

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR PELICAN BAY

THIS DECLARATION, made on the date hereinafter set forth, by Wild Dunes Associates, a South Carolina General Partnership, hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, the Declarant is the Owner of certain property in Charleston County, South Carolina, more particularly described as follows in Article II hereof; and

WHEREAS, the Declarant intends to develop on the property hereinabove described a residential community to be known as Pelican Bay, providing well planned residential, civic, social and open spaces, buildings and facilities.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, affirmative obligations and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Pelican Bay Homeowners Association, Inc., its successors and assigns.

Section 2. "Homeowner" or "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the existing property described in Article II hereof and additions hereto, as are subject to this Declaration or any subsequent Declaration in the provisions of Article II hereof.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Homeowners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

ALL property with the structures and improvements thereon, SAVE AND EXCEPT (a) the lots and (b) the streets which shall be conveyed to the Wild Dunes Community Association; said lots and streets being denoted

and delineated on the recorded survey referred to in Exhibit A attached hereto and made a part hereof.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties, together with the improvements thereon, with the exception of the Common Area.

Section 6. "Declarant" or "Company" shall mean and refer to Wild Dunes Associates, a South Carolina General Partnership or any person or entity who succeeds to the title of Declarant to any portion of the properties by sale or assignment of all interest of the Declarant in the properties, if the instrument of sale or assignment expressly so provides, or by the exercise of a right of foreclosure of a mortgage given by the Declarant and duly recorded prior to the recordation of this Declaration. Any such person shall be entitled to exercise all rights and powers conferred upon Declarant by this Declaration or Bylaws of the Association.

Section 7. "Developer" or "Contractor" shall mean and refer to any person or entity who succeeds to the title of the Declarant for the purposes of developing lots to be incorporated into the Association and/or the purchaser of lots who intends to build dwellings thereon for sale to others.

ARTICLE II
PROPERTY

Section 1. Existing Property The real property which is and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants, is located on Isle of Palms, Charleston County, South Carolina, and is more particularly described in Exhibit "A" attached hereto and by reference incorporated herein. All of the real property hereinabove described shall hereinafter be referred to as "the Properties".

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. The Company, its successors and assigns, shall have the right, without further consent of the Association at any time prior to January 1, 1997 to bring within the plan and operation of this Declaration additional properties, whether or not owned by the Company, its successors or assigns, in future stages of the development, whether or not immediately contiguous and adjacent, provided, however, such additional properties are inside the Wild Dunes Community of the Isle of Palms, in the same general vicinity of the instant property and are of the same general character. The additions authorized under this and the succeeding subsection, shall be made by filing of record a Supplementary Declaration of Covenants and Restriction with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and modification of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient, in the judgement of the Company, to reflect the different character, if any, of the added properties as are not inconsistent with the plan of this Declaration.

(b) Other Additions. Upon approval and request in writing of the Association pursuant to a vote of seventy-five (75%) percent of the members of the Association, the Company may permit the construction, maintenance and operation of indoor and outdoor recreational facilities upon any Common Properties or upon any Private Open Space Area which lies immediately contiguous and adjacent to, or is located within, the Properties or which the Members are entitled to the enjoyment of by designation on plats of property on Isle of Palms. The cost of such construction, maintenance and operation shall be the sole cost of the Association, whose Members shall be entitled to the exclusive use and enjoyment thereof.

(c) Upon a merger or consolidation of the Association with another association as provided for in the Bylaws of the Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or unconsolidated association may administer the Covenants and Restrictions established by this Declaration within the Properties as herein provided.

ARTICLE III
PROPERTY RIGHTS

Section 1. Homeowners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with title to every lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(b) The right of the Association to dedicate or transfer all or any part of the Common Area, except recreational facilities, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by at least two-thirds (2/3) of the members agreeing to such dedication or transfer has been recorded;

(c) The limitation of use of parking spaces provided in this Article;

(d) The right of the Association, with assent of two-thirds (2/3) of the members, to mortgage, pledge, deed in trust or hypothecate any or all of its real and personal property as security for money borrowed or debts incurred; provided, however, that the rights of any such mortgage shall be subordinate to the rights of the Homeowners; and

(e) The right of the Declarant, so long as it owns units, to have model homes within Pelican Bay, and to place promotional signs and literature in the Common Area; provided, however, the placement of any such promotional sign shall be subject to the approval of the Wild Dunes Architectural Review Board.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Association Bylaws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Parking. Ownership of each lot shall entitle the Owner or Homeowners thereof to park not more than two (2) automobiles on said lot only and not on any paved roadway or its right-of-way. Parking of trucks, boats, buses, trailers, motor homes, camping trailers and similar vehicles is prohibited, except that the storage of boat trailers and campers is permitted if parked under a dwelling unit and adequately screened from view.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. Voting Rights. Each member shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The one vote for such lot shall be exercised as they among themselves, determine, but in no event shall more or less than one vote be cast with respect to any such lot.

Section 3. Notice and Quorum. Written notice of any regular or special meeting shall be sent to all members not less than ten (10) days nor more than forty-five (45) days in advance of the meeting. At any meeting, the presence of Homeowners owning fifty-one (51%) percent of the lots shall constitute a quorum for the transaction of business; provided, however, that any absent owner who does not execute and return the proxy form sent to him in the required mailing shall be deemed to be present for the purposes of determining the presence of a quorum. A majority of those present or represented by proxy may take any action authorized hereunder or under the By-laws, except in those cases where a greater than majority vote is required [i.e., Sub-section, Section 2, Article II (75% Member vote for additional recreational facilities); Sub-section (d), Section 1, Article III (2/3 Member vote for dedication of properties); Section 4, Article VI (2/3 Member vote for a special assessment); Section 4, Article XI (75% Member vote for Amendment of this Declaration).

ARTICLE V
DECLARANT

Section 1. Rights as Owner. Declarant is the initial owner of each lot and shall be entitled to exercise all rights appurtenant thereto until such time as Declarant has conveyed such lot to another person.

Section 2. Rights and Powers. Until the Declarant no longer owns 20% or more of the lots in any phase of the development, including the initial phase or any phase added to this development as herein provided, Declarant shall be entitled to exercise, without consent of the other Homeowners, all powers granted to the Homeowners or to the Board of Directors by this Declaration, or by the Bylaws. Any action taken by the Homeowners or by the Board of Directors

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during such time shall be valid only if approved in writing by the Declarant. Declarant shall be entitled to withhold approval of any such action for any reason.

ARTICLE VI
ASSESSMENT FOR COMMON EXPENSES

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the properties, hereby covenants, and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessment charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge upon the land and shall be a continuing lien on the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time the assessment fell due. The obligation for delinquent assessments shall run with the land and shall pass to his successors in title. Upon reasonable request, the Association shall provide an accounting of an Owner's assessments and any delinquency in payment thereof.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for the administration, acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose or for the use and enjoyment of the the Common Area, including, but not limited to, the cost of utilities, repairs, replacements and additions, the cost of labor, equipment, materials, management, maintenance and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws, the payment of charges for garbage service, water furnished and water and sewer services rendered to the Common Area, the employment of attorneys, accountants, employees, management companies and contractors as shall be required for the orderly and efficient discharge of its business and the operation of the Association's Common Area, and such other needs as may arise, or as may be required.

Section 3. Annual Assessment. The Board of Directors may fix the annual assessment. When the Board of Directors fixes the annual assessment for each calendar year, the Board shall at the same time, and in connection therewith, prepare or cause to be prepared, an annual budget showing the services furnished by the Association, and the costs thereof per unit.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes cast in person or by proxy at the meeting called for this purpose. All special assessments shall be fixed at a uniform rate for all lots and may be collected on a monthly basis. Notwithstanding the foregoing, the Board shall have the authority to

enact a special assessment not to exceed \$500.00 per unit per year without the assent of the Homeowners as otherwise provided herein when the Board in its discretion determines that such special assessment is necessary to protect the property of the Association and/or Homeowner(s).

Section 5. Uniform Rate of Assessment. Except as hereinafter provided in Section 7, all annual assessments shall be fixed at a uniform rate for all lots and shall be collected on a monthly basis, or any other basis approved by the Board of Directors.

Section 6. Association's Working Capital. After these Covenants are recorded, the Board of Directors shall assess each Property Owner a sum equal to at least two (2) months' assessment for working capital, which cost when paid can be recovered from the grantee of a Property Owner upon conveyance of his lot. Such sums are separate and distinct from regular assessments and shall not be considered advance payments of such assessments. Each Property Owner's share of the working capital fund must be collected from such Property Owner upon his purchase of a lot, and must be transferred to the Association at the time of said closing of such lot purchase.

Section 7. Lots Owned by Declarant. It is anticipated that lots owned by Declarant will not be furnished all services available to lots which have been acquired by Homeowners.

(a) Unoccupied lots owned by Declarant shall be exempt from the payment of assessments. Unoccupied lots owned by a Developer or Contractor shall, at the option of the Declarant, be exempt from the payment of assessments. If the Declarant shall allow unoccupied lots of a Developer or Contractor to be so exempt, the Developer or Contractor agrees to pay to the Association, at the end of the annual accounting period, a sum of money equal to the operating deficit experienced by the Association during such year, including, however, no amount for reserves for the replacement of improvements. The existence and amount of any deficit shall be determined by subtracting the cash expenses of operation from the total amount received by the Association. Anything contained herein to the contrary notwithstanding, the Developer or Contractor shall not pay to the Association more than the sum equal to the lot assessment multiplied by the total number of lots owned by such Developer or Contractor. A lot shall be deemed "unoccupied" within the meaning of this Section until an occupancy permit is issued by the City of Isle of Palms.

(b) When an unoccupied lot becomes occupied or when the ownership thereof is transferred from the Declarant to any other person or entity, whichever occurs first, the said lot shall become subject to payment of the prorated annual assessment, beginning with the day such lot becomes occupied or is transferred, whichever occurs earlier, and for the remaining portion of the year and thereafter, and in accordance with Section 7 below.

Section 8. Date of Commencement of Annual Assessment; Due Dates. The annual assessments provided for herein shall commence as to any lot on the day of the conveyance of such lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year and the number of days remaining in the months of conveyance. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix

the amount of the annual assessment and notify every Homeowner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any monthly assessment not paid within thirty (30) days after the due date shall be increased to include a penalty of one (\$1.00) dollar per day from the date due. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in like manner as a mortgage of real property. Upon exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of the annual assessment due and payable and collect the same through foreclosure. Penalties, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. In the event of any such foreclosure, the Owner shall be required to pay a reasonable rental for the lot after commencement of the foreclosure action, and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

Section 10. Subordination of the Lien. The liens provided for herein shall be prior and superior to all other liens except (1) to the Lien of any mortgage, and (2) the lien of any unpaid taxes in favor of any governmental taxing authority. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to a mortgage foreclosure or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VII
ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior additions to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. No change shall be made in the color, stain or painting of any structure or door thereof, or balcony or deck thereunto attached unless approved by such Committee. The approval of the Board or of the aforesaid architectural committee of the Association, if so formed, shall be in addition to that required of the Wild Dunes Architectural Review Board.

ARTICLE VIII
USE RESTRICTIONS

Section 1. Land Use and Building Type. No lot shall be used except for private residential purposes of a single family, provided, however,

that nothing herein shall prevent Declarant from using any dwelling as a model or sales office. No building shall be erected, altered, placed or permitted to remain on any lot other than one single-family dwelling. No lot, including any dwelling thereon or to be built thereon, shall be used for or subject to any type of Vacation Time Sharing Plan as defined by Section 27-31-10, et. seq., of the Code of Laws for the State of South Carolina (1976), as amended, or any subsequent laws of this State dealing with that or similar type ownership, without prior written consent of the Decalarant, its successors and assigns.

Section 2. Dwelling Specifications No dwelling shall be erected on any lot other than a detached dwelling consisting of no less than one thousand one hundred square feet. No temporary or permanent structure shall be erected or located upon any lot except such dwelling.

Section 3. Nuisance. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any lot or in any dwelling, except that no more than three (3) household pets (including no more than two (2) dogs) may be kept or maintained provided that they are not kept for commercial purposes, and provided further, that they shall not constitute a nuisance or cause any unsanitary conditions. Dogs, cats and other household pets shall be permitted to the Common Area, subject to the rules and regulations of the Association, only if control of such pets is maintained by leashes.

Section 5. Resubdivision. No lot shall be subdivided or reduced in size.

Section 6. Outside Antennas. No outside radio or television antennas shall be erected on the Properties or dwelling unit within the Properties unless and until permission of the same has been granted by the Board of Directors of the Association and by the Wild Dunes Architectural Review Board.

Section 7. Clothes Drying. No drying or airing of any clothing or bedding, including beach towels, shall be permitted outdoors on the Properties or over the deck railings of any dwelling unit.

Section 8. Trucks and Similar Vehicles. Parking of trucks, boats, buses, trailers, camping trailers, motor homes and similar vehicles is prohibited on the Properties except in accordance with Section 3 of Article III hereof, or in such areas as may specifically be provided for the parking of such vehicles.

Section 9. Plants and Trees. Plants, trees, shrubs and ground cover now or hereinafter located upon the Properties shall be maintained by the Association, and may not be replaced, altered or removed except by permission of the Board of Directors. No additional plants, trees or shrubs may be planted upon the Properties without written approval of the Board of Directors. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each lot at all reasonable times to perform maintenance as provided herein.

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Section 10. Outdoor Recreational Equipment. No gym sets, sand boxes, basketball goals or other outdoor recreational equipment shall be installed or used upon the Properties, except in areas specifically provided for recreational purposes by the Board of Directors.

Section 11. Prohibited Work. No Owner shall do any work which would jeopardize the soundness and safety of the Properties, reduce the value thereof or impair any easement or hereditament without, in every such case, unanimous consent of all other Homeowners affected being first obtained.

ARTICLE IX
EASEMENTS

Section 1. Reservation. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat for use by Declarant, utility companies and public agencies in connection with this development, including any portion of the property described in Exhibit A attached hereto. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. In addition, the properties shall be subject to a non-exclusive easement in favor of Declarant for construction of improvements on the Properties including any added by annexation, and for exhibition and sales of such improvements.

Section 2. Mutual Easements. There shall be appurtenant to each lot a non-exclusive easement for the use of all pipes, wires, cables, conduits, utility lines, flues and ducts serving the improvements thereon and situated upon any other lot. Each lot shall be subject to an easement in favor of other lots for use of all pipes, wires, cables, conduits, utility lines, flues and ducts situated on or across such lot and serving other lots.

Section 3. Entry by Golfers. Each lot adjacent to a golf fairway or green shall be subject to the right and easement on the part of registered golf course players and their caddies to enter upon such lot to remove a ball or to play a ball, subject to the official rules of the golf course, with such entering and playing not being deemed to be a trespass, provided that after a dwelling is constructed on a lot, such easement shall be limited to the recovery of balls only, and not play. Notwithstanding the foregoing, golf course players or their caddies shall not be entitled to enter on any such lot with a golf cart or other vehicle, nor to spend an unreasonable amount of time thereon, or in any way commit a nuisance while on such lot.

ARTICLE X
REPAIR, RESTORATION AND REBUILDING, INSURANCE

Section 1. Repair, Restoration and Rebuilding. In the event any part of the Properties or any of the residential units thereon shall be damaged or destroyed by fire, other casualty or any other cause or event whatsoever, the Owner or Homeowners of the Property so damaged or destroyed shall cause it to be repaired, restored or rebuilt, as the case may be, as rapidly as possible to at least as good a condition as existed immediately prior to such damage or destruction, the same building built to original specifications.

Section 2. Board of Directors to Supervise. All repair, restoration or rebuilding pursuant to the provision of Article X shall be carried out under such supervision and direction as the Board of Directors of the Association shall deem appropriate in order to assure the expeditious and correct completion of the work concerned, and the Owner or Homeowners of each home which shall have been damaged or destroyed shall fully cooperate with, and abide by all instructions and directions of the Association in connection therewith. In addition to the requirements of this Article X, all construction, reconstruction, repair and/or maintenance shall be undertaken only upon architectural review and approval as is set forth in Article VII hereof, and upon the issuance of a building permit therefor by the City of Isle of Palms, if required.

Section 3. Rights of Association. The Association is hereby given, and shall have the reasonable right to approve the architects, contractors and subcontractors to be employed in connection with such repair, restoration and rebuilding.

Section 4. Lien Rights of Association. In any case in which the Owner or Homeowners of the home concerned shall fail to carry out and see to the repair, restoration or rebuilding, the Association may, but shall not be required to, carry out and see to the repair, restoration or rebuilding required by the provisions of this Article X. The Association shall have and is hereby given a continuing lien on the lot for which any such repairs or rebuilding are furnished by the Association in the aggregate amount of (a) the cost thereof; (b) interest at the highest rate permitted by law, but not exceeding eighteen (18%) percent per annum, nor less than eight (8%) percent per annum from the date of the Association's payment of such costs; and (c) reasonable attorney's fees and any court or other costs incurred by the Association in connection therewith, which lien shall encumber such lot in the hands of such Owner, his heirs, devisees, personal representatives, grantees and assigns. In the event such Owner does not forthwith fully repay the Association therefor, as aforesaid, such lien may be foreclosed against the lot by the Association, in the same manner as hereinafter provided in connection with unpaid assessments. The Association's lien on this Section 4 provided shall be subordinate to the lien of any mortgage, now or hereafter placed upon the lot.

Section 5. Insurance Required. The Association shall insure the Common Area against such risks as it, in the exercise of reasonable business judgement, shall deem necessary. Each Owner shall be responsible for insuring his dwelling, and its contents, against such risks as he shall deem necessary.

Section 6. Association Not Liable. The Association and its officers, directors, employees, agents and representatives shall have no liability to any Owner for damage to or loss of either the real or any personal property of said Owner. Each insurer of any of said Owner's interest in said real or personal property shall be bound by the provision in each policy of insurance concerned, waive its rights of subrogation against the Association and its officers, directors, employees, agents or representatives.

ARTICLE XI
GENERAL PROVISIONS

Section 1. Application. All Homeowners, employees of Homeowners and tenants, or any other persons who may in any manner use the Properties or

any portion thereof, shall be subject to the provisions hereof and to the provisions of the Bylaws.

Section 2. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restriction, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the Homeowners of not less than ninety (90%) percent of the lots, and thereafter by an instrument signed by the Homeowners of not less than seventy-five (75%) percent of the lots, provided, however, the Declarant may act for the Homeowners during the period described in Section 2, Article V hereof. Anything contained herein to the contrary notwithstanding, the Declarant shall have the right at any time to amend the covenants and restrictions of this Declaration to correct typographical errors, and as may be required by any governmental authority, such as the City of Isle of Palms, South Carolina, the Federal National Mortgage Association, or the Federal Home Loan Bank Board.

Section 5. Waiver. No provision hereof shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 6. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and nonpersonal entities, as well as the singular and plural wherever the context requires or permits.

Section 7. Protective Covenants and Affirmative Obligations. These covenants are in addition to the existing covenants, restrictions and affirmative obligations of record.

WITNESS the execution of this under Seal this 27th day of April, 1987.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

[Signature]

[Signature]

WILD DUNES ASSOCIATES, A SOUTH CAROLINA
GENERAL PARTNERSHIP

By [Signature]
Noel D. Thorn

Its: General Partner

STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON)

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Wild Dunes Associates, a South Carolina General Partnership, by Noel D. Thorn, its General Partner, sign, seal and, as its act and deed, deliver the within written Declaration of Covenants, Conditions and Restrictions For Pelican Bay and that (s)he with the other subscribed witness witnessed the execution thereof.

Sus. Imky

SWORN to before me this
27th day of April, 1987

Brian J. [Signature] (SEAL)
Notary Public for South Carolina
My Commission Expires: 6-27-89

For By-laws see exhibit "A"

OK: 11 81 20805

MICHAEL DUNN & BOONE, ATTORNEYS

101 EAST BAY STREET
CHARLESTON, S. C. 29401

Handwritten signature/initials
DUNN

N164-786

1987 APR 29 PM 3:28

REGISTER OF DEEDS
REGISTER OF DEEDS CONVEYANCE
CHARLESTON COUNTY, S.C.

24 22

- EXH. DIT #1 -

CK # 64-6798

BY-LAWS
OF
PELICAN BAY
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the Corporation is Pelican Bay Homeowners Association, Inc. hereinafter referred to as the "Association". The principal office of the Corporation shall be located at Wild Dunes, P.O., Box 388, Isle of Palms, South Carolina 29451, but meetings of Members and Directors may be held at such places within the State of South Carolina as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The following words and terms, when used in these Bylaws or any supplemental set of Bylaws (unless the context shall clearly indicate otherwise), shall have the following meanings:

(a) "Association" shall mean and refer to Pelican Bay Homeowners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

(b) "Wild Dunes" shall mean and refer to certain lands on the Isle of Palms, in Charleston County, South Carolina, which are shown as part of the Master Development Plan, as revised from time to time.

(c) "Company" or "Declarant" shall mean and refer to Wild Dunes Associates, a South Carolina General Partnership, its successors and assigns.

(d) The "Properties" shall mean and refer to the Existing Property described in Article II of the Declaration of Covenants and Restrictions and such additions thereto as are subjected to the Declaration or any supplemental declaration under the provisions of Article II thereof.

(e) "Common Properties" shall mean and refer to those areas of land with any improvements thereon which may be deeded to the Association and designated in said deed as "Common Properties". The term "Common Properties" shall include any personal property acquired by the Association if said property is designated as "Common Property". All Common Properties shall be devoted to and intended for the common use and enjoyment of the owners of the Properties

(subject to any fee schedules and operating rules adopted by the Association).

(f) "Lot" shall mean and refer to any improved or unimproved parcel of land intended for the construction of a dwelling unit shown upon any recorded final subdivision map of any part of the Properties with the exception of Common Properties as heretofore defined.

(g) "Dwelling Unit" shall mean and refer to any building situated upon the Properties intended for use and occupancy by a single family.

(h) "Covenants" or "Declaration" shall mean and refer to the Declaration of Covenants and Restrictions applicable to the Properties recorded in the real estate records in the Office of the RMC for Charleston County, South Carolina.

(i) "Property Owner" shall mean and refer to the record owner, whether one or more persons, firms, association, corporations or other legal entities, of the fee simple title to any Lot or Dwelling Unit situated upon the Properties, but notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure; nor shall the term "Property Owner" mean or refer to any lessee or tenant of a Property Owner.

(j) "Member" shall mean and refer to all those Property Owners who are Members of the Association as provided in Article IV, Section 1, of the Covenants.

ARTICLE III

MEMBERSHIP

Section 1. Association Membership. Membership in the Association shall be as set forth in Article IV, Section 1, of the Covenants.

Section 2. Membership Rights Subject To Assessment Payment. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner of, and becomes a lien upon, the property against which such assessments are made, as provided by Article V of the Covenants.

Section 3. Suspension Of Rights. The membership rights of any person whose interest in the Properties is subject to assessments under Article III, Section 2 hereinabove, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the Common

Properties and facilities, and the personal conduct of any person thereon, as provided in Article IX, Section 1, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE IV

VOTING RIGHTS

Voting rights in the Association shall be set forth in Article IV, Section 2, of the Covenants.

ARTICLE V

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Section 1. Use of Common Properties. Each Member shall be entitled to the use and enjoyment of the Common Properties provided in Article III of the Covenants applicable to the Properties.

Section 2. Delegation of Rights. Any Member may delegate his rights of enjoyment in the Common Properties and facilities to the members of his family who reside upon the Properties or to any of his tenants or renters who lease or rent a Dwelling Unit from him. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to such person or person. The rights and privileges of such person or persons are subject to suspension under Article III to the same extent as those of the Member.

ARTICLE VI

ASSOCIATION PURPOSES AND POWERS

Section 1. Association's Purposes. The Association has been organized for the following purposes:

(a) to own, acquire, build, operate and maintain the Common Properties, including but not limited to parking areas, swimming pools, buildings, structures and personal properties incident thereto;

(b) to clean, clear, trim, remove weeds, limbs, and debris from, and to provide general grounds maintenance for both the Properties and the Common Properties;

(c) to fix assessments (or charges) to be levied against the Properties in the subdivision;

(d) to enforce any and all covenants and restrictions and agreements applicable to the Properties; and

(e) to pay taxes and insurance, if any, on the Common Properties and facilities.

Section 2. Additions to Properties and Membership. Additions to the Properties described in Exhibit A attached to the Covenants may be made as provided in the Covenants. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties and membership of this corporation to such Properties.

Section 3. Mergers and Consolidations. Subject to the provisions of the recorded Covenants and Restrictions applicable to the Properties, and to the extent permitted by law, the corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of a majority vote at a duly called meeting of the Association.

Section 4. Mortgages; Other Indebtedness. The Corporation shall have the power to mortgage its Properties upon the approval of a majority vote at a meeting duly called for this purpose.

Section 5. Quorum for Any Action Governed by These Bylaws. The quorum required for any action governed by these Bylaws shall be as follows, unless otherwise provided: Written notice of any meeting called for the purpose of taking any action authorized hereunder shall be sent to all members not less than 10 days, nor more than 45 days in advance of the meeting. At any such meeting called, the presence of Owners owning fifty-one (51%) percent of the Lots shall constitute a quorum for the transaction of business; provided, however, that any absent owner who does not execute and return the proxy form sent to him in the required mailing shall be deemed to be present for the purposes of determining the presence of a quorum; and, except where a greater than majority vote is required under the Covenants or under these Bylaws, a majority of those present or represented by proxies may authorize any action governed by these Bylaws.

Section 6. Dedication of Properties or Transfer of Function to Public Agency or Utility. The Corporation shall have the power to dispose of its real properties only as authorized under the Covenants.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. Board of Directors; Selection; Terms of Office. The affairs of the Corporation shall be managed by a Board of Directors. The initial Board of Directors shall consist of three (3) Directors who shall hold

office until the election of their successors for the terms stated in this section. Beginning with the first annual meeting, the members shall elect five (5) Directors; two for a term of 1 year, two for a term of 2 years and one for a term of 3 years. Thereafter, the term of each member elected at the annual meeting shall be three years.

Section 2. Vacancies in the Board of Directors. Vacancies in the Board of Directors shall be filled by the majority of the remaining Directors, and any such appointed Director shall hold office until his successor is elected by the Members, who may take such election at the next annual meeting of the Members or at any special meeting duly called for that purpose.

ARTICLE VIII

ELECTION OF DIRECTORS

Election to the Board of Directors shall be as hereinafter provided. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the recorded Covenants applicable to the Properties. The names receiving the largest number of votes shall be elected.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Board of Directors' Powers. The Board of Directors shall have power:

(a) to call special meetings of the Members whenever it deems necessary; and it shall call a meeting at any time upon request as provided in Article XII, Section 2;

(b) to appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever;

(c) to establish, levy and assess, and collect the assessments or charges referred to in Article III, Section 2;

(d) to adopt and publish rules and regulations governing the use of the Common Properties and Private Open Space Areas and facilities and the personal conduct of the Members and their guests thereon;

(e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the members in the Charter of the Corporation, these Bylaws or the Covenants;

(f) in the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors without excuse, the Board may, by action taken at the meeting during which said third absence occurs, declare the office of said Director to be vacant; and

(g) to appoint an Executive Committee of three (3) Directors and delegate all or any portion of the powers of the Board of Directors to this Executive Committee.

Section 2. Board of Directors' Duties. It shall be the duty of the Board of Directors:

(a) to cause to be kept a complete record of all its acts and corporate affairs;

(b) to supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

(c) to fix the amount of the assessment against each Lot or Dwelling Unit for each assessment period at least thirty (30) days in advance of such date or period;

(d) to prepare a roster of the Properties and assessments applicable thereto which shall be kept in the Office of the Association and shall be open to inspection by any Member;

(e) to send written notice of each assessment to each Property Owner subject thereto; and

(f) to issue upon demand by any Owner or mortgage lender a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE X

DIRECTORS' MEETINGS

Section 1. Directors' Annual Meeting. The annual meeting of the Board of Directors shall be held at the discretion of the Board of Directors with ample notice given to each member.

Section 2. Notice. Ten (10) days' written notice of such annual meeting shall be given to each Director.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two (2) Directors after not less than three (3) days' notice to each Director.

Section 4. Waiver and/or Consent. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or whenever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present, and if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or consent to the holding of such a meeting, or an approval of the minutes of the meeting.

Section 5. Board Quorum. The Majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XI

OFFICERS

Section 1. Association Officers. The Officers shall be a president, a vice-president, a secretary and a treasurer. The president shall be a member of the Board of Directors; all other officers may be, but shall not be required to be members of the Board of Directors.

Section 2. Election of Officers. The Officers shall be chosen by a majority of the Directors.

Section 3. Holding Office. All officers shall hold office at the pleasure of the Board of Directors.

Section 4. President. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and shall sign all notes, checks, leases, mortgages, deeds and all other written instruments.

Section 5. Vice President. The Vice President shall perform all the duties in the absence of the President.

Section 6. Secretary. The Secretary shall be the ex officio Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for such purpose. He shall sign all certificates of membership. He shall keep the record of the Association. He shall record in a book kept for that purpose the names of all Members of the Association, together with their addresses as registered by such Members.

Section 7. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for

Directors, or upon written request of one-fourth (1/4) of the total vote of the Association.

Section 3. Notice. Notice of any meetings shall be given to the Members by the Secretary. Notice may be given to each Member either personally or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each Member shall register his address with the Secretary and notices of meetings shall be mailed to such address. Notice of any meeting, regular or special, shall be mailed not more than forty-five (45) days, and not less than ten (10) days in advance of the meeting and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve and be governed by the Covenants applicable to the Properties, or any action for which other provision is made in these Bylaws, notice of such meeting shall be given or sent as therein or herein provided.

Section 3. Quorum. The presence at the meeting of the Members entitled to cast, or of proxies entitled to cast, fifty-one (51%) percent of the total votes of the Association shall constitute a quorum for any action governed by these Bylaws. Any absent owner who does not execute and return the proxy form sent to him in the required mailing shall be deemed to be present for the purposes of determining the presence of a quorum. Any action governed by the Covenants applicable to the Properties shall require a quorum as therein provided.

Section 4. Voting Requirements. Any action which may be taken by a vote of the Members may also be taken by written consent to such action signed by all Members.

ARTICLE XIV

PROXIES

Section 1. Voting by Proxy. Each Member entitled to vote may vote in person or by proxy at all meetings of the Association.

Section 2. Proxies. All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and filed with the Secretary; provided, however, that proxies shall not be required for any action which is subject to a referendum in accordance with the Covenants. Unless a proxy otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. A proxy may be revocable or irrevocable but shall be deemed revocable at will unless otherwise specified therein. If at least thirty (30) days prior to a duly called meeting a Member is informed by mail of (a) the time and place of the meeting, (b) the agenda for the meeting, and (c) such data as is then available relative to the issues on which there will be a vote, and a proxy form is included in such mailing, and the Member neither attends the meeting or returns his executed proxy, then such Member shall be deemed present

for purposes of determining a quorum and shall be deemed to have given his proxy to and for the majority present and voting. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date; and no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Any proxy shall automatically cease upon sale by the Member of his Lot.

ARTICLE XV

INSURANCE

The Board of Directors or its duly authorized agent shall obtain hazard insurance for its improvements and common area and a broad form public liability policy covering all common area and all damage or injury caused by negligence of the Association or any of its agents.

ARTICLE XVI

CORPORATE SEAL

The Secretary may have a seal in circular form having within its circumference the name of the Corporation, the year of its organization and the words "Corporate Seal, South Carolina".

ARTICLE XVII

AMENDMENTS

These Bylaws may be amended or repealed and new Bylaws adopted at a regular or special meeting of the Members by a majority of the vote present at a duly called meeting being cast in favor of such amendment or by the Company within two (2) years from the date of recordation of the Covenants, and provided that any matter stated herein to be or which is in fact governed by the Covenants, may not be amended except as provided in the Covenants.

ARTICLE XVIII

FISCAL YEAR

The fiscal year of the Association shall be determined by the Board of Directors.

ARTICLE XIX

GENERAL

Section 1. Conflicts. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the case of any conflict between these By-laws and any regulation promulgated by the Board of Directors, these By-laws shall control; and in the case of any conflict between the deeds from the Company to the Property Owners and these Bylaws, the deeds shall control.

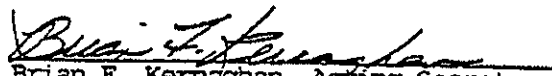
Section 2. Waiver. No provision of these By-laws or any regulation promulgated by the Board of Directors pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 3. Severability. The provisions of these By-laws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder.

Section 4. Captions. Captions are inserted herein only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these By-laws or the intent of any provision.

Section 5. Gender and Number. All nouns and pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

Section 6. Roberts Rules. All meetings of the membership of the Board of Directors shall be conducted in accordance with Roberts Rules of Orders Revised.


Brian F. Kernaghan, Acting Secretary
Pelican Bay Homeowners Association, Inc.

27th day of April, 1987

Pelican Bay

Homeowners Association

P.O. Box 406
Isle of Palms, SC 29451
Phone: 843-886-8845

Welcome to Pelican Bay

We ask that you please observe the following rules and regulations:

- **Do** treat this Pelican Bay house with the same care and respect that you would give your own home
- **Do** place all trash in garbage containers in the designated enclosures in front of the house. **Don't** put trash on the porch or front yard. Garbage pick-up is each **Tuesday** and **Friday** AM.
- **Park in the driveway** – not the yard. The weight of a car will break sprinkler heads, TV cables, etc. **Don't** park in the street or on the cul-de-sac common area (there are sprinkler heads in the common area also). Parking in the driveway is especially important the summer months when traffic is heavier and children are present.
- **Nothing** should be hung, draped or strung on porches, railings, or out of window. Please use the dryer, not only is it more efficient but aid in maintaining the overall appearance we strive for in Pelican Bay.
- **Remember**, the pool is for owners, owners' guests, and owners' renters. **It is not** for people who "know" an owner who said it was o.k. to use the pool. Likewise Pelican Bay residents should not use Fairway Dunes pool or tennis courts.

We appreciate your cooperation and hope you have a fun and safe summer at Pelican Bay.

Pelican Bay

Homeowners Association

*P.O. Box 406
Isle of Palms, SC 29451
Phone: 843-886-8845*

Dear New Homeowner,

WELCOME to Pelican Bay, the Victorian neighbor of cottage homes by the sea. We have a unique community in which to live and play, and are delighted that you have chosen to buy in our regime.

To maintain the uniqueness of a community like ours, rules and regulations are a necessity. We have found in the past, new homeowners, who plan to make exterior changes to their home, are confused as to what is and is not allowed or are unaware of the process of submitting all exterior changes to the Board of Directors for approval first. Therefore, enclosed is a copy of the Pelican Bay Architectural Guidelines that you may find helpful. As these guidelines are not all-encompassing, we suggest you also take a look at your Covenants, Conditions, and Restrictions for Pelican Bay.

If you have any questions, please do not hesitate to call any Pelican Bay Board Member at home or the Association Manager Cynthia Walker at Ravenel Associates.

We look forward to meeting you soon. Please introduce yourselves to us the next time you come to your island home.

Sincerely,

Pelican Bay Board of Directors

Pelican Bay

Homeowners Association

P.O. Box 406
Isle of Palms, SC 29451
Phone: 843-886-8845

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We look forward to meeting you soon. Please introduce yourselves to us the next time you come to your island home.

Sincerely,

Pelican Bay Board of Directors

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR PELICAN BAY

THIS DECLARATION, made on the date hereinafter set forth, by Wild Dunes Associates, a South Carolina General Partnership, hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, the Declarant is the Owner of certain property in Charleston County, South Carolina, more particularly described as follows in Article II hereof; and

WHEREAS, the Declarant intends to develop on the property hereinabove described a residential community to be known as Pelican Bay, providing well planned residential, civic, social and open spaces, buildings and facilities.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, affirmative obligations and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Pelican Bay Homeowners Association, Inc., its successors and assigns.

Section 2. "Homeowner" or "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the existing property described in Article II hereof and additions hereto, as are subject to this Declaration or any subsequent Declaration in the provisions of Article II hereof.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Homeowners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

ALL property with the structures and improvements thereon, SAVE AND EXCEPT (a) the lots and (b) the streets which shall be conveyed to the Wild Dunes Community Association; said lots and streets being denoted

and delineated on the recorded survey referred to in Exhibit A attached hereto and made a part hereof.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties, together with the improvements thereon, with the exception of the Common Area.

Section 6. "Declarant" or "Company" shall mean and refer to Wild Dunes Associates, a South Carolina General Partnership or any person or entity who succeeds to the title of Declarant to any portion of the properties by sale or assignment of all interest of the Declarant in the properties, if the instrument of sale or assignment expressly so provides, or by the exercise of a right of foreclosure of a mortgage given by the Declarant and duly recorded prior to the recordation of this Declaration. Any such person shall be entitled to exercise all rights and powers conferred upon Declarant by this Declaration or Bylaws of the Association.

Section 7. "Developer" or "Contractor" shall mean and refer to any person or entity who succeeds to the title of the Declarant for the purposes of developing lots to be incorporated into the Association and/or the purchaser of lots who intends to build dwellings thereon for sale to others.

ARTICLE II
PROPERTY

Section 1. Existing Property The real property which is and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants, is located on Isle of Palms, Charleston County, South Carolina, and is more particularly described in Exhibit "A" attached hereto and by reference incorporated herein. All of the real property hereinabove described shall hereinafter be referred to as "the Properties".

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. The Company, its successors and assigns, shall have the right, without further consent of the Association at any time prior to January 1, 1997 to bring within the plan and operation of this Declaration additional properties, whether or not owned by the Company, its successors or assigns, in future stages of the development, whether or not immediately contiguous and adjacent, provided, however, such additional properties are inside the Wild Dunes Community of the Isle of Palms, in the same general vicinity of the instant property and are of the same general character. The additions authorized under this and the succeeding subsection, shall be made by filing of record a Supplementary Declaration of Covenants and Restriction with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and modification of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient, in the judgement of the Company, to reflect the different character, if any, of the added properties as are not inconsistent with the plan of this Declaration.

(b) Other Additions. Upon approval and request in writing of the Association pursuant to a vote of seventy-five (75%) percent of the members of the Association, the Company may permit the construction, maintenance and operation of indoor and outdoor recreational facilities upon any Common Properties or upon any Private Open Space Area which lies immediately contiguous and adjacent to, or is located within, the Properties or which the Members are entitled to the enjoyment of by designation on plats of property on Isle of Palms. The cost of such construction, maintenance and operation shall be the sole cost of the Association, whose Members shall be entitled to the exclusive use and enjoyment thereof.

(c) Upon a merger or consolidation of the Association with another association as provided for in the Bylaws of the Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or unconsolidated association may administer the Covenants and Restrictions established by this Declaration within the Properties as herein provided.

ARTICLE III
PROPERTY RIGHTS

Section 1. Homeowners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with title to every lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(b) The right of the Association to dedicate or transfer all or any part of the Common Area, except recreational facilities, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by at least two-thirds (2/3) of the members agreeing to such dedication or transfer has been recorded;

(c) The limitation of use of parking spaces provided in this Article;

(d) The right of the Association, with assent of two-thirds (2/3) of the members, to mortgage, pledge, deed in trust or hypothecate any or all of its real and personal property as security for money borrowed or debts incurred; provided, however, that the rights of any such mortgage shall be subordinate to the rights of the Homeowners; and

(e) The right of the Declarant, so long as it owns units, to have model homes within Pelican Bay, and to place promotional signs and literature in the Common Area; provided, however, the placement of any such promotional sign shall be subject to the approval of the Wild Dunes Architectural Review Board.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Association Bylaws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Parking. Ownership of each lot shall entitle the Owner or Homeowners thereof to park not more than two (2) automobiles on said lot only and not on any paved roadway or its right-of-way. Parking of trucks, boats, buses, trailers, motor homes, camping trailers and similar vehicles is prohibited, except that the storage of boat trailers and campers is permitted if parked under a dwelling unit and adequately screened from view.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. Voting Rights. Each member shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The one vote for such lot shall be exercised as they among themselves, determine, but in no event shall more or less than one vote be cast with respect to any such lot.

Section 3. Notice and Quorum. Written notice of any regular or special meeting shall be sent to all members not less than ten (10) days nor more than forty-five (45) days in advance of the meeting. At any meeting, the presence of Homeowners owning fifty-one (51%) percent of the lots shall constitute a quorum for the transaction of business; provided, however, that any absent owner who does not execute and return the proxy form sent to him in the required mailing shall be deemed to be present for the purposes of determining the presence of a quorum. A majority of those present or represented by proxy may take any action authorized hereunder or under the By-laws, except in those cases where a greater than majority vote is required [i.e., Sub-section, Section 2, Article II (75% Member vote for additional recreational facilities); Sub-section (d), Section 1, Article III (2/3 Member vote for dedication of properties); Section 4, Article VI (2/3 Member vote for a special assessment); Section 4, Article XI (75% Member vote for Amendment of this Declaration).

ARTICLE V
DECLARANT

Section 1. Rights as Owner. Declarant is the initial owner of each lot and shall be entitled to exercise all rights appurtenant thereto until such time as Declarant has conveyed such lot to another person.

Section 2. Rights and Powers. Until the Declarant no longer owns 20% or more of the lots in any phase of the development, including the initial phase or any phase added to this development as herein provided, Declarant shall be entitled to exercise, without consent of the other Homeowners, all powers granted to the Homeowners or to the Board of Directors by this Declaration, or by the Bylaws. Any action taken by the Homeowners or by the Board of Directors

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during such time shall be valid only if approved in writing by the Declarant. Declarant shall be entitled to withhold approval of any such action for any reason.

ARTICLE VI
ASSESSMENT FOR COMMON EXPENSES

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the properties, hereby covenants, and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessment charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge upon the land and shall be a continuing lien on the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time the assessment fell due. The obligation for delinquent assessments shall run with the land and shall pass to his successors in title. Upon reasonable request, the Association shall provide an accounting of an Owner's assessments and any delinquency in payment thereof.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and, in particular, for the administration, acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose or for the use and enjoyment of the the Common Area, including, but not limited to, the cost of utilities, repairs, replacements and additions, the cost of labor, equipment, materials, management, maintenance and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws, the payment of charges for garbage service, water furnished and water and sewer services rendered to the Common Area, the employment of attorneys, accountants, employees, management companies and contractors as shall be required for the orderly and efficient discharge of its business and the operation of the Association's Common Area, and such other needs as may arise, or as may be required.

Section 3. Annual Assessment. The Board of Directors may fix the annual assessment. When the Board of Directors fixes the annual assessment for each calendar year, the Board shall at the same time, and in connection therewith, prepare or cause to be prepared, an annual budget showing the services furnished by the Association, and the costs thereof per unit.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes cast in person or by proxy at the meeting called for this purpose. All special assessments shall be fixed at a uniform rate for all lots and may be collected on a monthly basis. Notwithstanding the foregoing, the Board shall have the authority to

enact a special assessment not to exceed \$500.00 per unit per year without the assent of the Homeowners as otherwise provided herein when the Board in its discretion determines that such special assessment is necessary to protect the property of the Association and/or Homeowner(s).

Section 5. Uniform Rate of Assessment. Except as hereinafter provided in Section 7, all annual assessments shall be fixed at a uniform rate for all lots and shall be collected on a monthly basis, or any other basis approved by the Board of Directors.

Section 6. Association's Working Capital. After these Covenants are recorded, the Board of Directors shall assess each Property Owner a sum equal to at least two (2) months' assessment for working capital, which cost when paid can be recovered from the grantee of a Property Owner upon conveyance of his lot. Such sums are separate and distinct from regular assessments and shall not be considered advance payments of such assessments. Each Property Owner's share of the working capital fund must be collected from such Property Owner upon his purchase of a lot, and must be transferred to the Association at the time of said closing of such lot purchase.

Section 7. Lots Owned by Declarant. It is anticipated that lots owned by Declarant will not be furnished all services available to lots which have been acquired by Homeowners.

(a) Unoccupied lots owned by Declarant shall be exempt from the payment of assessments. Unoccupied lots owned by a Developer or Contractor shall, at the option of the Declarant, be exempt from the payment of assessments. If the Declarant shall allow unoccupied lots of a Developer or Contractor to be so exempt, the Developer or Contractor agrees to pay to the Association, at the end of the annual accounting period, a sum of money equal to the operating deficit experienced by the Association during such year, including, however, no amount for reserves for the replacement of improvements. The existence and amount of any deficit shall be determined by subtracting the cash expenses of operation from the total amount received by the Association. Anything contained herein to the contrary notwithstanding, the Developer or Contractor shall not pay to the Association more than the sum equal to the lot assessment multiplied by the total number of lots owned by such Developer or Contractor. A lot shall be deemed "unoccupied" within the meaning of this Section until an occupancy permit is issued by the City of Isle of Palms.

(b) When an unoccupied lot becomes occupied or when the ownership thereof is transferred from the Declarant to any other person or entity, whichever occurs first, the said lot shall become subject to payment of the prorated annual assessment, beginning with the day such lot becomes occupied or is transferred, whichever occurs earlier, and for the remaining portion of the year and thereafter, and in accordance with Section 7 below.

Section 8. Date of Commencement of Annual Assessment; Due Dates. The annual assessments provided for herein shall commence as to any lot on the day of the conveyance of such lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year and the number of days remaining in the months of conveyance. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix

the amount of the annual assessment and notify every Homeowner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any monthly assessment not paid within thirty (30) days after the due date shall be increased to include a penalty of one (\$1.00) dollar per day from the date due. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in like manner as a mortgage of real property. Upon exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of the annual assessment due and payable and collect the same through foreclosure. Penalties, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. In the event of any such foreclosure, the Owner shall be required to pay a reasonable rental for the lot after commencement of the foreclosure action, and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

Section 10. Subordination of the Lien. The liens provided for herein shall be prior and superior to all other liens except (1) to the lien of any mortgage, and (2) the lien of any unpaid taxes in favor of any governmental taxing authority. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to a mortgage foreclosure or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

 ARTICLE VII
ARCHITECTURAL CONTROL 

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior additions to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. No change shall be made in the color, stain or painting of any structure or door thereof, or balcony or deck thereunto attached unless approved by such Committee. The approval of the Board or of the aforesaid architectural committee of the Association, if so formed, shall be in addition to that required of the Wild Dunes Architectural Review Board.

ARTICLE VIII
USE RESTRICTIONS

Section 1. Land Use and Building Type. No lot shall be used except for private residential purposes of a single family, provided, however,

that nothing herein shall prevent Declarant from using any dwelling as a model or sales office. No building shall be erected, altered, placed or permitted to remain on any lot other than one single-family dwelling. No lot, including any dwelling thereon or to be built thereon, shall be used for or subject to any type of Vacation Time Sharing Plan as defined by Section 27-31-10, et. seq., of the Code of Laws for the State of South Carolina (1976), as amended, or any subsequent laws of this State dealing with that or similar type ownership, without prior written consent of the Decalarant, its successors and assigns.

Section 2. Dwelling Specifications No dwelling shall be erected on any lot other than a detached dwelling consisting of no less than one thousand one hundred square feet. No temporary or permanent structure shall be erected or located upon any lot except such dwelling.

Section 3. Nuisance. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any lot or in any dwelling, except that no more than three (3) household pets (including no more than two (2) dogs) may be kept or maintained provided that they are not kept for commercial purposes, and provided further, that they shall not constitute a nuisance or cause any unsanitary conditions. Dogs, cats and other household pets shall be permitted to the Common Area, subject to the rules and regulations of the Association, only if control of such pets is maintained by leashes.

Section 5. Resubdivision. No lot shall be subdivided or reduced in size.

Section 6. Outside Antennas. No outside radio or television antennas shall be erected on the Properties or dwelling unit within the Properties unless and until permission of the same has been granted by the Board of Directors of the Association and by the Wild Dunes Architectural Review Board.

Section 7. Clothes Drying. No drying or airing of any clothing or bedding, including beach towels, shall be permitted outdoors on the Properties or over the deck railings of any dwelling unit.

Section 8. Trucks and Similar Vehicles. Parking of trucks, boats, buses, trailers, camping trailers, motor homes and similar vehicles is prohibited on the Properties except in accordance with Section 3 of Article III hereof, or in such areas as may specifically be provided for the parking of such vehicles.

Section 9. Plants and Trees. Plants, trees, shrubs and ground cover now or hereinafter located upon the Properties shall be maintained by the Association, and may not be replaced, altered or removed except by permission of the Board of Directors. No additional plants, trees or shrubs may be planted upon the Properties without written approval of the Board of Directors. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each lot at all reasonable times to perform maintenance as provided herein.

Section 10. Outdoor Recreational Equipment. No gym sets, sand boxes, basketball goals or other outdoor recreational equipment shall be installed or used upon the Properties, except in areas specifically provided for recreational purposes by the Board of Directors.

Section 11. Prohibited Work. No Owner shall do any work which would jeopardize the soundness and safety of the Properties, reduce the value thereof or impair any easement or hereditament without, in every such case, unanimous consent of all other Homeowners affected being first obtained.

ARTICLE IX
EASEMENTS

Section 1. Reservation. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat for use by Declarant, utility companies and public agencies in connection with this development, including any portion of the property described in Exhibit A attached hereto. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. In addition, the properties shall be subject to a non-exclusive easement in favor of Declarant for construction of improvements on the Properties including any added by annexation, and for exhibition and sales of such improvements.

Section 2. Mutual Easements. There shall be appurtenant to each lot a non-exclusive easement for the use of all pipes, wires, cables, conduits, utility lines, flues and ducts serving the improvements thereon and situation upon any other lot. Each lot shall be subject to an easement in favor of other lots for use of all pipes, wires, cables, conduits, utility lines, flues and ducts situated on or across such lot and serving other lots.

Section 3. Entry by Golfers. Each lot adjacent to a golf fairway or green shall be subject to the right and easement on the part of registered golf course players and their caddies to enter upon such lot to remove a ball or to play a ball, subject to the official rules of the golf course, with such entering and playing not being deemed to be a trespass, provided that after a dwelling is constructed on a lot, such easement shall be limited to the recovery of balls only, and not play. Notwithstanding the foregoing, golf course players or their caddies shall not be entitled to enter on any such lot with a golf cart or other vehicle, nor to spend an unreasonable amount of time thereon, or in any way commit a nuisance while on such lot.

ARTICLE X
REPAIR, RESTORATION AND REBUILDING, INSURANCE

Section 1. Repair, Restoration and Rebuilding. In the event any part of the Properties or any of the residential units thereon shall be damaged or destroyed by fire, other casualty or any other cause or event whatsoever, the Owner or Homeowners of the Property so damaged or destroyed shall cause it to be repaired, restored or rebuilt, as the case may be, as rapidly as possible to at least as good a condition as existed immediately prior to such damage or destruction, the same building built to original specifications.

Section 2. Board of Directors to Supervise. All repair, restoration or rebuilding pursuant to the provision of Article X shall be carried out under such supervision and direction as the Board of Directors of the Association shall deem appropriate in order to assure the expeditious and correct completion of the work concerned, and the Owner or Homeowners of each home which shall have been damaged or destroyed shall fully cooperate with, and abide by all instructions and directions of the Association in connection therewith. In addition to the requirements of this Article X, all construction, reconstruction, repair and/or maintenance shall be undertaken only upon architectural review and approval as is set forth in Article VII hereof, and upon the issuance of a building permit therefor by the City of Isle of Palms, if required.

Section 3. Rights of Association. The Association is hereby given, and shall have the reasonable right to approve the architects, contractors and subcontractors to be employed in connection with such repair, restoration and rebuilding.

Section 4. Lien Rights of Association. In any case in which the Owner or Homeowners of the home concerned shall fail to carry out and see to the repair, restoration or rebuilding, the Association may, but shall not be required to, carry out and see to the repair, restoration or rebuilding required by the provisions of this Article X. The Association shall have and is hereby given a continuing lien on the lot for which any such repairs or rebuilding are furnished by the Association in the aggregate amount of (a) the cost thereof; (b) interest at the highest rate permitted by law, but not exceeding eighteen (18%) percent per annum, nor less than eight (8%) percent per annum from the date of the Association's payment of such costs; and (c) reasonable attorney's fees and any court or other costs incurred by the Association in connection therewith, which lien shall encumber such lot in the hands of such Owner, his heirs, devisees, personal representatives, grantees and assigns. In the event such Owner does not forthwith fully repay the Association therefor, as aforesaid, such lien may be foreclosed against the lot by the Association, in the same manner as hereinafter provided in connection with unpaid assessments. The Association's lien on this Section 4 provided shall be subordinate to the lien of any mortgage, now or hereafter placed upon the lot.

Section 5. Insurance Required. The Association shall insure the Common Area against such risks as it, in the exercise of reasonable business judgement, shall deem necessary. Each Owner shall be responsible for insuring his dwelling, and its contents, against such risks as he shall deem necessary.

Section 6. Association Not Liable. The Association and its officers, directors, employees, agents and representatives shall have no liability to any Owner for damage to or loss of either the real or any personal property of said Owner. Each insurer of any of said Owner's interest in said real or personal property shall be bound by the provision in each policy of insurance concerned, waive its rights of subrogation against the Association and its officers, directors, employees, agents or representatives.

ARTICLE XI
GENERAL PROVISIONS

Section 1. Application. All Homeowners, employees of Homeowners and tenants, or any other persons who may in any manner use the Properties or

any portion thereof, shall be subject to the provisions hereof and to the provisions of the Bylaws.

Section 2. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restriction, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by the Homeowners of not less than ninety (90%) percent of the lots, and thereafter by an instrument signed by the Homeowners of not less than seventy-five (75%) percent of the lots, provided, however, the Declarant may act for the Homeowners during the period described in Section 2, Article V hereof. Anything contained herein to the contrary notwithstanding, the Declarant shall have the right at any time to amend the covenants and restrictions of this Declaration to correct typographical errors, and as may be required by any governmental authority, such as the City of Isle of Palms, South Carolina, the Federal National Mortgage Association, or the Federal Home Loan Bank Board.

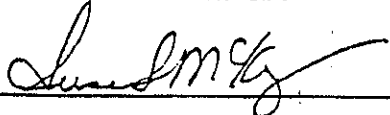
Section 5. Waiver. No provision hereof shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

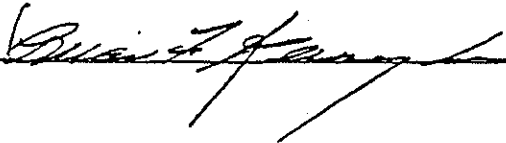
Section 6. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and nonpersonal entities, as well as the singular and plural wherever the context requires or permits.

Section 7. Protective Covenants and Affirmative Obligations. These covenants are in addition to the existing covenants, restrictions and affirmative obligations of record.

WITNESS the execution of this under Seal this 27th day of April, 1987.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:





WILD DUNES ASSOCIATES, A SOUTH CAROLINA
GENERAL PARTNERSHIP

By 

Noel D. Thorn

Its: General Partner

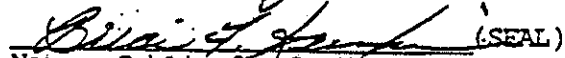
STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON)

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Wild Dunes Associates, a South Carolina General Partnership, by Noel D. Thorn, its General Partner, sign, seal and, as its act and deed, deliver the within written Declaration of Covenants, Conditions and Restrictions For Pelican Bay and that (s)he with the other subscribed witness witnessed the execution thereof.



SWORN to before me this
27th day of April, 1987

 (SEAL)
Notary Public for South Carolina
My Commission Expires: 6-27-89

For By-laws see exhibit "A"

JK 11 61-8805

MORRIS, DUFFY & BOONE, ATTORNEYS
121 EAST BAY STREET
CHARLESTON, S. C. 29401

24 22

N164-786

1937 APR 25 PM 3:29

JOHN W. KING
REGISTER MEANS SURVEYANCE
CHARLESTON COUNTY, S.C.

Handwritten signature/initials

"
"

EXHIBIT A

JK H. 64-6798

BY-LAWS
OF
PELICAN BAY
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the Corporation is Pelican Bay Homeowners Association, Inc. hereinafter referred to as the "Association". The principal office of the Corporation shall be located at Wild Dunes, P.O., Box 388, Isle of Palms, South Carolina 29451, but meetings of Members and Directors may be held at such places within the State of South Carolina as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The following words and terms, when used in these Bylaws or any supplemental set of Bylaws (unless the context shall clearly indicate otherwise), shall have the following meanings:

(a) "Association" shall mean and refer to Pelican Bay Homeowners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

(b) "Wild Dunes" shall mean and refer to certain lands on the Isle of Palms, in Charleston County, South Carolina, which are shown as part of the Master Development Plan, as revised from time to time.

(c) "Company" or "Declarant" shall mean and refer to Wild Dunes Associates, a South Carolina General Partnership, its successors and assigns.

(d) The "Properties" shall mean and refer to the Existing Property described in Article II of the Declaration of Covenants and Restrictions and such additions thereto as are subjected to the Declaration or any supplemental declaration under the provisions of Article II thereof.

(e) "Common Properties" shall mean and refer to those areas of land with any improvements thereon which may be deeded to the Association and designated in said deed as "Common Properties". The term "Common Properties" shall include any personal property acquired by the Association if said property is designated as "Common Property". All Common Properties shall be devoted to and intended for the common use and enjoyment of the owners of the Properties

(subject to any fee schedules and operating rules adopted by the Association).

(f) "Lot" shall mean and refer to any improved or unimproved parcel of land intended for the construction of a dwelling unit shown upon any recorded final subdivision map of any part of the Properties with the exception of Common Properties as heretofore defined.

(g) "Dwelling Unit" shall mean and refer to any building situated upon the Properties intended for use and occupancy by a single family.

(h) "Covenants" or "Declaration" shall mean and refer to the Declaration of Covenants and Restrictions applicable to the Properties recorded in the real estate records in the Office of the RMC for Charleston County, South Carolina.

(i) "Property Owner" shall mean and refer to the record owner, whether one or more persons, firms, association, corporations or other legal entities, of the fee simple title to any Lot or Dwelling Unit situated upon the Properties, but notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure; nor shall the term "Property Owner" mean or refer to any lessee or tenant of a Property Owner.

(j) "Member" shall mean and refer to all those Property Owners who are Members of the Association as provided in Article IV, Section 1, of the Covenants.

ARTICLE III

MEMBERSHIP

Section 1. Association Membership. Membership in the Association shall be as set forth in Article IV, Section 1, of the Covenants.

Section 2. Membership Rights Subject To Assessment Payment. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner of, and becomes a lien upon, the property against which such assessments are made, as provided by Article V of the Covenants.

Section 3. Suspension Of Rights. The membership rights of any person whose interest in the Properties is subject to assessments under Article III, Section 2 hereinabove, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the Common

Properties and facilities, and the personal conduct of any person thereon, as provided in Article IX, Section 1, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE IV

VOTING RIGHTS

Voting rights in the Association shall be set forth in Article IV, Section 2, of the Covenants.

ARTICLE V

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTY

Section 1. Use of Common Properties. Each Member shall be entitled to the use and enjoyment of the Common Properties provided in Article III of the Covenants applicable to the Properties.

Section 2. Delegation of Rights. Any Member may delegate his rights of enjoyment in the Common Properties and facilities to the members of his family who reside upon the Properties or to any of his tenants or renters who lease or rent a Dwelling Unit from him. Such Member shall notify the Secretary in writing of the name of any such person or persons and of the relationship of the Member to such person or person. The rights and privileges of such person or persons are subject to suspension under Article III to the same extent as those of the Member.

ARTICLE VI

ASSOCIATION PURPOSES AND POWERS

Section 1. Association's Purposes. The Association has been organized for the following purposes:

(a) to own, acquire, build, operate and maintain the Common Properties, including but not limited to parking areas, swimming pools, buildings, structures and personal properties incident thereto;

(b) to clean, clear, trim, remove weeds, limbs, and debris from, and to provide general grounds maintenance for both the Properties and the Common Properties;

(c) to fix assessments (or charges) to be levied against the Properties in the subdivision;

(d) to enforce any and all covenants and restrictions and agreements applicable to the Properties; and

(e) to pay taxes and insurance, if any, on the Common Properties and facilities.

Section 2. Additions to Properties and Membership. Additions to the Properties described in Exhibit A attached to the Covenants may be made as provided in the Covenants. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties and membership of this corporation to such Properties.

Section 3. Mergers and Consolidations. Subject to the provisions of the recorded Covenants and Restrictions applicable to the Properties, and to the extent permitted by law, the corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of a majority vote at a duly called meeting of the Association.

Section 4. Mortgages; Other Indebtedness. The Corporation shall have the power to mortgage its Properties upon the approval of a majority vote at a meeting duly called for this purpose.

Section 5. Quorum for Any Action Governed by These Bylaws. The quorum required for any action governed by these Bylaws shall be as follows, unless otherwise provided: Written notice of any meeting called for the purpose of taking any action authorized hereunder shall be sent to all members not less than 10 days, nor more than 45 days in advance of the meeting. At any such meeting called, the presence of Owners owning fifty-one (51%) percent of the Lots shall constitute a quorum for the transaction of business; provided, however, that any absent owner who does not execute and return the proxy form sent to him in the required mailing shall be deemed to be present for the purposes of determining the presence of a quorum; and, except where a greater than majority vote is required under the Covenants or under these Bylaws, a majority of those present or represented by proxies may authorize any action governed by these Bylaws.

Section 6. Dedication of Properties or Transfer of Function to Public Agency or Utility. The Corporation shall have the power to dispose of its real properties only as authorized under the Covenants.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. Board of Directors; Selection; Terms of Office. The affairs of the Corporation shall be managed by a Board of Directors. The initial Board of Directors shall consist of three (3) Directors who shall hold

office until the election of their successors for the terms stated in this section. Beginning with the first annual meeting, the members shall elect five (5) Directors; two for a term of 1 year, two for a term of 2 years and one for a term of 3 years. Thereafter, the term of each member elected at the annual meeting shall be three years.

Section 2. Vacancies in the Board of Directors. Vacancies in the Board of Directors shall be filled by the majority of the remaining Directors, and any such appointed Director shall hold office until his successor is elected by the Members, who may take such election at the next annual meeting of the Members or at any special meeting duly called for that purpose.

ARTICLE VIII

ELECTION OF DIRECTORS

Election to the Board of Directors shall be as hereinafter provided. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the recorded Covenants applicable to the Properties. The names receiving the largest number of votes shall be elected.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Board of Directors' Powers. The Board of Directors shall have power:

(a) to call special meetings of the Members whenever it deems necessary; and it shall call a meeting at any time upon request as provided in Article XII, Section 2;

(b) to appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever;

(c) to establish, levy and assess, and collect the assessments or charges referred to in Article III, Section 2;

(d) to adopt and publish rules and regulations governing the use of the Common Properties and Private Open Space Areas and facilities and the personal conduct of the Members and their guests thereon;

(e) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the members in the Charter of the Corporation, these Bylaws or the Covenants;

(f) in the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors without excuse, the Board may, by action taken at the meeting during which said third absence occurs, declare the office of said Director to be vacant; and

(g) to appoint an Executive Committee of three (3) Directors and delegate all or any portion of the powers of the Board of Directors to this Executive Committee.

Section 2. Board of Directors' Duties. It shall be the duty of the Board of Directors:

(a) to cause to be kept a complete record of all its acts and corporate affairs;

(b) to supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

(c) to fix the amount of the assessment against each Lot or Dwelling Unit for each assessment period at least thirty (30) days in advance of such date or period;

(d) to prepare a roster of the Properties and assessments applicable thereto which shall be kept in the Office of the Association and shall be open to inspection by any Member;

(e) to send written notice of each assessment to each Property Owner subject thereto; and

(f) to issue upon demand by any Owner or mortgage lender a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE X

DIRECTORS' MEETINGS

Section 1. Directors' Annual Meeting. The annual meeting of the Board of Directors shall be held at the discretion of the Board of Directors with ample notice given to each member.

Section 2. Notice. Ten (10) days' written notice of such annual meeting shall be given to each Director.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two (2) Directors after not less than three (3) days' notice to each Director.

Section 4. Waiver and/or Consent. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or whenever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present, and if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or consent to the holding of such a meeting, or an approval of the minutes of the meeting.

Section 5. Board Quorum. The Majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XI

OFFICERS

Section 1. Association Officers. The Officers shall be a president, a vice-president, a secretary and a treasurer. The president shall be a member of the Board of Directors; all other officers may be, but shall not be required to be members of the Board of Directors.

Section 2. Election of Officers. The Officers shall be chosen by a majority of the Directors.

Section 3. Holding Office. All officers shall hold office at the pleasure of the Board of Directors.

Section 4. President. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and shall sign all notes, checks, leases, mortgages, deeds and all other written instruments.

Section 5. Vice President. The Vice President shall perform all the duties in the absence of the President.

Section 6. Secretary. The Secretary shall be the ex officio Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for such purpose. He shall sign all certificates of membership. He shall keep the record of the Association. He shall record in a book kept for that purpose the names of all Members of the Association, together with their addresses as registered by such Members.

Section 7. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for

disbursements made in the ordinary course of business. The Treasurer shall sign all checks and notes of the Association, provided that such notes and checks shall also be signed by the President or Vice President.

ARTICLE XII

LIABILITY AND INDEMNIFICATION

Section 1. Liability of Board Member. No Board Member or Officer of the Association shall be liable to any Property Owner for any decision, action or omission made or performed by such Board Member or Officer in the course of his duties unless such Board Member or Officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Declaration or these By-laws.

Section 2. Indemnification of Board Member. The Association shall indemnify and defend each Board Member and Officer of the Association from any liability claimed or imposed against him by reason of his position or decision, action or omission as a Board Member or any Officer of the Association if all of the following conditions are satisfied:

(a) Such Board Member or Officer has not acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Covenants or these By-laws;

(b) Such Board Member or Officer gives the Association adequate notice of the claim or imposition of liability to permit the Association reasonable opportunity to defend against the same; and

(c) Such Board Member or Officer cooperates with the Association defending against the liability.

The expense of indemnifying a Board Member or Officer shall be a common expense of the Association and shall be borne by all Property Owners, including such Board Member or Officer.

ARTICLE XIII

MEETINGS OF MEMBERS

Section 1. Membership Annual Meeting. Meetings of the Members shall be held at Wild Dunes, Isle of Palms, South Carolina, and shall occur at least once a year. An annual meeting of the Members shall be held on a day and time to be designated in the notice of the meeting.

Section 2. Membership Special Meetings. Special Meetings of the Members for any purpose may be called at any time by the President, Vice President, Secretary or Treasurer, or by any two (2) or more members of the Board of

Directors, or upon written request of one-fourth (1/4) of the total vote of the Association.

Section 3. Notice. Notice of any meetings shall be given to the Members by the Secretary. Notice may be given to each Member either personally or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each Member shall register his address with the Secretary and notices of meetings shall be mailed to such address. Notice of any meeting, regular or special, shall be mailed not more than forty-five (45) days, and not less than ten (10) days in advance of the meeting and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve and be governed by the Covenants applicable to the Properties, or any action for which other provision is made in these Bylaws, notice of such meeting shall be given or sent as therein or herein provided.

Section 3. Quorum. The presence at the meeting of the Members entitled to cast, or of proxies entitled to cast, fifty-one (51%) percent of the total votes of the Association shall constitute a quorum for any action governed by these Bylaws. Any absent owner who does not execute and return the proxy form sent to him in the required mailing shall be deemed to be present for the purposes of determining the presence of a quorum. Any action governed by the Covenants applicable to the Properties shall require a quorum as therein provided.

Section 4. Voting Requirements. Any action which may be taken by a vote of the Members may also be taken by written consent to such action signed by all Members.

ARTICLE XIV

PROXIES

Section 1. Voting by Proxy. Each Member entitled to vote may vote in person or by proxy at all meetings of the Association.

Section 2. Proxies. All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and filed with the Secretary; provided, however, that proxies shall not be required for any action which is subject to a referendum in accordance with the Covenants. Unless a proxy otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. A proxy may be revocable or irrevocable but shall be deemed revocable at will unless otherwise specified therein. If at least thirty (30) days prior to a duly called meeting a Member is informed by mail of (a) the time and place of the meeting, (b) the agenda for the meeting, and (c) such data as is then available relative to the issues on which there will be a vote, and a proxy form is included in such mailing, and the Member neither attends the meeting or returns his executed proxy, then such Member shall be deemed present

for purposes of determining a quorum and shall be deemed to have given his proxy to and for the majority present and voting. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date; and no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Any proxy shall automatically cease upon sale by the Member of his Lot.

ARTICLE XV

INSURANCE

The Board of Directors or its duly authorized agent shall obtain hazard insurance for its improvements and common area and a broad form public liability policy covering all common area and all damage or injury caused by negligence of the Association or any of its agents.

ARTICLE XVI

CORPORATE SEAL

The Secretary may have a seal in circular form having within its circumference the name of the Corporation, the year of its organization and the words "Corporate Seal, South Carolina".

ARTICLE XVII

AMENDMENTS

These Bylaws may be amended or repealed and new Bylaws adopted at a regular or special meeting of the Members by a majority of the vote present at a duly called meeting being cast in favor of such amendment or by the Company within two (2) years from the date of recordation of the Covenants, and provided that any matter stated herein to be or which is in fact governed by the Covenants, may not be amended except as provided in the Covenants.

ARTICLE XVIII

FISCAL YEAR

The fiscal year of the Association shall be determined by the Board of Directors.

ARTICLE XIXGENERAL

Section 1. Conflicts. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the case of any conflict between these By-laws and any regulation promulgated by the Board of Directors, these By-laws shall control; and in the case of any conflict between the deeds from the Company to the Property Owners and these Bylaws, the deeds shall control.

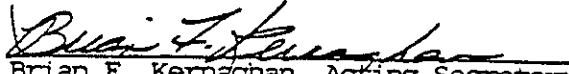
Section 2. Waiver. No provision of these By-laws or any regulation promulgated by the Board of Directors pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 3. Severability. The provisions of these By-laws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder.

Section 4. Captions. Captions are inserted herein only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these By-laws or the intent of any provision.

Section 5. Gender and Number. All nouns and pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

Section 6. Roberts Rules. All meetings of the membership of the Board of Directors shall be conducted in accordance with Roberts Rules of Orders Revised.


Brian F. Kernaghan, Acting Secretary
Pelican Bay Homeowners Association, Inc.

27th day of April, 1987