

40
44
55
Launch
1524

B00-51-117

BEAUFORT COUNTY SC - ROD
BK 01577 PG 1723
FILE NUM 2002030231
RECORDING FEES 46.00
REC'D BY V GARVIN RCPT# 42558
REC'D 05/07/2002 11:41:36 AM

**AMENDED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
SHIPYARD PLANTATION**

THIS AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made effective April 12, 2002 by **SHIPYARD PROPERTY OWNERS ASSOCIATION, INC.** a South Carolina nonprofit corporation having an address of 10 Shipyard Drive, Hilton Head Island, South Carolina 29928 (the "SPOA"):

WHEREAS, SPOA is the owner of real property within the planned unit development known as Shipyard Plantation on Hilton Head Island, Beaufort County, South Carolina, which real property is more particularly described on Exhibit A and generally consists of Shipyard Plantation roadways, common areas, associated utility infrastructure, and amenities by virtue of the Deed from the Hilton Head Company, Inc. recorded September 1, 1988 in the Beaufort County Register of Deeds Office in Book 509 at Page 1098; and

WHEREAS, as successor in interest to the developers of Shipyard Plantation, SPOA was vested with the obligation to maintain the Shipyard Plantation common areas and enforce the Shipyard Plantation covenants and restrictions itemized in Exhibit B attached hereto; and

WHEREAS, each set of the covenants and restrictions itemized on Exhibit B provides for amendment by the Shipyard Plantation property owners; and

WHEREAS, the Shipyard Plantation property owners amended the Shipyard covenants and restrictions itemized on Exhibit B by the votes set forth on Exhibit C to establish this Declaration, which amends, supercedes, and replaces all the covenants and restrictions itemized on Exhibit B only and has no effect whatsoever on any other recorded covenants, restrictions, or master deeds.

NOW, THEREFORE, SPOA declares that the real property known as Shipyard Plantation and described on Exhibit D of this Declaration is subjected to the provisions of this Declaration. All property within Shipyard Plantation shall be held, sold, transferred, conveyed, used, occupied,

mortgaged, or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens contained in this Declaration. The provisions of this Declaration shall run with all the property within Shipyard Plantation and subject all Shipyard Plantation to this Declaration. This Declaration shall benefit, and be binding upon, all persons having any right, title, or interest in any real property and/or improvements within Shipyard Plantation, their respective heirs, legal representatives, successors, successors, and assigns.

DEFINITIONS

The following words used in this Declaration shall have the following meanings:

- 1.1. "Area of Common Responsibility" shall mean the Common Areas, together with such other areas for which SPOA has responsibility pursuant to this Declaration and any recorded plat.
- 1.2. "Board of Directors" or "Board" shall mean the elected board of directors of SPOA.
- 1.3. "Bylaws" shall refer to the Bylaws of SPOA, which are attached hereto as Exhibit "E", as may be amended.
- 1.4. "Commercial Parcels" shall include the Shipyard Racquet Club depicted in the Beaufort County records in Plat Book 25 at Page 132, the Shipyard Golf Course depicted in the Beaufort County records in Plat Book 32 at Page 246, the Hotel Commercial Parcel depicted in the Beaufort County records in Plat Book 35 at Page 96, and the Cottages Conference Center and Health Institute Parcel depicted in the Beaufort County records in Plat Book 48 at Page 69 and Plat Book 32 at Page 229.
- 1.5. "Common Areas" shall mean the real property owned by SPOA, together with improvements located thereon, which is depicted as Common Area, lagoon, open space, roadway, right of way, amenity area, or recreation area on any plat of Shipyard Plantation recorded in the Beaufort County Register of Deeds Office.
- 1.6. "Declaration" shall mean this Declaration and any amendments.
- 1.7. "Unit" shall mean any single family residential lot of land within Shipyard Plantation, whether or not improvements are constructed on that land, which constitutes a single-family dwelling site as shown on a plat recorded in the Beaufort County Register of Deeds Office. Unit shall also mean any apartment, regime unit, or condominium formed pursuant to the South Carolina Horizontal Property Regime Act, S.C. Code §§ 27-31-10 et. seq., as amended. Unit shall also mean any apartment, condominium, and or single family residential unit that has been subjected to a Vacation Time Sharing Ownership Plan or Vacation Time Sharing Lease Plan pursuant to, and as defined by S.C. Code §§ 27-32-10 et. seq., entitled Vacation Time Sharing Plans. The ownership of each Unit shall include, and there shall pass with each Unit as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Areas and membership in SPOA.
- 1.8. "Member" shall mean a Member of SPOA, which constitutes each Owner of a Commercial Parcel or Unit within Shipyard Plantation.
- 1.9. "Mortgage" shall mean any mortgage used for the purpose of encumbering real property in Shipyard Plantation as security for the payment or satisfaction of an obligation.
- 1.10. "Mortgagee" shall mean the holder of a Mortgage.

- 1.11. "Occupant" shall mean any Person occupying all or any portion of a Unit or other property located within Shipyard Plantation for any period of time, regardless of whether such Person is a tenant or the Owner of such property.
- 1.12. "Owner" shall mean the record owner, whether one or more Persons, of fee simple title to any Unit or Commercial Parcel, excluding any Person holding such interest merely as security for the performance or satisfaction of any obligation.
- 1.13. "Person" shall mean a natural person, corporation, limited liability company, partnership, association, trust, or other legal entity.
- 1.14. "Shipyard Plantation" shall mean the real property and interests described on Exhibit D, generally known as Shipyard Plantation.
- 1.15. "SPOA" shall mean Shipyard Property Owners Association, Inc. a South Carolina nonprofit corporation.
- 1.16. "Supplementary Declaration" means an amendment or supplement to this Declaration.
- 1.17. "Total Association Vote" means all of the votes attributable to Members of SPOA.

SECTION 2

PROPERTY SUBJECT TO THIS DECLARATION

- 2.1. Property Subjected To This Declaration. All real property in Shipyard Plantation is subject to the covenants and restrictions contained in this Declaration, and all such real property is described in Exhibit D.

SECTION 3

SPOA MEMBERSHIP AND VOTING RIGHTS

- 3.1. Purposes, Powers and Duties of SPOA. SPOA shall be a nonprofit corporation organized for the primary purpose of performing certain functions for the common good and general welfare of the Owners of Shipyard Plantation. To the extent necessary to carry out such purposes, SPOA (a) shall have all of the powers of a corporation organized under the South Carolina Nonprofit Corporation Act and (b) shall have the power to exercise all of the rights, powers and privileges of SPOA as set forth in this Declaration and the Bylaws.
- 3.2. Membership. Every Owner, whether of Commercial Parcel or of a Unit shall be a Member of SPOA. If a Unit is owned by more than one Person, there shall be only one (1) membership per Unit, and the votes and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Unit. The rights and privileges of membership, including the right to vote and to hold office in SPOA, may be exercised by a Member or the Member's written designee.
- 3.3. Voting.
- 3.3.1. Voting Procedures. The procedures for the election of Board and the resolution of such other issues as may be brought before the membership of the Association shall be governed by this Declaration, the South Carolina Nonprofit Corporation Act, as amended, the SPOA Articles of Incorporation, and the Bylaws of the Association.
- 3.3.2. Residential - Owners shall be entitled to one (1) vote for each Unit owned. When more than one (1) Person holds an ownership interest in any Unit, the vote

for such Unit shall be exercised as those Owners themselves determine and advise SPOA prior to any meeting. The Unit's vote shall be suspended in the event more than one (1) Person seeks to exercise it.

3.3.3. Commercial - Each Commercial Parcel Owner shall have the votes set forth in the Bylaws.

3.4. SPOA Board and Officers. The affairs of the Association shall be managed by the Board. The number of directors and the method of election of directors shall be as set forth in the SPOA Bylaws. Except to the extent otherwise expressly required or authorized by the South Carolina Nonprofit Corporation Act or this Declaration, the Bylaws or Articles of Incorporation, the powers inherent in or expressly granted to SPOA may be exercised by the Board, acting through the officers of the Association, or the Association's Director of Operations when authorized, without any further consent or action on the part of the Members.

SECTION 4

ASSESSMENTS

4.1. Purpose of Assessment. The assessments provided for in this Declaration shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of Units and Commercial Parcels including, but not limited to, security, construction, improvement, and maintenance of Common Areas, the enforcement of this Declaration and the Bylaws, the enforcement of the design standards of the Architectural Review Board, the payment of SPOA's operating costs and expenses, and the payment of all principal and interest when due on all debts owed by the Association.

4.2. Creation of the Lien and Personal Obligation for Assessments and Fines. Each Owner shall timely pay to SPOA: (a) annual assessments or charges; (b) special assessments; and (c) specific assessments against any particular Unit or Commercial Parcel which are established pursuant to the terms of this Declaration. Each Owner also agrees to pay to SPOA reasonable fines as may be imposed in accordance with the terms of this Declaration.

4.3. Annual Assessments.

4.3.1. Each Unit shall be subject to an annual assessment, which annual assessment shall be paid by the Owner. Payment of such assessment shall be made in advance in monthly, quarterly, semiannual or annual installments with the due dates being established by the Board.

4.3.2. Each Commercial Parcel shall be subject to annual assessments as set forth on Exhibit "G" attached hereto.

4.3.3. Beginning on January 1, 2003, the annual assessment shall not exceed \$625.00. Beginning January 1, 2004, and from year to year thereafter, the annual assessment may be increased by the Board; however, the Board is under no obligation to increase annual assessments. If the Board increases any annual assessment, the maximum annual assessment increase shall not be more than the total of three percent (3%) plus the Consumer Price Index increase for the calendar year prior to the budgeted assessment year. If for any reason the Board fails to determine the annual assessment for any successive year, the annual assessment for the previous year shall continue for such successive year until a new annual assessment is determined by the Board. For the purposes of this subsection, Consumer Price

Index shall be the index established by the United States Department of Labor, Bureau of Labor Statistics, U.S. City Average for all Urban Consumers. In the event such index is discontinued, the Board of Directors shall choose an alternative index reflecting regional or nationwide fluctuations in consumer costs.

4.3.4. Notwithstanding the above Section 4.3.3, the Units listed on Exhibit "F" within the areas known as Shipyard Plantation Blocks A, B, C, D and Sailmaster Horizontal Property Regime, Shipmaster Horizontal Property Regime, and Town Tennis Club Horizontal Property Regime shall not be subjected to the annual assessment obligation set forth in 4.3.3. above as of the date of this Declaration. The Units listed in Exhibit "F" shall retain their annual assessment obligations under each's applicable covenants until the date of the conveyance of each particular Unit by the Owner on the date of this Declaration to any third party, other than the Owners' heirs, a trust in which the Owner is a Trustee, Owner's family limited partnership, or other legal entity owned in part or related to such Owner. Upon the date of such a conveyance of a Unit listed on Exhibit "F" by the current Owner, the provisions of Section 4.3.3 shall immediately apply to the subject Unit and the new Owner and the Unit shall thereafter be subject to all annual assessment obligations set forth in this Declaration.

4.3.5. Assessments may be used by the Association to provide for, by way of clarification, and not limitation, any and all of the following: all costs of providing security to Shipyard Plantation; normal, recurring maintenance of the Common Areas (including, but not limited to, caring for the existing landscaping and maintaining and repairing recreational facilities); the installation of capital improvements to Common Areas; payment of all legal and other expenses incurred in connection with the enforcement of this Declaration, the Bylaws, SPOA rules and regulation; payment of all reasonable and necessary expenses in connection with the collection and administration of all assessments; and doing any other thing or things necessary or desirable in the opinion of the Board or SPOA membership to Shipyard Plantation Common Areas neat and in good order, or which is considered of general benefit to the Shipyard Plantation Owners. The judgment of the majority of the Board in the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith.

4.3.6. The Board shall prepare a budget covering the estimated costs of operating SPOA during the coming calendar or fiscal year, which may include a capital contribution or reserve account funding. The Board shall cause the coming year's budget and the assessments to be mailed or delivered to each Member at least thirty (30) days prior to the end of the then current calendar or fiscal year. The Board shall present the budget and the assessment to the Members at SPOA's annual meeting. The budget and the assessment shall require Board approval, but shall not require approval by the membership of SPOA.

4.4. Late Charges. All assessments shall accrue late charges and shall accrue interest not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum on the principal amount due. Additionally, the costs of collection shall be added to any amount due, which costs of collection shall include, without limitation, reasonable attorneys' fees, filing fees, and court costs incurred by SPOA. The assessments and charges shall be a continuing lien upon the Unit or Commercial Parcel against which each assessment is made, and shall also be the personal obligation of the Person who was the Owner of such Unit or Commercial Parcel at the time the assessment fell due.

- 4.5. Personal Liability. Each Owner shall be personally liable for the portion of each assessment coming due while the Owner of a Unit or Commercial Parcel, and each grantee of an Owner shall be jointly and severally liable for the assessments which are due at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings.
- 4.6. Accounting of Payment. SPOA shall, within ten (10) business days after receiving a written request, furnish a written accounting setting forth whether the assessments on a specified Unit or Commercial Parcel have been paid. Such written accountings shall be binding upon SPOA as of the date of issuance. The Board shall have the right to impose a reasonable charge for providing this accounting.
- 4.7. Special Assessments. In addition to the other assessments authorized by this Declaration, SPOA may levy special assessments from time to time. Special Assessments must be approved by two-thirds (2/3) of the entire Board, and subsequently approved at a SPOA meeting or referendum by fifty-one percent (51%) of the Total Association Vote. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the calendar year in which the special assessment is imposed. Special assessments shall be assessments levied for new improvements to Common Areas, or for emergency funding following extraordinary disaster or damage to Common Areas. Special Assessments shall not be used for any improvement to, or maintenance of, Units or Commercial Parcels. The funding of reserve accounts or capital contribution for maintenance and repair of Common Areas shall not be deemed as special assessment.
- 4.8. Specific Assessment. The Board shall have the power to specifically assess a Unit, a number of Units, and/or Commercial Parcels pursuant to this Section 4 as it shall deem appropriate, in its sole discretion. Failure of the Board to exercise its authority under this Section 4 shall not be grounds for any action against SPOA or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section 4 afterwards. The Board may also specifically assess Owners for expenses of SPOA which benefit less than all of the Units or Commercial Parcels. Such specific assessment shall be assessed equitably among all of the Units or Commercial Parcels which are benefitted according to the benefit received, as determined by the Board in its sole discretion.
- 4.9. Lien for Assessments and Fines. All sums assessed or fined against any Unit, Commercial Parcel, Owner or Member pursuant to this Declaration shall be secured by a continuing lien on such Unit or Commercial Parcel in favor of SPOA. This provision shall evidence the existence and priority of said lien. By owning a Unit, each Member specifically acknowledges and agrees the continuing lien upon the Member's Unit for unpaid assessments and fines.
- 4.10. Priority. The lien of SPOA shall be superior to all liens and encumbrances on any Unit or Commercial Parcel recorded after this Declaration, except for liens for ad valorem taxes and purchase money first mortgages. All Persons acquiring liens or encumbrances on any Unit or Commercial Parcel after this Declaration is recorded shall be deemed to acknowledge that their liens shall be inferior to the lien of SPOA for assessments in existence at that time or which arise in the future.
- 4.11. Effect of Nonpayment of Assessment or Fine. Any assessment or fine (or installment) which is not paid when due shall be delinquent. Any assessment or fine (or installment) which is delinquent for a period of more than ten (10) days shall incur a late charge in an amount equal to ten percent (10%) of the amount of each assessment or fine not paid when due. As set forth above, a

lien shall attach to each Unit or Commercial Parcel for unpaid assessments and fines. SPOA may file its lien in the Beaufort County records, but shall not be required to in order to perfect the lien. The lien shall cover all assessments or fines then due or which come due, together with any late charges, interest, costs of collection, including court costs, and reasonable attorneys' fees and any other amounts provided in this Declaration or permitted by law. Any assessment or fine, and any late charge connected therewith, which is not paid within thirty (30) days after the due date of the assessment shall bear interest (from the due date of the assessment or fine, and the date any late charge was imposed) at the rate of eighteen percent (18%) per annum. SPOA shall have the right to foreclose its lien by any method allowed by law. SPOA shall have the power to bid on the Unit or Commercial Parcel at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same. In addition to the above, if any Owner has not paid any assessment or fine, or any late charges or expenses related thereto, within sixty (60) days after the due date of the assessment or fine, SPOA shall have the right to notify any or all Mortgagees having a security interest in such Owner's Unit that such Owner is in default in the performance of its obligations under this Declaration, and of those actions taken or proposed to be taken by SPOA as a result of the Owner's default.

4.12. No Set Off or Deduction. No Owner may waive or otherwise exempt itself from liability for the assessments provided for in this Declaration. No setoff, diminution or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of SPOA to take some action, for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of SPOA, or from any action taken by SPOA to, comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority. The obligation to pay assessments is a separate and independent covenant on the part of each Owner and is not subject to setoff.

4.13. Application of Payments. All payments shall be applied first to costs of collection, then to late charges, then to interest and then to delinquent assessments.

4.14. Budget Deficits. SPOA may, but shall not be required to borrow funds sufficient to satisfy the deficit, if any, between the actual operating expenses of SPOA and the sum of the annual, special and specific assessments collected by SPOA in any calendar year. Such borrowing may be secured by a mortgage encumbering the Common Areas, as more fully set forth in the Bylaws.

SECTION 5 MAINTENANCE OF COMMON AREAS

5.1. SPOA's Responsibility. SPOA shall maintain in a timely manner and in good repair the Common Areas. This responsibility shall include the operation, maintenance, repair, and replacement of all bike paths, roadways, drainage infrastructure and improvements and landscaping situated on the Common Areas as set forth in this Section 5.1.

5.1.1. SPOA shall maintain all Common Areas, wetlands, lagoons, drainage basins and associated drainage within Shipyard Plantation to the extent such maintenance is not otherwise maintained by a governmental entity, public service district, or owned by another property owner's association, condominium association, Commercial Parcel, or incorporated into a horizontal property regime.

5.1.2. SPOA shall be responsible for Common Area utility expenses such as water, sewer, and electricity.

5.1.3. SPOA shall operate and maintain all Common Area lighting with the exception of those street lights billed to Owners and other lighting maintained and operated by a utility company.

5.1.4. SPOA shall have the right, but not the obligation, to maintain other property not owned by SPOA, whether within or outside Shipyard Plantation if the Board determines that such maintenance would benefit the Owners.

5.1.5. SPOA shall not be responsible for the maintenance, repair or replacement of any roadways and associated infrastructure within Shipyard Plantation which has been conveyed to the Town of Hilton Head Island, Beaufort County or another governmental body, public service district, or utility company.

5.1.6. SPOA shall not be responsible for any utility infrastructure which is not owned by SPOA including, without limitation, water, sewer, electricity, telephone, cable television, or propane gas infrastructure.

5.1.7. SPOA maintenance shall be performed consistent with Shipyard Plantation standards.

5.1.8. In the event that SPOA determines that the need for maintenance, repair, or replacement of Common Areas is caused through the willful or negligent act of an Owner, or the family, guests, lessees, or invitees of any Owner or Occupant, then SPOA may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be a specific assessment against such Owner, subjecting such Owner and Owner's Unit or Commercial Parcel to SPOA's lien and collection rights provided for in this Declaration.

5.2. Owner's Responsibility. All maintenance, and all structures, parking areas, landscaping, and other improvements on each Unit or Commercial Parcel shall be the sole responsibility of the Owner thereof, who shall maintain such Unit or Commercial Parcel in good condition with a neat and pleasant appearance consistent with other Shipyard Plantation properties and this Declaration. In the event the Board determines that any Owner has failed or refused to properly maintain, repair, or replace items for which such Owner is responsible, SPOA may perform such maintenance, repair or replacement for the Owner at the expense of the Owner. Other than in emergency situations, SPOA shall give the Owner prior written notice of SPOA's intent to provide such necessary maintenance, repair, or replacement. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have seven (7) days after receipt of such notice within which to complete such maintenance, repair, or replacement. If such maintenance, repair, or replacement is not capable of completion within the seven (7) day period, the Owner must commence such work within seven (7) days and shall complete such work within a reasonable time. If any Owner does not comply with the provisions hereof, SPOA may provide any such maintenance, repair, or replacement at such Owner's sole cost and expense, and all costs shall be an assessment against such Owner and its Unit or Commercial Parcel. No Owner may bring any trespass action against SPOA, its agents or employees, for conducting any maintenance, repair or replacement pursuant to this Declaration.

SECTION 6

ARCHITECTURAL REVIEW BOARD

6.1. Architectural Standards for Improvements to Units. No exterior improvement, alteration, addition, or erection whatsoever shall be commenced or placed upon any Unit or Commercial Parcel, unless approved in accordance with this Declaration. Prior to any exterior construction, addition, erection, or alteration, plans and specifications showing at least the nature, kind, shape, height, materials, and location shall be submitted in writing to and approved by an Architectural Review Board ("ARB").

6.2. Architectural Review Board. The Architectural Review Board shall consist of three (3), five (5) or seven (7) members and shall be appointed by the Board annually and shall have jurisdiction over modifications and new construction on Units and Commercial Parcels.

6.3. Operations of the Architectural Review Board.

6.3.1. Meetings. The ARB may hold regular meetings as may be established by the ARB. Special meetings may be called by the ARB Chairman upon the written request of a majority of the members of the ARB then in office. Regular and special meetings of the ARB shall be held at such time and at such place as the ARB shall specify. No notice is required of regular ARB meetings. One (1) days' prior notice, verbal or written, shall be required for each ARB special meeting. The ARB need not give the purpose or purposes for which the meeting is called. Attendance of a member of the ARB at a meeting shall constitute a waiver of notice of such meeting and shall constitute a waiver of any and all objections to the place, notice or time of such meeting. At each meeting of the ARB, the presence of a majority of the members then in office shall constitute a quorum for the transaction of business. Except as otherwise provided herein, the act of a majority of the members of the ARB present at any regular or special meeting thereof at which a quorum is present shall constitute the act of the ARB. The ARB shall maintain both a record of votes and minutes for each of its meetings. The ARB shall make reasonable records and minutes available at SPOA's office at reasonable times for inspection by Members. Any action which may be taken at a meeting of the ARB may be taken without a meeting, if a written consent is subsequently signed by all the members of the ARB to such action. Such consent shall have the same force and effect as a unanimous vote.

6.3.2. Application Charges. The levy and collection application charges, or fees for each Owner submission to the ARB. The amount of such charges or fees shall be established and published from time to time in the discretion of the ARB.

6.3.3. ARB Guidelines. The ARB may adopt and promulgate guidelines, and where appropriate, shall make findings, determinations, rulings, and orders with respect to the conformity and harmony with the external design and the general quality of Shipyard architectural elements. The ARB shall, as required, issue permits, authorizations, or approvals, which may include specified requirements or conditions, pursuant to the provisions of this Declaration. ARB guidelines may, but are not required to:

6.3.3.1 govern the form and content of plans and specifications to be submitted to the ARB for approval pursuant to the provisions of this Declaration;

6.3.3.2 govern the procedure for such submission of plans and specifications;

6.3.3.3 establish guidelines with respect to the approval and disapproval of design features, architectural styles, exterior colors and materials,

details of construction, location and size of structures and all other matters that require approval by the ARB pursuant to this Declaration;

6.3.3.4 assure the general conformity, harmony, and overall quality of external design within Shipyard Plantation.

6.3.4. The ARB may publish copies of any current ARB guidelines adopted by it, in which case they shall be made readily available to Members and prospective Members of SPOA and to all applicants seeking the ARB approval.

6.3.5. The Board may employ architects, engineers, or other persons as it deems necessary to enable the ARB to perform its review.

6.3.6. The ARB may, from time to time, delegate any of its rights or responsibilities hereunder to one (1) or more duly licensed architects or other qualified Persons, which shall have full authority to act on behalf of the committee for all matters delegated.

6.3.7. If the ARB fails to approve or to disapprove submitted plans and specifications within sixty (60) days after the plans and specifications have been submitted to it, the affected Owner may appeal to the Board of Directors. The Board of Directors shall then either approve or disapprove of the plans within thirty (30) days, or approval will not be required, and this Section will be deemed to have been fully complied with. As a condition of approval under this Section, each Owner, on behalf of such Owner and such Owner's successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement, and insurance to and on any change, modification, addition, or alteration.

6.3.8. Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither the Architectural Review Board, the members thereof, nor SPOA assumes liability or responsibility therefor, nor for any defect in any structure constructed from such plans and specifications. Neither SPOA, the Architectural Review Board, the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every owner agrees that such person or owner will not bring any action or suit against SPOA, the Architectural Review Board, the Board, or the officers, directors, members, employees, and agents of any board, or the officers, directors, members, employees, and agents of any of them to recover any damages and hereby releases, remises, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any judgment, negligence, or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given.

6.4. Inspection Rights. Any employee or agent of the Association or the ARB may, after reasonable notice, at any reasonable time or times, enter upon any Unit or Commercial Parcel to ascertain whether the installation, construction, alteration or maintenance of any structure is in compliance with the provisions of this Declaration; and neither SPOA, nor the ARB, nor any such agent shall be deemed to have committed a trespass or other wrongful act solely by reason of such

entry or inspection, provided such inspection is carried out in accordance with the terms of this Declaration.

6.5. Violations. If any structure is erected, placed, maintained or altered upon any Unit or Commercial Parcel, otherwise than in accordance with the plans and specifications approved by the ARB, such erection, placement, maintenance or alteration shall be deemed to have been undertaken in violation of this Declaration. If, in the opinion of the ARB, such violation shall have occurred, the ARB shall notify the Board. If the Board shall agree with the determination of the ARB with respect to the violation, then the Board shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable steps toward the required remedial action with thirty (30) days after the mailing of the aforesaid notice of violation, then the Association shall have the right to impose fines as set forth below in Section 7, or proceed in law or equity to enjoin the continuing violation, in which case all costs of enforcing this Declaration, including reasonable attorneys fees and court costs, shall be paid by the Owner in violation. All such costs shall be considered a continuing lien against the Unit or Commercial Parcel in violation of this Declaration and shall be collectible as a specific assessment set forth above.

SECTION 7 USE RESTRICTIONS AND RULES

7.1 General. All Owners and Occupants must comply with the use restrictions set forth in this Declaration. These use restrictions may only be amended as provided in this Declaration. In addition, the Board may, from time to time, without consent of the Members, promulgate, modify, or delete rules and regulations applicable to Shipyard Plantation, so long as the rules and regulations do not conflict with the terms of this Declaration. Such rules and regulations shall be distributed to all Owners prior to the date that they are to become effective and shall thereafter be binding upon all Owners and Occupants until and unless overruled, canceled, or modified by the Board and subsequently distributed to all Owners prior to the date that they are to become effective. Nothing in this Section 7 shall impair or diminish use restrictions on Units within horizontal property regimes imposed by master deeds or bylaws established under the South Carolina Horizontal Property Regime Act, as amended.

7.2 Fines for Covenant, Rule and Regulation Violations. The Board may adopt fines to enforce the provisions of this Declaration and the published rules and regulations of SPOA. Such fines may be adopted and amended from time to time by a majority vote of the Board. Association fines may not be levied against any Owner until the fines and rules and regulations have been mailed to all Owners to the addresses on record with SPOA. Revised fines shall not take effect until mailed to all Owners similarly. Fines levied against Owners for violations of these Covenants, or SPOA rules and regulations, shall be a charge against the Unit or Commercial Parcel owned by the Owner in violation of the Covenant, rule or regulation, and shall be a charge and continuing lien on the subject Unit, as well as a personal obligation of the Owner, as set forth in Section 4 above. 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 shall promulgate rules governing the fine appeal process.

7.3 Single Family Residential Use of Units. All Units shall be used for single family residential purposes only and no commercial activity of any nature whatsoever shall be conducted thereon. Residential purposes shall include home businesses or business activities which do not maintain advertising on a Unit, or invite customers or clients within Shipyard Plantation. Residential purposes include the sale and leasing of Units. The Board may issue rules and regulations regarding permitted business activities, so long as the rules and regulations do not conflict with the terms of this Declaration. No garage or part of a garage may be used for business purposes so as to prevent occupant's vehicles from being parked in the garage.

7.4 Maintenance. Each Owner shall keep and maintain its Unit or Commercial Parcel, as well as all landscaping located thereon, in good condition and repair, including, but not limited to (i) the repairing and painting (or other appropriate external care) of all structures; (ii) the seeding, watering and mowing of all lawns; and (iii) the pruning and trimming of all trees, hedges and shrubbery so that the same are not obstructive of a view by motorists or pedestrians of street traffic. If, in the opinion of the ARB, any Owner shall fail to perform the duties imposed by this Section, the ARB shall notify the Board. If the Board shall agree with the determination of the ARB with respect to the failure of said Owner to perform the duties imposed by this Section, then the Board shall give written notice to the Owner to remedy the condition in question, setting forth in reasonable detail the nature of the condition and the specific action or actions needed to be taken to remedy such conditions. If the Owner shall fail to take reasonable steps to remedy the condition within thirty (30) days after the mailing of said written notice by certified mail, then the Association shall have the rights set forth in Article 6 above regarding ARB violations, including, but not limited to, imposing fines.

7.5 Signs. No sign of any kind shall be erected by an Owner or Occupant within Shipyard Plantation without the prior written consent of the Architectural Review Board. Notwithstanding the foregoing, the Board shall have the right to erect reasonable and appropriate signs on Common Areas, and Architectural Review Board approval of signage on Commercial Parcels shall not be unreasonably withheld. Signs required by legal proceedings may be erected upon any Unit.

7.6 Vehicles and Parking. No boat, motor home, trailer, or recreational vehicle or trailer may be left upon any portion of Shipyard Plantation for a period longer than two (2) days without the prior written consent of SPOA, unless it is stored in a garage or stored in another area of Common Areas designated on a plat recorded in the Beaufort County Register of Deeds Office for recreational vehicle parking. The term "recreational vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, campers, buses, vans, jet skis or jet ski trailers. All vehicles shall be parked within the driveway, carport or garage of each Unit.

7.6.1. No unlicensed unregistered or inoperative vehicle shall be left upon any portion of Shipyard Plantation except in a garage or other area of Common Areas designated on a plat recorded in the Beaufort County Register of Deeds Office for recreational vehicle parking. Such vehicles identified above must be removed by the Owner. SPOA shall have the right to remove any such vehicle if not removed by the Owner within seven (7) days notice, and the costs of such removal shall be an assessment against such Owner.

7.6.2. No motorized vehicles shall be permitted on pathways or unpaved Common Areas except for public safety vehicles and SPOA's maintenance vehicles, or as otherwise permitted by SPOA for special circumstances.

7.6.3. Vehicles used primarily for commercial purposes with visible commercial advertising and/or commercial equipment may not be parked over night in the residential or regime areas of Shipyard Plantation without the prior written consent of SPOA or the applicable regime unless garaged. This provision shall not apply to vehicles used primarily for family passenger purposes which have no commercial advertising or equipment.

7.7. Garages. Garages shall not be altered to include living space without prior ARB approval.

7.8. Leasing. Units may be leased for short or long term residential purposes. All leases shall require, without limitation, that the tenant acknowledge that the tenant is subject to the Declaration, Bylaws, and rules and regulations of SPOA. The lease shall also obligate the tenant to comply with the foregoing and shall provide that in the event of noncompliance, the Board, in addition to any other remedies available to it, may evict the tenant on behalf of the Owner and specifically assess all costs associated therewith against the Owner and the Owner's Unit.

7.9 Occupants Bound. All provisions of the Declaration, Bylaws, and of any rules and regulations, use restrictions or design guidelines promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants even though Occupants are not specifically mentioned. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.

7.10. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Unit or Commercial Parcel, with the exception of dogs, cats or other usual and common household pets. No pets shall be kept, bred or maintained for any commercial purpose. Dogs shall be kept on a leash when outside of a Unit. All Owners shall remove their pets' waste from Common Areas and Units. Dog shall not be tied outside and left unattended.

7.11. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Unit or Commercial Parcel. No Unit within Shipyard Plantation shall be used, in whole or in part, for the storage of any property or thing that will cause such Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within Shipyard Plantation.

7.12. Motorcycles. The Board shall promulgate rules regulating the operation of motorcycles within Shipyard Plantation to insure that no motorcycle emits unreasonable loud or offensive noises. Motorcycle operation may also be regulated by the Board to insure that motorcycles are denied access to areas within Shipyard Plantation that are within horizontal property regimes which prohibit their operation.

7.13. Antennas. No exterior antennas of any kind, including, without limitation, satellite dishes, shall be placed, allowed, or maintained upon any portion of Shipyard Plantation, including any Unit, without the prior written consent of the Architectural Review Board. Satellite Dishes which are dark

in color and are 18 inches or less in diameter shall be allowed, provided they are not visible from the street, installed upon or adjacent to a residence, and are integrated with the surrounding landscape.

7.14. Tree Removal. No trees that are more than four (4) inches in diameter at a point two (2) feet above the ground shall be removed without the prior written consent of the Architectural Review Board.

7.15. Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may alter, obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains, the right to alter same being expressly reserved to SPOA.

7.16. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

7.17. Garbage Cans, Woodpiles, Etc. All garbage cans, woodpiles, hot tubs, spas, and related equipment, and other similar items shall be located or screened so as to be concealed from view of neighboring streets and property. All rubbish, trash, and garbage shall be regularly removed and shall not be allowed to accumulate.

7.18. Subdivision of Unit. No Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Architectural Review Board. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

7.19. Guns. The use or discharge of firearms in Shipyard Plantation is prohibited. The term "firearms" includes, but is not limited to, rifles, pistols, "BB" guns, pellet guns, shotguns, semi-automatic rifles and pistols, and small firearms of all types.

7.20. Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any Unit or Commercial Parcel without the prior written consent of the Architectural Review Board. The Board shall have the right to erect fencing of any type considered appropriate or desirable by the Board at any location on the Common Areas.

7.21. Air Conditioning Units. No window air-conditioning units may be installed without Architectural Review Board approval.

7.22. Lighting. Except as may be permitted by the Architectural Review Board, exterior lighting visible from the street shall not be permitted except for (a) approved lighting as originally installed on a Unit; (b) One (1) decorative post light, (c) street lights in conformity with an established street lighting program for Shipyard Plantation, or (d) seasonal decorative lights.

7.23. Swimming Pools and Hot Tubs. Swimming pools, hot tubs and portable spas shall not be permitted without the prior written consent of the Architectural Review Board. Swimming pools may be enclosed by an approved fence.

7.24. Play Equipment. All play equipment must be located between the rear dwelling line and the rear Unit line.

7.25. Mailboxes. All mailboxes located on Units shall be of a similar style approved by the Architectural Review Board. Mailboxes shall be kept painted and in good repair by the Owners. Replacement mailboxes may be installed after the type has been approved in writing by the Architectural Review Board.

7.26. Exteriors. Any change to the exterior color of any improvement located on a Unit, including, without limitation, the dwelling, must be approved by the Architectural Review Board.

7.27. Clothesline. No exterior clotheslines of any type shall be permitted upon any Unit. Clothes, towels, etc., shall not be hung from windows or balconies.

7.28. Storage Sheds and Garages. Construction, installation or placement of a storage shed, tree house, play house, detached garage, or a building separate from the main house on the Unit is not permitted without the prior written consent of the Architectural Review Board. All plans (which must include the length, width, height, materials, colors, and location) must be submitted to the Architectural Review Board for written approval prior to obtaining building permits or starting construction. The structure must be constructed, installed or placed in a location inconspicuous from public view. All materials used in the construction of such buildings must match the main dwelling located on the Unit.

SECTION 8 INSURANCE AND CASUALTY LOSSES

8.1. Insurance on Common Areas. The Board shall have the authority to and shall obtain insurance for all insurable improvements whether or not located on the Common Areas which SPOA is obligated to maintain. This insurance shall provide fire and extended coverage, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts.

8.2. Liability Insurance. The Board shall obtain a general commercial liability policy applicable to the Common Areas covering SPOA and its members for all damage or injury caused by the negligence of SPOA or any of its members or agents. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00). The Board shall obtain directors, and officers, liability insurance coverage.

8.3. Other Insurance. In addition to the other insurance required by this Section 8, the Board shall obtain workers' compensation insurance to the extent necessary to satisfy the requirement of South Carolina law. The Board may also obtain a fidelity bond or bonds on Association directors, officers, employees, and other persons handling or responsible for SPOA's funds, if reasonably available. If obtained, the amount of fidelity coverage shall be in an amount no less than three (3) month's prorated Assessments plus any reserves. Bonds shall contain a waiver of all defenses based upon the exclusion or person serving without compensation and may not be canceled, subjected to non-renewal or substantially modified without at least thirty (30) days prior written notice to SPOA. SPOA shall also obtain construction code endorsements, also known as law and ordinance endorsements, and flood insurance if necessary, and to the extent necessary, to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs, or the U.S. Department of Housing and Urban Development.

8.4. Premiums. Premiums for all insurance shall be common expenses of SPOA. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

8.5. Miscellaneous. All such insurance coverage obtained by the Board of Directors shall be written in the name of SPOA, as trustee for the respective benefitted parties, as further identified below. Such insurance shall comply with these provisions:

8.5.1 All policies shall be written with an insurance company authorized to do business in South Carolina.

8.5.2. Exclusive authority to settle losses under policies obtained by SPOA shall be vested in the Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

8.5.3. In no event shall the insurance coverage obtained and maintained by SPOA be brought into contribution with insurance purchased by individual Owners, Occupants, or their Mortgagees, and the insurance carried by SPOA shall be primary.

8.5.4. All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement if these are reasonably available and all insurance policies shall be reviewed annually by the Board.

8.5.5. The Board shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

8.5.5.1 a waiver of subrogation by the insurer as to any claims against the Board, its manager, the Owners and their respective agents, tenants and guests; a waiver by the insurer of its rights to repair and reconstruct instead of paying a cash settlement;

8.5.5.2 that no policy may be canceled, invalidated, or suspended on account of any one or more individual Owners;

8.5.5.3 that no policy may be canceled, subjected to nonrenewal, invalidated, or suspended on account of any defect or the conduct of any Board member, Association officer or employ, or employee of the authorized manager of SPOA without prior demand in writing deliver to SPOA to cure any defect or to cease the conduct and the allowance or a reasonable time thereafter within which a cure may be effected by SPOA, its manager, any Owner or Mortgagee;

8.5.5.4 that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

8.5.5.5 that no policy may be canceled, subjected to nonrenewal or substantially modified without at least thirty (30) days prior written notice to SPOA.

8.6. Individual Insurance for Unit Owners. By virtue of taking title to a Unit subject to the terms of this Declaration, each Owner acknowledges that SPOA has no obligation to provide any insurance for any portion of individual Units, and each Owner covenants and agrees with all other Owners and with SPOA that each Owner shall carry blanket "all-risk" casualty insurance on the Unit and all structures constructed thereon and a liability policy covering damage or injury occurring on a Unit.

8.7. Damage and Destruction of Common Areas. Immediately after damage or destruction by any casualty to any Common Areas covered by SPOA insurance, the Board or its authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost or repair or reconstruction of the damaged property. Repair or reconstruction, as used in this Section 8, means repairing or restoring the property to substantially the same condition and location that existed prior to the casualty, allowing for changes necessitated by changes in applicable ordinances, as determined by the Board in its reasonable discretion. If the Board votes not to repair or reconstruct damaged improvements, and no alternatives are authorized

by the Board, then the Common Areas shall be restored to its natural state and maintained as an undeveloped portion of Shipyard Plantation in a neat and attractive condition.

8.8. Insufficient or Excess Insurance Funds. If the insurance proceeds are insufficient to pay for the repair or reconstruction, the Board shall, without the necessity of a vote of the Owners, levy a special assessment against all Owners in proportion to the annual assessment levied against all Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of SPOA.

8.9. Damage and Destruction to Improvements on Units -- Insured by Owners. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Unit shall be repaired by the Owner thereof within ninety (90) days after such damage or destruction or, where repairs cannot be completed within ninety (90) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Unit and remove all debris therefrom within ninety (90) days after such damage or destruction. In the event of noncompliance with this provision, the Board shall have all enforcement powers specified in this Declaration.

8.10. Insurance Deductible. The deductible for any casualty insurance policy carried by SPOA shall be paid by SPOA or be allocated among the Persons who are responsible for the damage or destruction.

SECTION 9 MORTGAGEE PROVISIONS

9.1. Mortgagee Provisions. The following provisions are for the benefit of holders of first Mortgages on Units in Shipyard Plantation. The provisions of this Section 9 apply to both this Declaration and the Bylaws, notwithstanding any other provisions contained therein.

9.2. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides a written request to SPOA, such request to state the name and address of such holder, insurer, or guarantor and the Unit number, therefore becoming an "eligible holder", will be entitled to timely written notice of :

9.2.1. any condemnation loss or any casualty loss which affects a material portion of Shipyard Plantation or which affects any Unit on which there is a first Mortgage held, insured or guaranteed by such eligible holder;

9.2.2 any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the Mortgage or such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from SPOA of any default in the performance by the Owner of an unencumbered Unit of any obligation under the Declaration or the Bylaws which is not cured within sixty (60) days;

9.2.3 any lapse, cancellation, or material modification of any insurance policy maintained by SPOA.

9.3. No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case

of distribution to such owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Areas.

9.4. Notice to Association. Upon request, each Unit Owner shall be obligated to furnish to SPOA the name and address of the holder of any Mortgage encumbering such Owner's Unit.

9.5. Applicability of Section. Nothing contained in this Section shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or South Carolina law for any of the acts set out in this Section.

SECTION 10

EASEMENTS

10.1. Easements for Use and Enjoyment. Every Owner of a Unit shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to each Unit. Any Owner may delegate such Owner's right of use and enjoyment in and to the Common Areas to the members of the Owner's family and to such Owner's tenants and guests. Such delegation shall be deemed when any Owner leases its Unit. The Owners' easements for use and enjoyment shall be subject to the following provisions:

10.1.1. the right of SPOA to charge reasonable admission and other fees for the use of any portion of the Common Areas, to limit the number of guests of Owners and tenants who may use the Common Areas, and to provide for the exclusive use and enjoyment of specific portions of the Common Areas by an Owner, its guests and invitees, at designated times for special events upon such Owner's payment to SPOA of a reasonable use charge, as set by the Board in its sole discretion;

10.1.2. the right of SPOA to suspend a Unit Owners' voting rights and the right to use the Common Areas for any period during which any assessment against such Owner remains unpaid, or for a reasonable period of time for a violation of this Declaration, Bylaws or SPOA's rules or regulations;

10.1.3. the right of SPOA to borrow money for the purpose of improving the Common Areas, or for construction, repairing or improving any facilities located on the Common Areas, and to give as security for the payment of any such loan a Mortgage encumbering the Common Areas; provided, however, the lien and encumbrance of any such Mortgage shall be subject and subordinate to the provisions of this Declaration. Any such Mortgage on the Common Areas shall be approved by at least two thirds (2/3) of the Total Association Vote. The exercise of any rights held by any mortgagee of Common Areas shall not cancel or terminate any provisions of this Declaration, or the holder of any Mortgage on any Unit.

10.1.4. the right of SPOA to dedicate or grant licenses, permits or easement over, under and through the Common Areas to governmental entities for public purposes; and

10.1.5 the right of SPOA to dedicate or transfer all or any portion of the Common Areas subject to the such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless approved by at least two thirds (2/3) or the Total Association Vote.

10.2. Easements for Utilities. There is hereby reserved to SPOA blanket easements upon, across, above and under all Common Areas within Shipyard Plantation, including all Unit and Common Parcel easements depicted on plats of record, for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving Shipyard Plantation or any portion thereof. This easement shall include, without limitation, gas, water, sanitary sewer, telephone, electricity, cable television, security, as well as storm drainage and any other service or system which SPOA might decide to have installed to service Shipyard Plantation. It shall be expressly permissible for SPOA, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, pipes, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, SPOA or the Board, as the case may be, shall have the right to grant such easement.

10.3. Easement for Drainage. SPOA hereby reserves a perpetual easement across all Common Areas and reserves easements depicted on all plats of record of Units and Commercial Parcels for the purpose of altering drainage and water across all Shipyard Plantation property for the purpose of altering drainage and water flow. This right shall include, but is not limited to, altering swales, installing drains, drainage ditches, pipes, inlets, headwalls, and altering channeling, or piping waterflow across Shipyard Plantation. Rights exercised pursuant to this reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

10.4. Easement for Entry. In addition to the other rights reserved to SPOA and SPOA, shall have the right (but not the obligation) to enter upon Unit or Commercial Parcel within Shipyard Plantation for emergency, security, and safety reasons. This right may be exercised by SPOA or its designee, any officer of the Board, and all governmental employees, policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion, or other hazard or condition in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

10.5. Easement for Maintenance. SPOA hereby expressly reserves a perpetual easement for the benefit of SPOA across such portions of Shipyard Plantation, determined in the sole discretion of the Board, as are necessary to allow for the maintenance required by this Declaration. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Owners' property, reasonable steps shall be taken to protect such property.

10.6. Irrigation Easements. There is hereby reserved to SPOA a blanket easement to pump water from ponds, lakes and other bodies of water located within Shipyard Plantation for irrigation purposes.

10.7. Fence Easement. SPOA hereby reserves an easement across any Unit which borders upon or contains a portion of any water facility, detention pond, or retention pond for the purpose of access to such facility or pond, and for the purpose of erecting any fence which is required by governmental regulation, rule, ordinance, or plan approval requirement.

SECTION 11 GENERAL PROVISIONS

- 11.1 Enforcement. Each Owner and Occupant shall comply strictly with the Bylaws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of SPOA, or in a proper case, by an aggrieved Owner. Failure by SPOA or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate land records a notice of lien, a notice of violation of the Declaration, Bylaws, rules and regulations, use restrictions, or design guidelines and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.
- 11.2 Self-Help. In addition to any other remedies provided for herein, SPOA or its duly authorized agent shall have the power to enter upon any Unit or any other portion of Shipyard Plantation to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates this Declaration, the Bylaws, the rules and regulations, or the use restriction. Unless an emergency situation exists, the Board shall give the violating Unit Owner ten (10) days written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice. All costs of self-help, including reasonable attorney's fees, shall be assessed against the violating Unit Owner and shall be collected as provided for herein for the collection of assessments.
- 11.3. Condemnation. In the event of a taking by eminent domain of any portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking, at least seventy-five percent (75%) of the Total Association Vote shall otherwise agree, SPOA shall restore or replace such improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefor. The provisions of this Declaration applicable to Common Areas improvements damage, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.
- 11.4. Duration. The covenants and restrictions of this Declaration shall run with and bind Shipyard Plantation, and shall inure to the benefit of and shall be enforceable by SPOA, SPOA or any Owner, their respective legal representatives, heirs, successors, and assigns, perpetually to the extent provided by South Carolina law. If South Carolina law limits the period during which covenants restricting lands to certain uses may run, any provision of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, after which time any such provision shall be automatically extended for successive periods of ten (10) years, unless a written instrument reflecting disapproval signed by the then Owners of 2/3 of the Units and the SPOA (if SPOA still owns any property in Shipyard Plantation or has the right to annex additional property) is recorded within the year immediately preceding the beginning of a ten (10) year renewal period.
- 11.5. Amendment. This Declaration may be amended unilaterally at any time and from time to time by the Board only: (a) if such amendment is necessary to bring any provision hereof into

compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association, HUD, the VA, or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Units subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee Mortgage Loans on the Units subject to this Declaration; or (d) to clarify vague or ambiguous language. However, any such amendment shall not adversely affect the title to any Owner's Unit unless any such Unit Owner shall consent in writing. Any other amendments to this Declaration shall require the approval of seventy-five percent (75%) vote of the Board and the subsequent approval of seventy-five percent (75%) vote of the Members of SPOA at a duly called meeting or referendum. All amendments presented to the SPOA Membership for approval shall state in writing both the unamended and amended provisions of the Declaration and the reason for the Board approval of the amendment.

11.6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

11.7. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end, the provisions of this Declaration are declared to be severable.

11.8. Captions. The captions are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

11.9. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of George Herbert Walker Bush, the 41st President of the United States.

11.10. Indemnification. To the fullest extent allowed by applicable South Carolina law, SPOA shall indemnify every officer and director of SPOA, each member of the ARB, each member of a committee appointed by the Board for SPOA purposes, and SPOA's general manager against any and all expenses, including, without limitation, attorney's fees, imposed upon or reasonably incurred by any officer, director, each member of the ARB, each member of a committee appointed by the Board for SPOA purposes, or SPOA's general manager in connection with any action, suit, or other proceeding to which such officer, director, each member of the ARB, each member of a committee appointed by the Board for SPOA purposes, or SPOA's general manager may be a party by reason of being or having been an officer or director. The officers, directors, each member of the ARB, each member of a committee appointed by the Board for SPOA purposes, or SPOA's general manager shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of SPOA, and SPOA shall indemnify and forever hold each such officer and

director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer of director, may be entitled. This indemnification shall also include attorneys fees and expenses incurred in enforcing this indemnification. SPOA shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation.

11.11. Books and Records.

11.11.1 Inspection by Members and Mortgagees. This Declaration, the Bylaws, copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of SPOA or by the duly appointed representative of any member and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to such Person's interest as a member or holder, insurer, or guarantor of a first Mortgage at the office of SPOA or at such other reasonable place as the Board shall prescribe.

11.11.2 Rules for Inspection. The Board may establish reasonable rules with respect to: (1) notice to be given to the custodian of the records; (2) hours and days of the work when such an inspection may be made; and (3) payment of the cost of reproducing copies of documents.

11.11.3 Inspection by Board of Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of SPOA. The right of inspection by a director includes the right to make extra copies of documents at the reasonable expense of SPOA.

11.12. Notice of Sale, Lease or Acquisition. In the event an Owner sells or leases such Owner's Unit, the Owner shall give to SPOA, in writing, prior to the effective date of such sales or lease, the name of the purchaser or lessee of the Unit and such other information as the Board may reasonably require. Upon acquisition of a Unit, each new Owner shall give SPOA, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably require.

11.13. Implied Rights. SPOA may exercise any right or privilege given to it expressly by the Declaration, the Bylaws, the Articles of Incorporation, any use restriction or rule and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

11.14. Variances. Notwithstanding anything to the contrary contained herein, the Board shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws and any rule, regulation or use restriction promulgated pursuant thereto if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for Shipyard Plantation.

IN WITNESS WHEREOF, by its duly authorized officer, SPOA hereby executes this instrument under seal this 12th day of April, 2002.

WITNESSES:

SHIPYARD PROPERTY OWNERS ASSOCIATION,
INC., a South Carolina nonprofit corporation

Monica Strong
RLM Del Jr.

By

Michael N. Trigg
Its: President

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, the undersigned notary, do hereby certify that Shipyard Property Owners Association, Inc., a South Carolina nonprofit corporation, by Michael M. Trigg, its President appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 12th day of April, 2002.

RLM Del Jr.
Notary Public of South Carolina
My Commission Expires: Nov. 2, 2002

EXHIBIT "A"

ALL THOSE CERTAIN parcels or tracts of land generally known as the common areas, roadways, lagoons, medians, drainage areas, green spaces, utility facility areas, open spaces and administrative and maintenance area within Shipyard Plantation, Hilton Head Island, Beaufort County, South Carolina. Said land including, but not limited to:

1. Tracts of land shown and described as Parcels 1-A, 1-B and 2 on a Plat recorded in the Beaufort County Register of Deeds Office in Plat Book 53 at Page 169, said land being conveyed to SPOA by deed of Kingston Cove Owners Association, Inc. recorded in Book 798 at Page 1198 having a Beaufort County Tax Map #R550 015 00C 0203 0000.
2. Tracts of land shown and described as Valencia Road 50' R/W, 0.69 Acres Common Area, 1.32 Acres Common Area, and 1.23 Acres Common Area on the Plats recorded in the Beaufort County Register of Deeds Office in Plat Book 33 at Page 149, Plat Book 33 at Page 144, Plat Book 33 at Page 57, and Plat Book 48 at Page 69, said land being conveyed to SPOA by deed of American Service Corporation of S.C. recorded in Book 911 at Page 1343 having a Beaufort County Tax Map #R550 015 000 0374 0000.
3. Tracts of land shown and described as 2.782 Acres and 2.766 Acres on a Plat recorded in the Beaufort County Register of Deeds Office in Plat Book 77 at Page 4, said land being conveyed to SPOA by deed of R. Geoffrey Levy as Trustee of The Hilton Company, Inc. recorded in Book 514 at Page 1585 having a Beaufort County Tax Map #R550 015 000 0343 0000.
4. Tract of land shown and described as Shipyard Beach Club Site, 1.3 Acres on a Plat recorded in the Beaufort County Register of Deeds Office in Plat Book 19 at Page 114, said land being conveyed to SPOA by deed of R. Geoffrey Levy as Trustee of The Hilton Company, Inc. recorded in Book 535 at Page 1944 having a Beaufort County Tax Map #R551 015 00A 0511 0000.
5. Tracts, gores, strips and parcels of land conveyed to SPOA by deed of R. Geoffrey Levy as Trustee of The Hilton Company, Inc. recorded in Book 509 at Page 1098 having a Beaufort County Tax Map #R550 015 000 0343 0000.

EXHIBIT "B"

PROPERTY	COVENANT RECORDING DATA	FILING DATE
Beachwalk	Book 251 Page 2022	August 9, 1977
Blocks A & D	Book 181 Page 45	January 25, 1972
Blocks B & C	Book 194 at Page 16311	January 20, 1972
Blocks B & C Extensions	Book 255 Page 1838	November 3, 1977
Block E	Book 209 Page 303	May 1, 1973
Block F	Book 261 Page 244 and Book 255 Page 1833	May 3, 1977
Bridgeport	Book 257 Page 1650	December 21, 1977
Brigantine	Book 360 Page 1585	January 4, 1983
Colonnade Club	Book 288 Page 195	September 8, 1979
Cottages	Book 378 Page 172	September 9, 1983
Evian	Book 305 Page 31	August 12, 1980
Golf Course & Club	Book 215 Page 1676 and Book 228 Page 750	November 14, 1973 revised May 9, 1975
Golfmaster	Book 217 Page 36	January 3, 1974
The Greens	Book 247 Page 327	April 19, 1977
Harbourmaster	Book 217 Page 26	January 3, 1974
Kingston Cove - Phase I	Book 312 Page 801	December 16, 1980
Kingston Cove - Phase II	Book 328 Page 84	June 17, 1981
Kingston Cove - Phase III	Book 342 Page 446	February 17, 1982
Kingston Cove - Phase IVA	Book 353 Page 914	August 27, 1982
Kingston Cove - Phase IVB	Book 358 Page 914	December 3, 1982
Kingston Cove - Phase V	Book 377 Page 1309	September 12, 1983
Kingston Dunes I	Book 227 Page 368	March 12, 1975
Kingston Dunes II	Book 261 Page 249	June 17, 1981
Marriott	Book 247 Page 333	April 19, 1977
Misty Cove	Book 245 Page 1311	March 8, 1977
Port O'Call	Book 247 Page 339	April 1, 1977
Racquet Club	Book 246 Page 480	March 23, 1977
Sailmaster	Book 216 Page 303	November 29, 1973
Shipmaster	Book 179 Book 263	December 18, 1970
Southwind I, II, and TS	Book 288 Page 170	September 10, 1979
Spinnaker	Book 301 Page 982	May 29, 1980
St. John's Place	Book 338 Page 1441	December 21, 1981
Tennis Master	Book 247 Page 346	April 19, 1977
Townhouse Tennis Club	Book 245 Page 232 and Book 270 Page 79	February 17, 1977 re-recorded 09/20/98
Townhouse Tennis III	Book 255 Page 602 and Book 270 Page 79	September 20, 1978
Windward Village	Book 339 Page 41	December 24, 1981

All of the original, signed, Shipyard Property Owner ballots approving the Declaration of which this Exhibit is a part, are on permanent file with SPOA and are incorporated into this Declaration, and made a part hereof, by this reference. The original, executed ballots are available for review by any SPOA Member.

EXHIBIT "C"

	TOTAL UNITS	BALLOTS RCV'D	APPROVED	DISAPPROVED
Beachwalk	112	66	64	2
Blocks A & D	48	29	27	2
Blocks B & C	31	21	21	0
Blocks B & C Ext.	12	10	10	0
Block E	33	22	22	0
Block F	20	14	13	1
Bridgeport	14	8	8	0
Brigantine	46	REFERENDUM	IN	PROGRESS
Colonnade Club	72	58	56	2
Cottages	190	164	162	2
Crowne Plaza	338	338	338	0
Evian	200	116	114	2
Golf Course	27	27	27	0
Golfmaster I & II	72	42	41	1
The Greens	106	72	71	1
Harbourmaster	63	46	44	2
Hilton Head Health Inst.	16.6	16.6	16.6	0
Kingston Cove Combined	39	37	36	1
Kingston Dunes I	19	14	14	0
Kingston Dunes II	19	11	11	0
Misty Cove	30	21	21	0
Port O'Call	88	88	88	0
Sailmaster	51	38	33	5
Shipmaster	88	63	52	11
Southwind I, II, & TS	96	96	96	0
Spinnaker	48	48	48	0
St. John's Place	9	6	5	1
Tennismaster	62	44	41	3
Townhouse Tennis	12	10	7	3
Townhouse Tennis III	24	18	18	0
Van de Meer	20	20	20	0
Waterford	34	23	21	2
Windward Village	50	28	26	2
TOTALS	2089.6	1614.6	1571.6	43

All of the original, signed, Shipyard Property Owner ballots approving the Declaration, of which this Exhibit is a part, are on permanent file with SPOA and are incorporated into this Declaration, and made a part hereof, by this reference. The original, executed ballots are available for review by any SPOA Member during regular business hours.

EXHIBIT "D"

Bounded on the Northeast by Palmetto Dunes Resort; bounded in part on the Southeast by the Atlantic Ocean, (including the properties occupied by the Shipyard residence beach club and Marriot's Hilton Head Resort), by Lots 3, 5, and 8 as reflected on a plat attached to that certain Consent Agreement by The Hilton Head Company dated the 17th day of January, 1964, and recorded in Deed Book 121 at Page 9; bounded, in part, on the Southeast by a portion of the Northwestern boundary of the right-of-way of North Forest Beach Drive, Hilton Head Beach Subdivision 2-A, and Hilton Head Beach Subdivision 1-A; bounded on the Southwest by Forest Beach Subdivision Block 5-B, a portion of the Northeastern right-of-way of Pope Avenue, Parcel A and B as reflected on a plat prepared by Coastal Surveying Company, Inc. dated 4-3-79, Pope Avenue Executive Park as reflected on plat prepared by W.H. Mitchell, P.E. & L.S. 2387 dated July 5, 1972 and recorded in Plat Book 196 at Page 879, a portion of the Northeastern boundary of the right-of-way of Pope Avenue, Shipyard Plantation Commercial Subdivision as reflected on a plat of 53.829 acres prepared by E.H. Freiesleben dated April- May, 1976 and recorded in Plat Book 26 at Page 186, a portion of the Southeastern boundary of the right-of-way of William Hilton Parkway (U.S. Highway No. 278), a nine (9.00) acre parcel of Shipyard Plantation as reflected on a plat prepared by E.H. Freiesleben P.E. & L.S. 4624 dated June 1978 and recorded in Plat Book 28 at Page 66, a portion of the Southeastern boundary of the right-of-way of William Hilton Head Parkway (U.S. Highway No. 278), and the 20.512 acres Charleston Road Subdivision as reflected on a plat recorded in Plat Book 28 at Page 133.

EXHIBIT "E"

**BY-LAWS
OF
SHIPYARD PROPERTY OWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

Section 1.1. The name of the corporation is **SHIPYARD PROPERTY OWNERS ASSOCIATION, INC.**, (hereinafter referred to as "SPOA"). The address of the corporation shall be 10 Shipyard Drive, Hilton Head Island, Beaufort County, South Carolina, but meetings of the Members and Board of Directors may be held at such places upon Hilton Head Island, South Carolina, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 2.1. "Class", "Class of Owners", or "Class of Members" shall mean all of the owners of one of the following types of Properties: Commercial Parcels, Condominiums, Recreational Facilities, and Residential Lots or the Members with respect to such Properties.

Section 2.2. "Commercial Parcels" shall include the tennis facility property containing approximately 9.3 acres depicted in the Beaufort County records in Plat Book 25 at Page 132 ("Shipyard Racquet Club"), the Shipyard Golf Course depicted in the Beaufort County records in Plat Book 32 at Page 246, the oceanfront hotel parcel containing approximately 8.079 acres depicted in the Beaufort County records in Plat Book 35 at Page 96 ("Hotel Commercial Parcel"), and the Cottages Conference Center and Health Institute Parcel containing 3.739 acres and 0.542 acres, respectively, as depicted on the plats recorded in Plat Book 48 at Page 69 and Plat Book 32 at Page 229 in the Beaufort County records.

Section 2.3. "Condominium" shall mean any dwelling unit in Shipyard that is part of a regime organized under the South Carolina Horizontal Property Act.

Section 2.4. "Declaration" shall mean the Declaration of Shipyard Property Owners Association, Inc., when duly recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina.

Section 2.5. "Residential Properties" shall include Groups of Condominiums and Groups of Residential Lots. "Group" of Condominiums shall mean one of the groups of Condominiums provided in Section 4.2. "Group" of Residential Lots shall mean one of the groups of Residential Lots provided in Section 4.1.

Section 2.6. "Member" shall mean each person who is a member of SPOA as provided in Article IV of these By-Laws.

Section 2.7. "Owner" shall mean the owner as shown in the real estate records in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any of the Properties. In the event that there is recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina a long term contract of sale covering any of the Properties, the 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 in which the purchaser is required to make payments for the property for a period extending beyond nine (9) months from the date of the contract, the purchaser does not receive title to the property until such payments are made, and the purchaser is given the use of property.

Section 2.8. "Plantation" and "Shipyard" shall refer to Shipyard Plantation, Hilton Head Island, Beaufort County, South Carolina.

Section 2.9. "Property" shall mean any of those parcels of real property in Shipyard which have been or are intended to be developed into Commercial Parcels, Condominiums, Recreational Facilities, or Residential Lots.

Section 2.10. "Referendum" shall mean the power of all or some specific portion of the Members to vote by written ballots on an action of SPOA. Such ballot shall set forth the proposition to be voted on, shall provide spaces for the name of the Member voting and the legal description of the Property or Properties with respect to which the vote is

being cast, shall by the Secretary, and shall provide that the ballot must be returned and received by the Secretary before a date not less than thirty (30) days from the date of the mailing by the Secretary. The Secretary shall mail a self-addressed return envelope with each ballot. Ballots not completely filled in and ballots not timely received by the Secretary shall not be counted. In the event that more than fifty (50%) percent of the votes properly cast on any proposition shall be in favor of such proposition, such proposition shall have passed; provided, however, if a higher percentage vote is required hereby or by any statute or agreement controlling such vote, that higher percentage shall be required.

Section 2.11. "Regimes" shall mean any horizontal property regime established pursuant to the South Carolina Horizontal Property Act with respect to any segment of the Properties.

Section 2.12. "Residential Lot" shall mean any subdivided lot, improved or unimproved, used or intended to be used for a family dwelling unit and not a Condominium.

Section 2.13. "SPOA" shall mean Shipyard Property Owners Association, Inc., its successors and assigns. Any other provision of these By-Laws to the Contrary notwithstanding, SPOA shall not be a Member or an Owner for any purpose regardless of whether it owns any of the Properties.

Section 2.14. "Common Property" or "Common Properties" shall mean all real property and improvements deeded to SPOA, or designated as Shipyard common areas or open spaces in any Shipyard plats recorded in the Beaufort County records. Common property shall also mean any personal property, intangibles, or contractual rights owned by SPOA.

ARTICLE III PURPOSE AND POWERS

Section 3.1. Basic Purpose. The basic purpose of SPOA shall be to promote the common good and general welfare of owners in Shipyard Plantation, Hilton Head Island, South Carolina, and to represent them in all matters in pursuit of these objectives. In the accomplishment of this purpose, SPOA will:

1. Provide a forum for discussion of problems of mutual interest to Owners and thus encourage the formulation and advancement of ideas and projects which will inure to the general benefit of the owners.
2. Provide and fulfill all of the functions delegated to the Board.
3. Provide a channel of communication within Shipyard Plantation.
4. Provide a vehicle for communication with the Town of Hilton Head Island and other public authorities.
5. Cooperate with other property owners and civic associations in common goals affecting SPOA.
6. Insure compliance with all agreements affecting SPOA.
7. Advise and assist Shipyard Regimes and Owners in matters relating to private road maintenance, roadside landscaping, insect control, security and other community services and facilities.

Section 3.2. Powers. SPOA shall have the following powers:

1. to acquire, own, build, improve, operate, maintain and replace roads, Security gates and facilities, parks, playgrounds, bike trails, beach clubs, open spaces, lakes, lagoons, boat docks, drainage facilities, tennis courts, swimming pools, and golf courses including clubhouses, buildings, structures, easements, right-of-ways, and stock of any corporation owning any thereof, and any personal property incident to the ownership and operation of any thereof, or to the functions and management of SPOA, regarding Common Properties;
2. to accept from any party having any ownership, management, fiduciary, or other interest in Shipyard the conveyance of any real or personal property or any interest thereon, the assignment of rights pursuant to any contract, agreement, or recorded instrument, and the delegation of any duty with respect to any such conveyance or assignment. (Any such conveyance or assignment may be accepted subject to any conditions, restrictions, affirmative obligations, declarations, easements, or other limitations.);
3. to draft, execute, duly record, seek the subjection of all of the Properties to, and enforce a Declaration of Shipyard Properties Owners Association, Inc., covering Shipyard or any part thereof;
4. to fix, from time to time, any charges or assessments, specifically including regular and special assessments or charges to be levied against any of the Properties pursuant to any recorded instrument, contract, or other instrument or agreement affecting any of the Properties or pursuant to the Declaration and to collect the same, and all costs of collection, by legal means, if necessary;

5. to exercise any rights pursuant to, and to enforce any and all covenants, restrictions, affirmative obligation and agreements applicable now or hereafter to any of the Properties;

6. to pay taxes, if any, on the Common Properties; and

7. to take such other actions as are necessary or appropriate to the accomplishment of the foregoing powers.

8. to lease, mortgage, or otherwise encumber any Common Property upon approval by affirmative vote of 3/4 (three-fourths) of the Directors voting at a duly called meeting of the Board meeting quorum requirements.

9. to take immediate emergency action to protect the property and welfare of all Owners following a natural disaster and obtain reimbursement for such emergency action through the imposition of an emergency property protection and restoration charge equal to the expenses incurred by SPOA in protecting Shipyard and repairing Common Properties. Any emergency property protection and restoration charge shall be divided equally among, and assessed equally against, the Owners pursuant to each's applicable density unit, and such charge shall be assessable against each Owner's Shipyard Property, and shall constitute a valid lien against said Owner's Property as an assessment as defined in the applicable Shipyard covenants.

Section 3.3. Additions to Properties. Real property additions to the Common Properties shall be acquired if approved by an affirmative vote of three fourths (3/4) of the Directors voting at a duly called meeting of the Board of Directors.

Section 3.4. Mergers and Consolidations. Subject to the provisions of the recorded covenants and restrictions applicable to the properties, and to the extent permitted by law, SPOA may participate in mergers and consolidations with other non-profit corporations organized for similar purposes, provided that any such merger or consolidation shall be approved by an affirmative vote of three-fourths (3/4) of the Members voting at a duly called meeting of the Members.

Section 3.6. Dedication of Properties or Transfer of Function to Public Agency. SPOA shall have the power to dispose of its real property Common Properties or interests therein to public or quasi public agencies upon an affirmative vote of three-fourths (3 /4) of the Members voting at a duly called noting of the Members.

ARTICLE IV

ORGANIZATION AND MEMBERSHIP

Section 4.1 Division of Properties for Board Representation — To provide adequate Board representation throughout Shipyard, Shipyard Properties shall be grouped as follows:

- (a) Regimes located in any of the condominium developments;
- (b) Residential Lots located in two (2) separate areas within Shipyard, one north of Shipyard Drive and the other south of Shipyard Drive ;
- (c) the Shipyard Golf Course;
- (d) the Shipyard Racquet Club;
- (d) the Hotel Commercial Parcel; and
- (e) the Cottages Conference Center and Health Institute Parcel.

Section 4.2. Allocation of Directors. The affairs of SPOA shall be administered by a Board of Directors consisting of four (4) Directors elected by the Owners of Residential Lots (two (2) from each of the Groups described in Section 4.1 above), eleven (11) to fifteen (15) Directors elected by the Owners of the Condominiums, one (1) Director appointed by the Shipyard Golf Course, one (1) Director appointed by the Shipyard Racquet Club, two (2) Directors elected by the Owners of the Hotel Commercial Parcel, and one (1) Director elected by the Owners of the Cottages Conference Center and the Health Institute. The eleven (11) to fourteen (14) directors to be elected by Owners of Condominiums shall be elected by Condominium Groups as follows:

GROUP	NUMBER OF DIRECTORS
Beachwalk	1
Greens	1
Evian	2
Townhouse Tennis Club Townhouse Tennis III Windward Village	1
Harbourmaster	1
Golfmaster I and Golfmaster II	1
Shipmaster, Waterford	1
Sailmaster, Tennismaster	1
Cottages	1
Brigantine, Port O'Call, Spinnaker	2
Colonnade Club, Southwind Timeshare	1
Egret Point, Hamilton, Coral Reef	1
Carolina Club, Southwind II, Kingston Cove Timeshare	1

No Director shall simultaneously represent more than one (1) Condominium Group or Residential Lot Group.

Section 4.3. Method of Selection of Directors. Directors shall be selected in the manner hereinafter provided by the Members in each of the Groups of Residential Lots and of Condominiums, by the Owners of the Recreational Facilities, by the Owners of the Hotel Commercial Property, and by the Owners of the Cottages Conference Center and Health Institute, in the allocation provided in Section 4.2 above.

Section 4.4. Member. Each Owner shall be a Member in SPOA. In cases of corporate, partnership, in-common joint, or interval owners of a Property, such owners shall designate to the Secretary, from time to time, one (1) officer, partner, co-owner, joint or interval owner, respectively to qualify as the Member in SPOA will respect to such Property for all purposes hereof.

Section 4.5. Member in Good Standing. Failure to pay any assessment fine or other SPOA charge due to SPOA or for any Property within sixty (60) days from the date of notice of such assessment fine or other SPOA charge shall suspend the right to vote of the Member with respect to such Property until such assessment fine or other SPOA charge is paid in full. A member entitled to vote is a Member in good standing.

ARTICLE V

MEETING OF MEMBERS

Section 5. 1. Annual Meetings. An Annual Meeting of the Members shall be held in the second or third week of March on a date selected by the Board of Directors. At these meetings the results of balloting for the election of Directors and any voting by Referendum shall be announced. There shall also be conducted such other business as may

be appropriate including voting by the Members on any action properly before the meeting, officers reports, committee reports, etc. Notice of the Annual Meeting shall be given by mail to all Members at least thirty (30) days and less than sixty (60) days prior to the meeting.

Section 5.2. Special Meetings. Special Meetings of the Member may be called by the Board of Directors, or shall be called on the petition of five percent (5%) of the Members stating the items of business which such Members desire to submit for the consideration of the members.

Section 5.3. Notice of Special Meeting. The Secretary shall give notice to the Members of any Annual or Special Meeting at least thirty (30) days in advance of such meeting. The Board of Directors shall not defer the holding of a special meeting petitioned by the Members for more than sixty (60) days after the petition is received by the Secretary. Notice of a meeting shall contain the time and place of the meeting, an agenda of the business to be submitted to the Members, and proxies and ballots as may be required.

Section 5.4. Quorum. The presence at any meeting of Members entitled to cast, or of proxies entitled to cast, more than fifty (50%) percent of the total vote of Members shall constitute a quorum for any action. In the event the required quorum is not present at any such meeting, the meeting shall be adjourned to a time determined by a majority of the Members in attendance. A second meeting shall be called in the same manner as the first meeting, subject to the giving of proper notice. At the second meeting, the quorum requirement shall be thirty-five (35%) percent for the conduct of business that could have been properly conducted at the first meeting.

Section 5.5 Proxy. At all meetings of Members, each Member may transact any business in person or by proxy authorized in writing. Any proxy shall not be valid for a term greater than five (5) months from its date of execution. A proxy shall not be required for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specially provided ballots.

Section 5-6. Membership Voting. Each Member in good standing present in person or by written proxy at the time of a particular vote at a meeting or at the close of the period permitted for any vote by ballot or by Referendum shall be entitled to cast one vote for the election of Directors or on any other proposition submitted to the Members.

ARTICLE VI

BOARD OF DIRECTORS

Section 6. 1. General. The affairs of SPOA shall be governed by a Board of Directors, each member of which must be a Member or spouse of an Owner (or an officer or partner of a corporate or partnership owner) and such Member must be in good standing and an Owner in the Group and/or Class to be represented by such member of the Board of Directors. Further, with respect to Directors representing a Group of Condominiums, the Director must rotate in succeeding terms between the Condominium developments in such groups in alphabetical order, starting with the first alphabetically.

Section 6.2. Term of Office. Directors shall be elected for a term of two (2) years. Newly elected Directors shall take office at the first meeting of the Board of Directors following their election.

Section 6.3. Vacancy. In filling any vacancy on the Board of Directors which shall occur at any time, those members of the Board of Directors representing the group of Members as the vacating Director shall by a majority vote elect a new Member who shall represent the group represented by the vacating Director and who shall serve for the remainder of the term of the vacating Director. If there is no remaining Director representing the group of the vacating Director, the Members of the group, in a manner reasonably acceptable to the Board of Directors, shall designate a successor Director within thirty (30) days of the Director's resignation.

Section 6.4. Resignation. Any Director may resign at any time by giving written notice to the President or to the Secretary. Such resignation which may or may not be made contingent on formal acceptance, shall take effect on the date of receipt or at any later time specified in it.

Section 6.5. Removal. Any Director may be removed from the Board of Directors for cause by a majority vote of the Board, group or class of Members by whom he was elected. Upon any Director's failure to attend three consecutive Board meetings, the Board may remove the Director by majority vote. The Board shall notify the applicable group of Members in writing of the removal of any Director, and the group shall have thirty (30) days from such notification to appoint or elect a successor Director.

Section 6.6. Compensation. No Director shall receive regular compensation for any service he may render to SPOA. Any Director may be reimbursed for his actual expenses incurred in the performance of his duties Amounts in

excess of a total of Two Hundred Fifty and No/100 (\$250.00) Dollars must have prior approval of the President for expenditures made by all persons other than the President, and by the Vice-President for expenditures made by the President. Directors shall not be reimbursed for expenses incurred in traveling to or from, or in attending, meetings of the Board of Directors or of any of its committees..

Section 6.7. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 6.8. Giving Notice. Any notice required by statute or by these By-Laws to be given to the Directors, or to any officer or committee members of SPOA, shall be deemed to be sufficient if it is deposited in U.S. mail, postage prepaid, addressed to such Director or officer at his last known address. Such notice shall be deemed to have been given two (2) days after the date of such mailing.

ARTICLE VII

ELECTION OF DIRECTORS

Section 7.1. Election. Each of the two single-family areas identified in Section 4.1(b) shall either elect or appoint a Director for the SPOA Board. Election of Directors from the groups of Condominiums specified in Section 4.2 shall be conducted by the boards of such Condominiums prior to SPOA's annual meeting. Commercial Parcels shall appoint each's Director to the SPOA Board. Each Director appointed by each group of Properties shall be reported to the SPOA secretary not less than fifteen (15) days in advance of SPOA's annual meeting. Each Director shall certify to SPOA that the election or the appointment of such Director was conducted in a reasonable method to insure adequate notice and involvement opportunity for all Members within the applicable Director's Property group.

ARTICLE VIII

MEETINGS OF DIRECTORS

Section 8.1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 8.2. Special Meeting. Special meetings of the Board of Directors shall be held when called by the President or by any five (5) Directors after not less than three (3) days notice.

Section 8.3. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly called and constituted meeting at which quorum is present shall be regarded as the act of the Board of Directors.

Section 8.4. Place of Meetings. Meetings of the Board of Directors shall be held in Hilton Head Island, South Carolina.

Section 8.5 Proxies. Directors may vote at any meeting by written, directed proxy identifying the issue to be put to a vote at the applicable Board meeting and how the Director wishes to vote on that issue. Director proxies shall not constitute attendance of the applicable Director for quorum purposes.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

AND THE EXECUTIVE COMMITTEE THEREOF

Section 9.1 Powers. The Board of Directors shall have the power to:

1. exercise for SPOA all powers, duties and authority vested in or delegated to SPOA and not reserved to the Members by other provisions of these By-Laws, or the Articles of Incorporation;
2. adopt and publish rules and regulations governing the use of the Common Properties and charge Owners in violation of such rules and regulations reasonable fines established by the Board from time to time, which fines shall constitute a lien on the Owner's property and shall be collectible as an assessment against the Owner's

property, and/or enter upon an Owner's property to abate or remove the violation or breach of the Board's rules or regulations. In the exercising of its rights hereunder, the Board shall not be deemed guilty in any manner of trespass;

3. employ such managers, accountants, attorneys, independent contractors, other agents, and employees as it deems necessary, and to prescribe their duties;

4. secure Officers and Directors Liability Insurance covering the Officers, Directors, all persons serving on committees of SPOA and SPOA representatives appointed to the Shipyard Architectural Review Board at the expense of SPOA;

5. establish such reserve funds as it deems appropriate;

6. appoint an Executive Committee of the Board of Directors consisting of the President who shall be Chairman and four (4) members thereof, one (1) of whom must represent Residential Lots, one (1) of whom must represent Condominiums, and one (1) of whom must represent Commercial Properties. The Executive Committee shall exercise all of the powers and duties of the Board of Directors delegated to it by the Board of Directors between ratings thereof. Each member of the Executive Committee designated to represent a particular Class shall be elected by the Directors of that Class. The remaining Members of the Executive Committee shall be elected by the Board of Directors; and

7. to submit any proposition that could properly be decided by the vote of the Members at a meeting thereof to a vote of the Members by Referendum, and any such Referendum may be advisory in nature if so designated by the Board of Directors at the time of the decision to submit the matter to the vote of the Members.

Section 9.2 Duties. It shall be the duty of the Board of Directors to:

1. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting or at any Special Meeting.

2. supervise all officers, agents and employees of SPOA, and see that their duties are properly performed and the purposes of the organization accomplished;

3. procure and maintain adequate liability and hazard insurance on property owned by SPOA;

4. cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate;

5. cause any Common Properties to be maintained;

6. review, amend if appropriate, and adopt the proposed annual budget of revenues and expenses as prepared by the Treasurer and the capital budget as submitted by the President and finance committee.

7. supervise the collection and depositing of all revenues and the expenditure thereof in the administration of the SPOA; and

8. elect and appoint the Executive Committee as herein before specified.

ARTICLE X OFFICERS AND THEIR DUTIES

Section 10.1. Enumeration of Officers. The officers of SPOA shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board of Directors may from time to time by resolution create, all of whom shall be members of the Board, hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time determine.

Section 10.2. Election of Officers. The election of the Executive Committee and officers shall take place at the first meeting of the Board of Directors following each annual meeting.

Section 10.3. Term. The officers shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 10.4. Special Appointments. The Executive Committee may elect such other officers as the affairs of SPOA may require, each of whom shall hold office for such period (but in no event for a period extending past the next annual election of officers by the Board of Directors), have such authority, and perform such duties as the Executive Committee may, from time to time determine.

Section 10.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors and any officer elected by the Executive Committee may likewise be removed. by the Executive Committee. Any officer may resign at any time and any such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10.6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors or if such office was established by the Executive Committee, by the Executive Committee. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 10.7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

ARTICLE XI DUTIES OF OFFICERS

Section 11.1 President. The President shall be the Chief Executive Officer of SPOA, and in the recess of the Board of Directors and the Executive Committee shall have the general executive control and management of its business and affairs, subject, however, to the right of the Board of Directors and the Executive Committee to delegate any specific power, except such as may be by statute exclusively conferred upon the President, to any other officer or officers of SPOA. He shall preside at all meetings of the Board of Directors. He shall recommend to the Board of Directors and the Executive Committee thereof the individuals for appointment to all committees, temporary or permanent. He shall see that all books, reports and certificates as required by law are properly kept and filed. He shall act as the duly authorized representative of The Board of Directors in all matters in which the Board has not formally designated some other person for that specific purpose.

The President shall:

1. be responsible for the implementation of all policies established by the Board of Directors, the Executive Committee, or by the Members; (b) be responsible, except as otherwise provided by the Board of Directors, the Executive Committee, or in these By-Laws, for selecting, employing, controlling and discharging employees, and for developing and maintaining personnel policies and practices for SPOA;
2. assist the Finance Committee in annually reviewing and updating a capital budget and preparing an annual operating budget showing the expected receipts and expenditures of SPOA, and supervise the business affairs of SPOA to assure that funds are expended to the best possible advantage;
3. be responsible for the maintenance of all the physical properties of SPOA, for the purpose of insuring that they are kept in good repair and in good operating condition;
4. submit regular reports to the Board of Directors and its authorized committees on the activities of SPOA, as well as on appropriate federal, state and local developments that affect the operation of SPOA;
5. organize the administrative functions of SPOA, delegate duties, and establish formal means of accountability on the part of subordinates;
6. establish such SPOA administrative departments as are necessary to provide for departmental and interdepartmental meetings, and attend or be represented at such meetings;
7. perform any other duty within the express or implicit terms of the duties hereunder that may be necessary or appropriate in the best interest of SPOA;
8. designate, in writing, other individuals by name or position who are, in order of succession, authorized to act for the President during any period of his or her absence from SPOA;
9. attend in person or by designee all meetings of the Board of Directors, Executive Committee, and all standing and ad hoc committees of SPOA (The President may or may not be a member of any such committee perform such other duties as the Board of Directors shall from time to time direct.

Section 11.2. Vice President. The Vice President shall preside at meetings of the Board of Directors of SPOA in the absence of the President. In case the office of the President shall become vacant by death, resignation, or otherwise, or in the case of the absence of the President, or his inability to discharge the duties of this office, such duties, shall for the time being, develop upon the Vice President. The Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

In the event that the Board of Directors shall elect more than one (1) Vice President, the Board shall designate one (1) such Vice President as the "First Vice President." This officer shall perform the duties of the President in the President's absence, as provided above. If more than one (1) Vice President is elected, the Board shall define by resolution the responsibilities delegated to each.

Section 11.3. Treasurer. The Treasurer shall have custody and keep account of all money, funds and property of SPOA, shall provide such supervisory assistance, render such accounts, and present such statement to the Board of

Directors and the President as may be required of him. He shall cause to be deposited all funds of SPOA which may come into his hands in such bank or banks as the Board of Directors may designate. He shall keep such bank accounts in the name of the SPOA and shall exhibit his books and accounts at all reasonable times to any Director upon application at the office of SPOA during business hours. He shall pay out money as SPOA may require upon the order of the properly constituted officer or officers of SPOA taking proper vouchers therefore provided, however, that the Board of Directors shall have the power by resolution to delegate any of the duties of the Treasurer to other officers or agents, and to provide by what officers, if any, all bills, notes, checks, vouchers, order or other instruments, shall be countersigned. He shall perform such additional duties, as may be delegated to him by the Board of Directors.

Section 11.4. Secretary. The Secretary, or his designee, shall keep the minutes of all the meetings of the Members and the Board of Directors; he shall attend to the giving and receiving of all notices of SPOA; he shall attest the signature of the President or Vice President in the execution, in the name of SPOA, of all contracts, notes, deeds, mortgages leases, and other legal leases, and other legal instruments authorized by the Board of Directors; all of which shall, at all reasonable times, be open to the examination of any Director or Member or upon application at the office of the Secretary. In addition, the Secretary shall perform such other duties as may be delegated to him by the Board of Directors. One or more Assistant Secretaries may be elected and delegated all or any part of the duties and authority of the Secretary.

ARTICLE XII **COMMITTEES**

Section 12.1 Committees. The Board of Directors may provide for such standing and ad hoc committees as it may deem to be necessary or appropriate from time to time to carry out the activities of SPOA. Any provision of these By-Laws to the contrary notwithstanding the establishment and continuance of any one or more committees shall be at the discretion of the Board of Directors. The President shall be an ex-officio member of each such committee and shall be entitled to vote on all questions coming before each of such.

Section 12.2. Operation of Committees

1. all Members of the various committees shall serve for a term not to exceed one (1) year and may be re-elected for such additional successive terms at the pleasure of the Board of Directors. Elections may be made at any regular or special meeting. The Board of Directors, may appoint members of each committee (except the Executive Committee) who are not Members of the Board of Directors of SPOA.
2. The Board of Directors may fill any vacancy in the various committees arising from death, resignation, or otherwise. Any person so appointed shall hold office for the unexpired term of the member he is replacing.
3. Meetings of various committees shall be held as appropriate. Meetings of the committees may be held upon three (3) days notice given either by telephone or mail at the call of the chairman of the committee, the President, or at the insistence of two (2) members of the committee.
4. Each committee shall have its own chairman, who shall be appointed by the Board of Directors.

ARTICLE XIII **BANKS AND RECORDS**

Section 13.1. Documents. The books, records and papers of SPOA shall at all times, during reasonable business hours, be subject to inspection by any Director. The Articles of Incorporation and the By-Laws of SPOA shall be available for inspection by any Members at the principal office of SPOA, where copies may be purchased at reasonable costs.

Section 13.2. Bank Accounts. Funds of SPOA shall be deposited in such incorporated bank or banks as the Board of Directors may direct. Withdrawals of such funds shall require the signature of the Treasurer, or that of any other officer or agent of SPOA designated by the Board of Directors and shall be countersigned if the Board of Directors shall direct.

Section 13.3. Borrowed Funds. Any and all notes, bonds or mortgages shall be executed on behalf of SPOA by such officers as are authorized to do so by the appropriate resolution duly adopted by two-thirds (2/3) of the Directors voting at a regular or special meeting of the Board of Directors, provided, however mortgages be approved pursuant to Section 3.5.

Section 13.4. Reports. The Treasurer shall render an account to the Board of Directors showing income, expenditures and balances at the close of each accounting period and an annual report to the Members.

Section 13.5. Audit. The Board of Directors shall arrange annually for an audit, or such other review as it may deem to be appropriate, of the treasurer's records.

ARTICLE XIV **GENERAL LIABILITY, INDEMNIFICATION AND INSURANCE**

Section 14.1. General Liability. No officer, committee member, or employee of SPOA shall contract or incur any debts on behalf of SPOA other than in the regular course of his employment, or in any other way render it liable unless authorized by the Board of Directors, or the Executive Committee. No officer, committee member, or employee of SPOA is authorized to promise moral or financial support on behalf of SPOA of any charitable or other objective without the approval of the Board of Directors.

Section 14.2. Indemnification. SPOA does hereby indemnify any and all of its directors, officers, employees, attorneys and agents, where any such person was or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a director, officer, employee, attorney or agent of SPOA, or is or was serving at the request of SPOA, in accordance with and to the fullest extent now or hereafter permitted by the laws of the State of South Carolina. The foregoing right of indemnification shall be in addition to, and not exclusive of, any other rights to which those seeking indemnification otherwise may be entitled. SPOA may purchase and maintain insurance on behalf of any such person or persons whether or not SPOA would have the power to indemnify him against liability under the provisions of the By-Laws. Such indemnification shall include all costs of defense, including attorney fees actually and reasonably incurred by them 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 SPOA including amounts paid or incurred in connection with reasonable settlement made with a view of curtailment of costs of litigation and with the approval of a majority of the Board of Directors.

Section 14.3. Insurance. SPOA may purchase and maintain insurance on behalf of any person who is or was a representative or agent of SPOA, or is or was serving at the request of SPOA as a representative of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not SPOA has the power to indemnify him against such liability under the laws of this or any other state.

ARTICLE XV **CORPORATE SEAL**

SPOA shall have a seal in circular form having within its circumference the words: **SHIPYARD PROPERTY OWNERS ASSOCIATION, INC.**, or an appropriate abbreviation thereof.

ARTICLE XVI **AMENDMENTS**

The By-Laws may be amended only by one of the following procedures:

1. The Board of Directors may propose an amendment to the By-Laws of SPOA which will become effective on the favorable vote of two thirds (2/3) of the Members present in person or by written proxy and voting at a meeting of the Members at which there is a quorum present in person or by written proxy.
2. If a written proposal signed by fifty (50) or more Members, setting forth in full the By-Law proposed to be changed, the proposed amendment and the reason for such proposed amendment, is filed with the Secretary such officer shall call a Special Meeting, or when filed within ninety (90) days prior to the Annual Meeting, include such proposed amendment in the call of the Annual Meeting for the consideration and vote of the Members. Such proposed amendment will become effective on the favorable vote of two thirds (2/3) of the Members present in person or by written proxy and voting at such Special or Annual Meeting.
3. As an alternative to voting at the Annual or a Special Meeting, the Board of Directors may elect to send, by mail, to each Member at his last known address, a notice setting forth in full the By-Law proposed to be changed, the proposed amendment and the reason for the change. They shall include a ballot form for voting on each item to be changed. Each Member may then vote by sending the collected ballot in a return envelope provided by SPOA.

within the prescribed time period of at least thirty (30) days. The amendment will become effective on the favorable vote of two thirds (2/3) of the Members voting.

4. Under any of such procedures, the notice to the Members shall set forth the By-Law proposed to be amended, the proposed amendment and the reason for the proposed amendment.

ARTICLE XVII **FISCAL YEAR**

The fiscal year of SPOA shall end on the last day of the month of March or such other date set by the Board of Directors.

ARTICLE XVIII **LIMITATIONS AND RESTRICTIONS**

It is the intention of the Board of Directors that funds of SPOA shall be used solely for its stated purposes. The following limitations, restrictions and directives are imposed:

1. No part of the activities of SPOA shall be used for carrying on of propaganda, nor shall be used to participate in any political campaigns on behalf of any candidate for public office.
2. No part of the net earnings of said SPOA shall inure to the benefit of any private individual, but shall always be devoted solely to such stated purposes.
3. If dissolution should occur any future date, all the assets of SPOA shall be distributed to, and only to, a non-profit charitable association of a similar nature, which shall benefit the property owners of Shipyard Plantation.

ARTICLE XIX **CONDUCT OF MEETINGS**

Where not in conflict with the provisions hereof, Robert's Rules of Order shall govern the conduct of all meetings of the Members.

EXHIBIT "F"

All lots within that certain subdivision known as Section 1, Blocks A, B, C, and D located in Shipyard Plantation Hilton Head Island, South Carolina, and more particularly shown on that certain plat recorded in the Register of Deeds Office for Beaufort County, South Carolina in Plat Book 18 at Page 197; and also

All apartments or condominium units within that certain subdivision containing the Shipmaster Horizontal Property Regime situated in Shipyard Plantation, Hilton Head Island, South Carolina, and more particularly shown on a plat recorded in the Register of Deeds Office for Beaufort County, South Carolina in Plat Book 19 at Page 133; and also

All lots within that certain subdivision known as Section 1, Block B, Lots 3-19, and Block C, Lots 10-23, within Shipyard Plantation, Hilton Head Island, South Carolina, more particularly shown on that certain plat recorded in the Register of Deeds Office for Beaufort County, South Carolina in Plat Book 19 at Page 124; and also

All apartments or condominium units within that certain tract designated Condominium Site "A" containing the Sailmaster Horizontal Property Regime, being a portion of Shipyard Plantation, Hilton Head Island, South Carolina, more particularly shown on that certain plat recorded in the Register of Deeds Office for Beaufort County, South Carolina in Plat Book 21 at Page 176; and also

All apartments or condominium units within that certain property containing the Townhouse Tennis Club Horizontal Property Regime located in Shipyard Plantation, Hilton Head Island, South Carolina, and more particularly shown on that certain plat recorded in the Register of Deeds Office for Beaufort County, South Carolina in Plat Book 25 at Page 111.

Save and except, however, all lots, apartments and condominium units listed above which have equalized their SPOA assessment obligation by a written covenant and restriction, or waiver, recorded in the Beaufort County Register of Deeds Office prior to the date of the recording of these Covenants.

EXHIBIT "G"

COMMERCIAL PARCEL ANNUAL ASSESSMENTS

Hotel Parcel:	Annual Assessment x 338 Units
Golf Course Parcel:	Annual Assessment x 27 Units
Van der Meer Tennis Parcel:	Annual Assessment x 20 Units
Hilton Head Health Institute Parcel:	Annual Assessment x 3.6 Units
The Cottages Conference Center Parcel:	Annual Assessment x 13 Units