority of the remaining members of the Board of Directors though less than a quorum, as defined in Article V, Section 8 below, shall choose a successor or successors. Any such successor shall hold office until the next regularly scheduled Board election, at which time the Board seat shall be filled by election of the Association and shall serve for the balance of the unexpired term in respect to which such vacancy occurred. In filling vacancies, unless a Candidate is specifically running for the balance of an unexpired term, the Candidates receiving the greatest number of votes shall be elected to the seats with the longest terms, and the seats with shorter terms shall be filled by candidates with smaller number of votes in the corresponding order.

Section 4. Disqualification and Resignation of Directors. Any director may resign at any time by sending a written notice of such resignation to the office of the Association, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon mailing. The transfer of title to all of his Property by a director shall automatically constitute a resignation, effective when such title is transferred. No Director shall continue to serve on the Board of Directors should he be more than sixty (60) days delinquent in the payment as a Property Owner of any assessment against his Property; and said delinquency shall automatically constitute a tender of resignation.

Section 5. Regular Meetings. The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate. Notice of such regular meetings shall nevertheless be two (2) days prior to the day named for such meeting. All meetings of the Board of Directors, including special meetings in accordance with Section 6 below, shall be open to all Property Owners.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by the President, and in his absence, by the Vice-President, or by a majority of the members of the Board of Directors, by giving twenty-four (24) hours notice to all of the members of the Board of Directors of the time and place of said meeting. All notices of special meetings shall state the purpose of the meeting.

Section 7. Directors' Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 8. Quorum. At all meetings of the Board of Directors, a majority of the members of the Board of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the members of the Board of Directors present at such meetings at which a quorum is present, shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a Director in the action of meeting by signing and concurring in the Minutes thereof, shall constitute the presence of such Director for the purpose of determining a quorum.

Section 9. Compensation. Directors' fees, if any, shall be determined by the voting members of the Association.

Section 10. Powers and Duties. The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Windmill Harbour Covenants or by this Association's Articles of Incorporation or Bylaws, directed to be exercised and done by Property Owners. These powers shall specifically include, but shall not be limited to, the following:

- (a) To exercise all powers specifically set forth in the Windmill Harbour Covenants, in this Association's Articles of Incorporation, in these By-Laws, and all powers incidental thereto.
- (b) To set and levy assessments, collect said assessments, and use and expend the assessments to carry out the purposes and powers of the Association.
- (c) To employ, dismiss and control the personnel necessary for the maintenance and operation of the Property and of the Common Properties including the right and power to employ attorneys, accountants, contractors and other professionals as the need arises.
- (d) To make and amend rules and regulations respecting the operation and use of the Common Properties.
- (e) To contract for the management of the Property and to delegate to such contractor all of the powers and duties of the Association, except those which may be required by the Covenants or these By-Laws to have approval of the Board of Directors or Property Owners. To contract for the management and operation of all or portions of the Common Properties.
- (f) To designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the power of the Board of Directors in the management and affairs and business of the Association. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular minutes of their proceedings and report the same to the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its

contractor or employees, subject to approval by Property Owners only when such is specifically required.

Section 11. Fidelity Bonds. The Board may require that any and all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

Section 12. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the Property Owners or the Association, except for their own individual willful misconduct. As provided in Article VIII, the Association shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liabilities to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible and shall not be deemed to be self dealing for the Association to contract with corporations owned or controlled by or affiliated with Windmill Harbour Company even if such corporations have common directors or officers.

Section 13. The Management Firm. The management firm, as long as any management agreement remains in effect, shall be entitled to notice of all Directors' Meetings and shall be entitled to attend the Directors' Meetings and it may designate such person(s) as it desires to attend such meetings on its behalf.

ARTICLE VI OFFICERS

Section 1. Elective Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of which shall be elected by the Board of Directors.

One person may hold more than one of the aforementioned offices. The President and Vice President shall be members of the Board of Directors.

Section 2. Election. The officers of the Association designated in Section 1 above shall be elected every year by the Board of Directors at the organizational meeting of each new Board following the meeting of the Members.

Section 3. Appointive Officers. The Board of Directors may appoint Assistant Secretaries and Assistant Treasurers and such other officers as the Board of Directors deems necessary.

Section 4. Term. The officers of the Association shall hold office until their successors are chosen and assume office in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors; provided, however, that no officer shall be removed except by the affirmative vote for removal by a majority of the whole Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Property Owners. He shall have the executive powers and general supervision over the affairs of the Association and other officers. The president shall sign all written contracts, and perform all of the duties incident to his office which may be delegated to him from time to time by the Board of Directors.

Section 6. The Vice President. The Vice President shall perform all of the duties of the President in his absence, and such other duties as may be required of him from time to time by the Board of Directors of the Association.

Section 7. The Secretary. The Secretary shall issue notices of all Board of Directors meetings and all meetings of the Property Owners and shall attend and keep the minutes of same. The Secretary shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 8. The Treasurer.

(a) The Treasurer shall have custody of the Association's funds and securities, except the funds payable to any management firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association, in such depositories as may be designated from time to time by the Board of Directors.

(b) The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as the Treasurer and of the financial condition of the Association.

(c) The Treasurer shall collect the assessments and maintenance fees and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

(d) The Treasurer shall give status reports to potential transferees on which reports the transferees may rely.

(e) The Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

(f) The duties of the Treasurer may be fulfilled by a management firm employed by the Association, in which event such management firm shall have custody of the books of the Association as it determines is necessary for the performance of such treasurer duties and the foregoing may include any books and minutes required to be kept by the Secretary of the Association.

Section 9. Liability of Officers. The officers of the Association shall not be liable to any Property Owner or the Association for any mistake of judgment, negligence, or otherwise, except for their own wilful misconduct. Nor shall the officers of the Association be liable to any Property Owners, their lessees and guests for any damage or injury which results from any rule or regulation promulgated by the Association.

ARTICLE VII
AMENDMENTS TO THE BY-LAWS

The By-Laws may be altered, amended or added to at any duly called meeting of the Property Owners or by Referendum, subject to the quorum provisions relating to meeting of the Members hereafter set forth. All proposed amendments of these By-Laws shall be submitted to a vote of the Members at a duly called meeting of the Association or by Referendum, and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast or returned (in the case of the Referendum) are in favor of the amendment. If any proposed amendment of these By-Laws is approved by the Members as set forth above, the President and Secretary of the Association shall execute an addendum to these By-Laws, which shall set forth the amendment, the effective date of the amendment, the date of the meeting of the Association or Referendum at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the number of votes required to constitute a quorum at such meeting of the Association, if applicable, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment and the total number of votes cast against the amendment. Such addendum shall be recorded in the R.M.C. Office.

The quorum required for any action authorized to be taken by the Association under this Article when such action is taken at a meeting of the Members shall be as follows: The first time any meeting of the Members of the Association is called to take action under this Article, the presence at the meeting of the Members or proxies entitled to cast seventy-five percent (75%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called, subject to the giving of proper notice, and the required quorum at such subsequent meeting shall be the presence of members or proxies entitled to cast fifty-one percent (51%) of the total vote of the Association.

ARTICLE VIII
INDEMNIFICATIONS

The Association and Property Owners shall indemnify every Director and every officer, his heirs, executors, and administrators, against all losses, costs and expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of the Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled. The Association may purchase and maintain insurance on behalf of any such person or persons whether or not the Association would have the power to indemnify him against liability under the provisions of these Bylaws. Such indemnification shall include all costs of defense, including attorney's fees actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association, including amounts paid or incurred in connection with reasonable settlements made with a view of curtailment of costs of litigation and with the approval of a majority of the members of the Board of Directors.

ARTICLE IX
LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of membership in the Association shall not relieve or release any former Property Owner from any liability or obligations incurred under or in any way connected with the Association during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Property Owners arising out of or in any way connected with such ownership of property and the covenants and obligations incident thereto,.

ARTICLE X
PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meeting when not in conflict with the Covenants or these By-Laws.

ARTICLE XI
LIENS

Section 1. Protection of Property. All liens against Property, other than for mortgages, taxes or special assessments shall be satisfied or otherwise removed within thirty (30) days of the date the lien was attached. All taxes and special assessments upon Property shall be paid before becoming delinquent, as provided in the Windmill Harbour Covenants, Articles of Incorporation and these By-Laws, or by law, whichever is sooner.

Section 2. Notice of Lien. A Property Owner shall give Notice to the Association of every lien upon his Property, other than for mortgages, taxes and special assessments within five (5) days after the attaching of the lien.

Section 3. Notice of Suit. A Property Owner shall give Notice to the Association of every suit or other proceeding which will or may affect title to his Property or any part of the Property, such Notice to be given within five (5) days after the Property Owner received notice of such suit proceeding.

Section 4. Liens for Unpaid Assessments. The Association shall have a lien for all unpaid assessments and obligations pursuant to Section 11-9 of the Covenants, which lien shall attach to that certain Dwelling Lot, Dwelling Unit, Boating Unit, Inn Site, Sales Center Site or Club Property for which the assessments are delinquent and such lien shall be prior to all other liens except (i) tax liens in favor of any assessing unit, and (ii) mortgage and other duly recorded liens encumbering the property. The remedies for non-payment of assessment, as it relates to the Club or the Club Property, shall only apply to Annual Assessments, but shall not apply to Special Assessments since the Club is not liable for Special Assessments.

Section 5. Foreclosure of Liens for Unpaid Assessments. The lien of the Association for unpaid assessments may be foreclosed by suit by the management agent or the Board of Directors acting on behalf of the Association in like manner as a mortgage of real property. In any such foreclosure, the subject Property Owner shall be required to pay a reasonable rental for the subject property after commencement of the foreclosure action and the plaintiff in such action shall be entitled to appointment of a receiver to collect such rents, which receiver shall not be required to post any bond or make any accounting except upon the written request of the Board of Directors. The Board of Directors shall have the power to bid on the Dwelling Lot, Dwelling Unit, Boating Unit or other property at the foreclosure sale and to acquire and hold, lease, mortgage and convey same.

Section 6. Alternative to Lien Foreclosure. Suit against the Property Owners to recover a money judgment for unpaid common expenses may be maintained without instituting foreclosure proceedings.

Section 7. Liability of Purchaser at Foreclosure Sale for Unpaid Assessments Accruing Prior to Sale. Whether the mortgagee of any mortgage of record or other purchaser of an Dwelling Lot, Dwelling Unit, Boating Unit or other property obtains title at the foreclosure sale of such a mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to the subject property after the date of recording such mortgage but prior to the acquisition of title to such property by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Windmill Harbour Property Owners, including such acquirer, his successors and assigns, but in no event shall this relieve the Property Owner who was foreclosed from such unpaid share of assessments.

ARTICLE XII
MANAGEMENT AGREEMENT

Section 1. Generally. The Board of Directors shall be authorized to enter into a management agreement for the management of the Common Properties. The Association has the power to delegate to the management firm the power of the Association, through its Board of Directors, to determine a budget, make assessments for common expenses and collect assessments. Each Property Owner shall be bound by said management agreement for the purposes therein expressed including, but not limited to:

(a) Adopting, ratifying, confirming and consenting to the execution of the management agreement by the Association;

(b) Covenanting and promising to perform each and every one of the Covenants, promises and undertakings to be performed by the Property Owners in the cases provided therefor in the management agreement;

(c) Ratifying, confirming and approving each and every provision of the management agreement and acknowledging that all terms and provisions thereof are reasonable;

(d) Agreeing that persons acting as directors and officers of the Association entering into any such management agreement have not breached their duties or obligations to the Association;

(e) It is specifically recognized that some or all of the persons comprising the Board of Directors of the Association are or may be stockholders, officers and directors of the management firm and that such circumstances shall not and cannot be construed or considered a breach of their duties and obligations to the Association nor are they possible grounds to invalidate the management agreement or to proceed against the management firm for damages based on any theory, conflict of interest or otherwise;

(f) The acts of the Board of Directors and Officers of the Association in entering into the management agreement shall be and are hereby ratified, approved, confirmed and adopted.

ARTICLE XIII
ASSESSMENTS AND OTHER CHARGES


Section 1. Levying Assessments and Other Charges. It shall be the duty of the Association, through its Board of Directors, to levy assessments in accordance with Article XI of the Covenants.

Section 2. Collection of Assessments. It shall be the duty of the Association to collect all lawful assessments and other charges imposed on Property Owners pursuant to Article XI of the Covenants. In accordance with Section 11-8 of the Covenants, any assessment year shall run from January 1 to December 31 and all property shall be assessed according to its character as of January 1 of the assessment year. For any assessment year, each Property Owner shall pay all annual assessments due on said property periodically (i.e., quarterly, etc., in advance) if so billed by the Association or by January 31 of the following year, if not billed periodically during the assessment year. The Association may elect to offer Property Owners a discount not to exceed five (5%) percent for payment of annual assessments within thirty (30) days after the initial billing each year.

For purposes of these By-Laws, "periodically" shall mean either monthly, quarterly or annually. And, for every year during which assessments are billed periodically as defined above, said assessments shall be paid no later than thirty (30) days from the date of billing and shall be deemed delinquent if not paid within said thirty (30) day period and the Association shall, if not paid within sixty (60) days thereof, file a Notice and Certificate of Lien and if not paid within ninety (90) days thereof, take enforcement action to foreclose said lien in accordance with the Covenants and Article X of these By-Laws.

IN WITNESS WHEREOF, the foregoing was adopted as the By-Laws of the Windmill Harbour Association, Inc., to be effective as of the effective date of the Amended and Restated Windmill Harbour Covenants to which these by-Laws are appended.

WINDMILL HARBOUR ASSOCIATION, INC.

By: 
Its: Authorized Officer