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BEAUFORT COUNTY SC - ROD
BK 01606 PG 0377
FILE NUM 2003003255
01/14/2003 02:19:58 PM
REC'D BY B BING RCPT# 111944
RECORDING FEES 56.00

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STATE OF SOUTH CAROLINA)
) **DECLARATION OF COVENANTS AND**
) **RESTRICTIONS FOR SHELL HALL**
COUNTY OF BEAUFORT)

THIS DECLARATION OF COVENANTS AND RESTRICTIONS, (the Covenants") made this 9th day of January, 2003, by **LAUREL ONE CORP.**, hereinafter sometimes called "Declarant".

WITNESSETH:

WHEREAS, the Declarant owns certain parcels of land as more fully set forth, shown, and described in the plat entitled "A Subdivision Plat of: Shell Hall, Phase I-A, Buckwalter Tract, Bluffton Township, Beaufort County, South Carolina", dated 11/19/02, and recorded in Plat Book 91 at Page 41 , Office of the Register of Deeds for Beaufort County, including all Lots, Club Amenities Areas, Roads, Common Areas, Open Spaces and Wetlands (which terms are hereinafter defined) which property, and all subsequent additions thereto shall be hereinafter referred to as "Shell Hall PUD" or the "PUD"; and,

WHEREAS, Declarant desires to create thereon a residential community known as Shell Hall; and

WHEREAS, Declarant desires to create and declare certain covenants and restrictions affecting Shell Hall PUD, Phase 1-A, that shall be appurtenant to and shall run with the land in order to (i) provide for the preservation of the values and amenities in the community and for the maintenance of the common areas; and, (ii) insure the best use and most appropriate development and improvement of the lots in the community; and, (iii) to insure compliance with the Declarations and Covenants for the Buckwalter Track as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina at Book 1567 at Page 2325; and,

WHEREAS, Declarant, its successors and assigns, desires to reserve the right to add additional Covenants and Restrictions in respect to such property by filing a Supplemental Declaration, to modify these Covenants by filing amendments thereto; and

WHEREAS, Declarant hereby reserves the right to submit additional properties to Shell Hall PUD, which properties shall be subject to the terms of these Covenants; and,

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities in the community to create an organization to which shall, at some future date, be delegated and assigned the maintenance and administration of such Common Areas and such other properties within Shell Hall PUD as may be conveyed to them, and with the obligation and authority for the collection and disbursement of the assessments and charges hereinafter created and to have the non-exclusive right to, but not the obligation of, enforcing these Covenants; and,

WHEREAS, Declarant is forming **SHELL HALL PROPERTY OWNERS ASSOCIATION, INC.**, a non-profit South Carolina corporation, for the purpose of providing a vehicle for the orderly development and preservation of values of Shell Hall and for the purpose of exercising the functions as aforesaid; and,

NOW, THEREFORE, Declarant declares that the real property described in Paragraph 2 is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied, possessed, and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations, and liens hereinafter set forth.

1. **DEFINITIONS** The following words and terms when used in this Declaration or any Supplemental or Amended Declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:
 - 1.1 **"ASSESSMENT"** shall mean and refer to a member's share of the common expenses as assessed against a Member by the Association as provided for by the Declaration.
 - 1.2 **"ASSOCIATION"** shall mean and refer to Shell Hall Property Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.
 - 1.3 **"BUCKWALTER DEVELOPMENT AGREEMENT"** shall mean that certain agreement, with accompanying documents, entered into on April 19, 2000 between International Paper and the Town of Bluffton, South Carolina, which was recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Official Record Book 1288 at Page 1; which, in part, sets forth the terms for the development of the property, including, but not limited to, land uses and densities. At all times Shell Hall Property shall be subject to the terms of the Buckwalter Development Agreement.



- 1.4 **“COMMON AREAS”** shall mean and refer to that portion of the Shell Hall PUD designated as “Common Areas” or “Open Space” on the Plat and any additions thereto, together with all buildings and improvements thereon, which are owned or leased by the Association. No property which is designated as “Common Space” on any Plat which has not been dedicated to the Association shall be deemed to have been dedicated or otherwise encumbered, either expressly or by implication. Once conveyed to the Association, such properties and improvements shall be held by the Association for the common use and enjoyment by the Property Owners, subject to such rules and regulations governing their use as may be adopted by the Association from time to time in accordance with the procedures set forth in these Covenants. The uses for these properties and improvements shall include, but shall not be limited to, nature preserves, wetlands, open space, lagoons, the entrance way, landscaping easements, utility easements, and access easements, all as may be shown on the Plat.
- 1.5 **“CLUB AMENITY”** shall mean and refer to that portion of the Shell Hall PUD, designated on the Plat, and any additions thereto, as a “Club Amenities Area”, together with buildings and improvements thereon. The Club Amenities Area may be owned, leased, or possessed by the Declarant and/or a third party and/or the Association. Each Property Owner, as defined in Paragraph 1.11 herein, shall automatically, by acceptance of the deed to the Lot, become a member of the Club (as defined in Paragraph 5 herein) and, as such, shall be obligated to pay all fees and assessments associated therewith.
- 1.6 **“COVENANTS”** shall mean and refer to the Declaration of Covenants and Restrictions, and/or any Supplemental and/or Amended Declaration of Covenants and Restrictions applicable to Shell Hall PUD and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina.
- 1.7 **“LOT(S)”** shall mean any subdivided piece of land, whether improved or unimproved, located within the boundaries of Shell Hall PUD, which is: (i) subject to this Declaration, and; (ii) shown as a numbered parcel upon any recorded subdivision Plat of the properties. Lot(s) shall not include those parcels which are designated on the Plat as Common Areas, Roads, Club Amenities Area, Open Space, Wetlands or which are undesignated.
- 1.8 **“PERIOD OF DECLARANT CONTROL”** shall mean and refer to that period of time prior to and until the Declarant has sold or transferred all of the Lots in any Phase of Shell Hall that is subject to the terms of these Covenants and any Supplemental and/or Amended Covenants, or upon the transfer of such control to the Association by a written and recorded document. Declarant retains all voting rights that arise under the Covenants or any rules and regulations implemented thereunder until such time as the Period of Declarant Control expires.

- 1.9 "PLAT" shall mean and refer to the plat described in Paragraph 2 hereof.
- 1.10 "PROPERTY" shall mean and refer to the Existing Property as set forth in Paragraph 2 hereof, and additions thereto, as may be subjected to this Declaration or any Supplemental and/or Amended Declaration.
- 1.11 "PROPERTY OWNER(S)" or "MEMBER(S)" shall mean and refer to the Owner as shown by the real estate records of Beaufort County, South Carolina, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot.
- 1.12 "RIGHT OF REPURCHASE" shall mean the right of first refusal for the Declarant to repurchase properties being sold by Property Owners or the Association within Shell Hall PUD as set forth in Paragraph 9.6 herein.

2. THE PROPERTY.

- 2.1 Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased, possessed, and occupied subject to these Covenants is described as follows:

SHELL HALL, PHASE I-A, BUCKWALTER TRACT, BLUFFTON, SOUTH CAROLINA. FOR A FURTHER DESCRIPTION SEE THAT CERTAIN PLAT ENTITLED "A Subdivision Plat of: Shell Hall, Phase I, Buckwalter Tract, Bluffton Township, Beaufort County, South Carolina", PREPARED BY Ralph O. Vanadore, S.C.R.L.S. No: 7608, DATED 11/19/02 AND RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BEAUFORT COUNTY, SOUTH CAROLINA IN PLAT BOOK 91 AT 41, WHICH IS MADE A PART HEREOF AND INCORPORATED HEREIN BY REFERENCE THERETO. (the "Property")

- 2.2 Additional Phases. Declarant, its successors and assigns, reserves the right to make, subject, and submit additional real property to these Covenants as additional phases of Shell Hall PUD.
- 2.3 Buckwalter Tract Restrictions. All property which is subject to the terms of these Covenants is: (i) subject to the terms of the Buckwalter Declaration and Covenants as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Official Record Book 1567 at Page 2325; and, (ii) development of the same is subject to the terms of the Buckwalter Development Agreement and accompanying documents entered into between International Paper and the Town of Bluffton, South Carolina and

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recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Book 1288 at Page 1.

3. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.1 Membership. Every Property Owner shall be a Member of the Association and the operation of the Association shall be governed in accordance with the By-Laws attached hereto as Exhibit "A" and made a part hereof.

3.2 Voting Rights.

3.2.1 A Member shall be entitled to one vote for each Lot owned.

3.2.1.1 If the Lot is owned by one person or trustee, their right to vote shall be established by the recorded title to the Lot.

3.2.1.2 If the Lot is owned by more than one person or by more than one trustee, the person or trustee entitled to cast the vote of the Lot shall be designated on a certificate, signed by all recorded owners or trustees, and filed with the Secretary of the Association.

3.2.1.3 If the Lot is owned by a corporation, the officer or other designated person entitled to cast the vote of Lot shall be designated on a certificate, signed by the President or other officer of the corporation, and filed with the Secretary of the Association.

3.2.1.4 Notwithstanding the above provisions, if the Lot is owned by a husband and wife, the following three provisions are applicable thereto: (i) they may, but they are not required to designate a voting member; or, (ii) if they do not designate a voting member and if both are present at the meeting and are unable to concur as to their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting (as previously provided, a vote of a Lot is not divisible); or, (iii) where they do not designate a voting member and only one is present at a meeting, the person present may cast the Lot's vote, just as if that person owned the Lot individually, and without establishing the concurrence of the absent person.

3.2.1.5 The purchase of a Density Unit by an Owner, from the Declarant, shall not entitle the Owner to an additional vote until such time as the Lot, to which the Density Unit has been assigned the Lot, has been subdivided and the plat has been recorded in the Office of the Register of Deeds for Beaufort County, South Carolina and such subdivision has been approved by the Declarant or after the Period of Declarant Control, by the Association and resulting Lots are



carried on the books and records of the Association as separate Lots each being liable for the payment of annual assessments, special assessments, and Club Dues.

- 3.2.2 The person designated on the above certificates shall be known as the "voting member." If the certificate is not on file with the Secretary of the Association for a Lot owned by more than one person, trustee, or by a corporation, then the Property Owners may be deemed present for the purpose of establishing a quorum but shall not be entitled to vote until a certificate has been filed with the Secretary of the Association. Such certificate is valid until revoked or superceded by a subsequent certificate or a change in the ownership of the Lot.
- 3.2.3 If the number of Lots is changed through whatever means (subdivision, combination, annexation etc.), the number of members shall equal the number of platted and recorded Lots at the time of the vote.
- 3.2.4 Notwithstanding the above, the Declarant retains all voting rights until such time as: (i) Declarant has sold or transferred all of the lots in Shell Hall; or, (ii) the Declarant has filed in the Office of the Register of Deeds for Beaufort County, South Carolina a written document relinquishing these retained voting rights. The Owners' voting rights will not be activated until that time (the "Period of Declarant Control").
- 3.3 Quorum. At any meeting of the membership, a quorum shall consist of fifty percent (50%) of the total number of votes of the membership authorized under Paragraph 3.2 herein, which quorum may be present in person and/or by proxy. In the event that a quorum is not established after a meeting (either a regularly scheduled annual meeting or any special meeting) is called to order, then the President may adjourn said meeting for a period of not less than 24 hours or more than 72 hours at which time the President may reconvene the meeting and, at which time, the necessary quorum shall be forty (40%) percent of the total number of votes of the membership.
- 3.4 Proxy. All members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing, which proxy may be exercised by any person of the age of twenty-one (21) years or older. The written proxy must be signed and dated and delivered to the Secretary of the Association prior to the meeting at which it is to be exercised being called to order.
- 3.5 Suspension of Certain Membership Rights. The Association, by simple majority vote, may suspend the rights of any Owner to: (i) vote or participate in any meeting; or, (ii) utilize the Common Properties for purposes other than the use of the roadways for access to their Lot, during any period of time when such Owner is in default of any of his obligations under the Covenants or By-Laws (including, without limitation, the failure to timely pay any assessment), or provided that such default has continued

uncured for a period of thirty (30) days after written notice thereof, at the address maintained in the records of the Association, by certified mail, return receipt requested, to such Owner. The suspension of membership rights by the Association shall not constitute a waiver or discharge of the Owners' obligation to pay the assessment and all other costs related thereto. Provided, however, the Association shall not suspend the right to use any roads or other access easements belonging to the Association which are utilized by the Owner in obtaining reasonable access to his Lot from a public right-of-way.

4. PROPERTY RIGHTS IN THE COMMON AREAS.

- 4.1 Members' Easements of Enjoyment. Subject to the provisions of these Covenants and the right of the Association to adopt rules and regulations regarding the use of Common Areas, every Member of the Association shall have a limited easement of enjoyment in and to the Common Areas and such easement shall be appurtenant to and shall pass with the title of every Lot. Such limited easement of enjoyment shall not be severable from the Lot and any attempt to convey such easement, in whole or in part, shall be void and without force or effect.
- 4.2 Title to Common Areas. Declarant covenants for itself, its successors and assigns, that it, at such time as it shall determine in its sole and unfettered judgment, shall convey by deed to the Association, at no cost to the Association (save and except any deed recording taxes or other recording costs), the Common Areas. Upon conveyance, the Association shall immediately become responsible for all maintenance, operation, and such additional construction of improvements on the Common Areas as may be authorized by the Members of the Association. Notwithstanding the terms of this provision, Declarant retains for itself until such time as all of the Lots in Shell Hall have sold or transferred, the right to convey, transfer, or dedicate to any public or private entity or utility the roads, rights of way, and pathways appurtenant thereto, and utility or drainage easements on any part of the Common Areas.
- 4.3 Retention of Easements by Declarant. The Declarant, its successors and assigns, are hereby granted an easement in gross for a commercial purpose, over, under and across the Common Areas for the purpose of access, drainage, utilities, maintenance, and for all other purposes ancillary to or related to the development of the Property and the operation of the Club.
- 4.4 Specific Uses of Common Areas by Declarant. The Declarant, its successors and assigns, retains the right, without any duty or obligation of compensation to the owner thereof, to construct and utilize real estate sales offices and other structures to be utilized for or in connection with real estate sales on the Common Properties.
- 4.5 Extent of Members' Easements. The rights and easements of enjoyment created

hereby shall be subject to and subordinate to the following:

- 4.5.1 The right of the Association, in accordance with its By-Laws, to borrow money from any lender for the purpose of improving and/or maintaining the Common Areas, and providing services authorized herein and in aid thereof to mortgage or otherwise encumber said properties; and,
- 4.5.2 The right of the Association to assume and pay any indebtedness secured by liens or encumbrances against the Common Areas at the time of conveyance; and,
- 4.5.3 The right of the Association to take such steps as are reasonably necessary to protect the property against foreclosure or any other form of involuntary conveyance; and,
- 4.5.4 The right of the Association to suspend the rights and easements of enjoyment of any Member or Guest of any Member as set forth in Paragraph 3.5 and for a period, not to exceed sixty (60) days, for any infraction of its rules and regulations, which have been adopted in accordance with the provisions of these covenants, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Members' obligation to pay the assessment and all other costs related thereto; and,
- 4.5.5 The right of the Association to dedicate, convey, or transfer, with or without the receipt of monetary consideration, to any governmental entity the roads, rights of way, and pathways/walkways/sidewalks appurtenant thereto in any part of the Property, including the Common Areas; and,
- 4.5.6 The right of the Association to dedicate, convey or transfer, with or without the receipt of monetary consideration, to any public, governmental, or private utility, any utility or drainage easements on any part of the Common Areas; and,
- 4.5.7 The right of the Association to give or sell all or any part of the Common Areas, including leasehold interests to any public agency, authority, public service district, public utility, or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided, that no such gift or sale or dedication shall be effective unless such dedication, transfers and dedication shall be effective unless authorized by the affirmative vote of fifty percent (50%) of the votes cast a duly called meeting of the Association, subject to the quorum requirements established by Paragraph 3.3 and, unless written notice of the meeting and of the proposed agreement and action there under is sent to every Member of the Association, by first class mail, to the address maintained in the records of the Association, at least thirty (30) days prior to such meeting. A true copy of such

resolution together with a certification of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and the Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Areas prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

- 4.5.8 The right of the Association to make and impose such rules and regulations governing the use of the Common Areas, to include, without limitation, the imposition of monetary fines to be levied or assessed against a Member, and limitations or restrictions on the Members use of Common Areas, provided that no rule or regulation shall prevent the Member from utilizing the roads or other access easements belonging to the Association which are utilized by the Member in obtaining reasonable access to his Lot from a public right-of-way.
- 4.6 Liability to Third Parties. Neither the Association, the Lot Owners, Members, the Club, the Club Members, nor the Declarant shall be liable to any Owner, their lessees, guests, or invitees, for any damage or injury which results from the use of the Common Property or any rule or regulation promulgated pursuant to these Covenants or By-Laws. Although the Association is responsible for the maintenance and upkeep of the Common Property as provided in these Covenants, neither the Association nor the Declarant shall be liable for any accident or injury occurring thereupon, which may be caused by an Act of God, negligence of parties not employed by the Declarant or the Association, or the careless or negligent activities or actions of other Owners. All members and their guests acknowledge that the use of Common Properties is done at their own risk, without recourse against the Declarant or the Association.
- 4.7 Use of Common Properties. Subject to the rights retained by Declarant, it's successors and assigns, the Common Property is for the use of the Owners and their Guests. The Declarant, its successors and assigns, reserves the right to use the Common Property and to permit its use as set forth in Paragraph 5 herein.
- 4.8 Damage to Common Property. Any damage caused to the Common Property by an Owner or his guests, licensee, agent, or employee shall be the responsibility of the Owner. The Declarant or the Association (whichever owns the affected property) shall have the right to collect from the Owners the costs of such repairs as may be required to restore the Common Property, Open Space, or Wetlands to its original condition, to include costs and reasonable attorney's fees incurred in the collection of said monies. In the event the expenses of repair are not paid within Thirty (30) days after of the date of the written invoice was sent to the Owner, the costs of the repairs (to include all costs and attorney's fees) shall constitute a lien against the Lot, in the same manner as provided for annual or special assessments herein.

5. MEMBERSHIP IN THE CLUB

- 5.1 Establishment of Club. The Declarant has established as a separate, independent entity the Shell Hall Club (the "Club"), a South Carolina corporation. The Club shall operate on that portion of the Property designated as the Club Amenity and shall be a member of the Association and such other properties as may be added by the Club.
- 5.1.1 Membership. Upon purchase of a Lot or Dwelling in Shell Hall and the payment of the Initiation Fee, each Owner and his Immediate Family (as the term is defined in the Shell Hall Club Membership Plan) shall become a member of the Club and shall be obligated to pay dues and assessments as set forth in the Shell Hall Club Membership Plan. The membership in the Club is appurtenant to and runs with the title to the Lot or Dwelling. The membership is not severable from the ownership of the Lot or Dwelling. By acceptance of the deed to the Lot or Dwelling, the Owner thereof waives and relinquishes the right of partition with regard to the membership and the Lot or Dwelling.
- 5.1.2 Different Classes of Membership. There are two separate classes of membership in the Club: (i) members who are Lot or Dwelling owners (Resident Members"); and (ii) all other persons or entities ("Non-Resident Members").
- 5.2 Operation of the Club. The operation of the Club shall be governed in accordance with the Shell Hall Club Membership Plan, a copy of which is attached hereto as Exhibit "B" and made a part hereof.
- 5.3 Obligation to Pay Dues. Each member of the Club shall be obligated to pay dues as established pursuant to the Shell Hall membership Plan (the "Club Fees"). This obligation is appurtenant to and runs with the title to each Lot or Dwelling. This obligation is non-severable from the ownership of the Lot or Dwelling.
- 5.4 Creation of the Lien and Personal Obligations of Club Dues. Each Owner of any Lot or Dwelling shall by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, agrees to all of the terms and provisions of the Shell Hall Club Membership Plan and to pay to the Club, (i) annual Club Dues or charges as defined in the Shell Hall Club Membership Plan; (ii) special assessments established and collected from time to time as provided in the Shell Hall Membership Plan. The Club Dues, together with such interest thereon, and costs of collection therefore, including but not limited to reasonable attorney's fees, as hereinafter provided, shall be a charge and continuing lien on the Lot or Dwelling owned by the Member. The Club Dues together with interest, costs of collection, (including but not limited to reasonable attorney's fees), shall also be the personal obligation of the person(s) or entity which is or was the owner of such Lot or Dwelling at the time when the Club Dues fell due. In the case of co-ownership of a Lot or Dwelling, all such co-owners shall be jointly and severally

liable for the entire amount of the Club Dues, together with interest, costs of collection, (including but not limited to reasonable attorney's fees).

- 5.5 Delinquent Club Dues. Any Club Dues not paid and received by the Club by February 1 of each year shall be deemed delinquent. Late payment charges and the rate at which interest shall accrue on delinquent Club Dues shall be established by the Club Owner and communicated to each Member, in writing, at the time they become a Member. In the event of any change in the late payment charge or interest rate on delinquent Club Dues, such change shall not become effective until thirty (30) days after notice of such change is mailed to each Member.
- 5.6 Declarant's Use of the Club for Business Purposes. Declarant retains the right to utilize portions of the Club properties (to include, but not be limited to portions of the Clubhouse) for business purposes, to include, but not be limited to, the maintenance of a Real Estate Sales Office in the Club House and the utilization of Club amenities by guests of the Declarant and its successors and assigns.

6. GENERAL RIGHTS RESERVED BY DECLARANT

6.1 Easement Retained by Declarant.

- 6.1.1 The Declarant reserves into itself, its successors, assigns and licensees, a perpetual, alienable, and releasable easement and right in, over, across, and under the Property and the Lots to erect, maintain, and use electric, telephone, cable television, wires, cables, conduits, pipes, drainage ways, sewers, wells, pumping stations, tanks, water effluent, irrigation mains, and other suitable equipment for the conveyance and use of the electricity, telephone equipment, gas, sewer, water, drainage or other public convenience or utilities on, in, or over those portions of the Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of the Property as may (i) have been used prior to the installation of such utility for construction of a building whose plans were approved pursuant to these Covenants by Declarant; or, (ii) such portion of the Property as may be designated as the site for a building on a plot plan or for erection of a building which has been filed with the ARC and which has been approved in writing by said ARC.
- 6.1.2 The Declarant further reserves unto itself, its successors, assigns and licensees, a perpetual, alienable, and releasable easement and right on, over, across, and under the ground to erect, maintain, and use wires, cables, conduits, pipes, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, cable television, security cable, telephone, gas, sewer, water or other private or public conveniences or utilities, on, in, or over the rear (being the lot line that is opposite from the side of the lot which is adjacent to or fronton a street or roadway) ten (10)

feet of each Lot, and seven and one half (7.5) feet along the sides of each Lot and such other areas as are shown on the applicable plats. Moreover, the Declarant, its successor, assigns, or licensees, may cut, at its own expense, drainways for surface water wherever and whenever such action may appear to the Declarant to be necessary in order to maintain reasonable standards of health, safety, and appearance and an easement for such purpose is reserved unto the Declarant seven and one half (7.5) feet in width along each side lot line and fifteen (15) feet in width along each rear lot line and such other areas as are shown on the applicable plats.

- 6.1.3 These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety, and appearance. Any material disturbance to the grounds of any Owner caused by such utility installation shall be repaired and said grounds returned to a condition which is reasonably similar to the condition of the property prior to the disturbance, provided that the Declarant is not required to replace vegetation and trees with similarly sized vegetation and trees, but may utilize younger, smaller plants as replacements.
- 6.1.4 In addition, the Declarant reserves unto itself, its successors, assigns, and licensees, a perpetual, alienable, and releasable easement and right on, over, and under the Property to dispense pesticides and to take other action which, in the opinion of the Declarant, is necessary or desirable to control insects and pests.
- 6.1.5 The Declarant further reserves the right to itself, its successors, assigns, and licensees, the right to locate wells, pumping stations, siltation basins, and tanks, or spray treated effluent within the Property on any un-subdivided land, Common Property, Open Space, Wetlands, or any other property designated for such use on the applicable plat of the Property, or to locate same upon any property without the permission of the respective Owner. These reservations shall not be considered an obligation of the Declarant to provide or maintain any such utility or service.
- 6.1.6 The Declarant further reserves the right to itself, its successors, assigns, and licensees, the right to engage in wildlife management activities on the Property and all Lots, to include, but not be limited to, the right to utilize lethal methods in managing and controlling the numbers, location, and densities of wild and feral animals within Shell Hall. Declarant reserves the right to prohibit Owners from engaging in the feeding of wildlife if, in the Declarant's sole and exclusive judgment, such feeding interferes with or impedes wildlife management activities.
- 6.1.7 All such rights retained by the Declarant may be exercised by any licensee of Declarant or may be delegated to the Association, but this reservation shall impose no responsibility upon Declarant to construct or maintain any such utility or service

or to provide any service. Declarant expressly reserves the right to transfer said utilities and utility easements, in whole or in part, to another entity, whether public or private, which undertakes or promises to provide such utility service.

6.1.8 Declarant further specifically reserves the right to use any of the Common Property and Association amenities (if any) for itself, its guests, invitees without being subject to any membership or user fee provisions until the earlier of: (i) the date that the Declarant shall cease to own any Lots within the Property (notwithstanding any conveyance by Declarant to the Association pursuant to Paragraph 4.2); or (ii) eighteen months after the date of the Paragraph 4.2 conveyance. Said use may include: (i) the use of the facilities by perspective purchasers, realtors, or referrers; or, (ii) any other use which may promote Shell Hall in a constructive and positive manner. Provided, however, Declarant shall be obligated for any charges incurred for food, beverages or other requested services provided by the Association. This right is reserved for the express purpose of providing Declarant the ability to maintain marketing and sales activities for its Lot inventory.

6.2 Ingress and Egress: Roadways. The Owner, by accepting title to property conveyed subject to these Covenants, waives all rights of uncontrolled and unlimited egress and ingress to such property, (and waives such rights for any person claiming entry rights by virtue of any relationship or permission of such Owner and successors in title), and agrees that such ingress and egress to its property may be limited to roads built by the Declarant and that such use of the roads shall be subject to rules and regulations established by the Declarant or the Association. No implied reciprocal equitable servitude or easement shall arise with respect to any lands retained by Declarant.

6.3 Additional Covenants. Declarant expressly reserves the right to impose additional restrictive and protective covenants upon the said Property. The additional covenants, if any, shall be effective only upon Property transferred by Declarant simultaneously with or subsequent to the imposition of said covenants and shall be made effective upon said Property by reference to the additional or amended covenants in the deed transferring said Property. It shall be the responsibility of each Owner within the Property to comply with any restrictions contained herein or and with any additional restrictions which may be imposed by governmental authorities.

7. **COMMON AREAS.** The covenants, conditions, terms, affirmative obligations, and provisions contained and set forth in the following paragraph shall apply to all properties designated on a plat of record as "Common Areas" on the Plat and all subsequent plats and shall run with and extend to the use, occupation, ownership, and development of property within Shell Hall designated as Common Area.

7.1 Intent and Purpose. It shall be the intent and purpose of these restrictions and covenants

to maintain and enhance certain areas designated as Common Area on the Plat. It shall be the further intent and purpose of these restrictions and covenants to provide for the common good of the members of the Association, to enhance the value of abutting and neighboring properties, and to afford and enhance recreation opportunities.

- 7.2 Adjustments to Boundaries of Common Areas. The Declarant, its successors and assigns, shall have, and by these presents, is granted the right to make minor changes in the boundaries and locations of any parcel designated as Common Area. For the purposes hereof, minor changes shall be defined as: (i) any change which does not reduce the total acreage of any single parcel of Common Area by more than Ten (10%) percent from the original acre designated on the Plat and in any plats wherein additional property is made subject to these Covenants ("Subsequent Plats"); or, in the alternative, (ii) any single parcel may be reduced by more than Ten (10%) from the original acreage designated on the Plat or Subsequent Plats only if the overall total acreage designated as Common Area is not reduced by more than Ten (10%) percent from the original acreage designated as Common Area on the Plat and Subsequent Plats.
- 7.3 Declarants Easements in Common Area. Declarant, its successor and assigns, reserves unto itself the right to go on, over, and under the ground to: erect, maintain, and use roads, walkways and pathways for access to other properties of the Declarant, electric, cable television, and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, telephone equipment, cable television, gas, sewer, water drainage or other infrastructure for public conveniences or utilities in any Common Area. These reservations and rights expressly include the right to: cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance within Shell Hall. Declarant further reserves to itself, its successors and assigns the right to locate wells, pumping stations, siltation basins and tanks within such Common Area. Such rights may be exercised by any licensee of Declarant, but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility or service. Declarant also reserves to itself, its successors and assigns, the right to all sub-surface minerals, elements and objects found under Common Areas and the right to remove minerals and fill dirt from all Common Areas. Declarant reserves the right to utilize the Common Areas for all purposes related to sales and marketing of real property within Shell Hall and all subsequent phases of Shell Hall, to include the right to construct and operate real estate sales offices on Common Areas.
- 7.4 Tents, Trailers and Other Structures Prohibited. It is expressly understood and agreed that no tent, trailer, or other structure, either temporary or permanent, shall be erected or caused to be placed on any Common Area, except as to such rights as have been granted to Declarant in this Paragraph. Provided, that during the Period of Declarant Control,

temporary structures related to sales activities shall be permitted on Common Areas and within the Club Amenities Area.

- 7.5 Erosion Prevention. Declarant shall have the right, but no obligation, to protect from erosion the land described as Common Areas by planting trees, plants and shrubs or by such mechanical means as sea walls, bulkheading, or other means deemed expedient or necessary. The right is likewise reserved to the Declarant to take necessary steps to provide and insure adequate drainage ways, canals or lagoons in Common Areas. Declarant shall also have the right, but no obligation, to remove dead, diseased or dangerous trees, to clear, remove or trim underbrush and understory vegetation and carry out other similar activities.
- 7.6 Offensive Materials. No trash, debris, garbage, grass clippings, yard debris, sewage, sawdust, or any unsightly or offensive material shall be placed upon such Common Areas, except as is temporary and incidental to the bona fide improvement of that parcel in a manner consistent with its classification as Common Area.
- 7.7 No General Easement Intended. The granting of these easements and the imposition of these Covenants does in no way grant to the public or to the owners of any surrounding or adjacent Lot, the right to enter any Common Area without the express permission of Declarant.
- 7.8 Declarant's Use of Common Area. Declarant expressly reserves to itself and by these presents is granted, its successors and assigns, every reasonable use and enjoyment of said Common Areas in a manner not inconsistent with the provisions of these Covenants.
- 7.9 No Burden of Affirmative Action. It is expressly understood and agreed that the granting of these easements and the imposition of covenants and restrictions does in no way place a burden of affirmative action on Declarant, that the Declarant is not bound to make any of the improvements noted herein, or extend to any property owner any service of any kind.
- 7.10 Establishment of Rules for Use. Declarant, its successors and assigns, may establish rules and regulations providing the terms and conditions upon which Lot Owners may utilize the Common Areas.
- 8. COVENANTS FOR ASSESSMENTS**
- 8.1 Creation of the Lien and Personal Obligations of Assessments. Each Property Owner of any Lot shall, by acceptance of a deed thereto, whether or not it shall be so expressed in such deed, agree to all of the terms and provisions of these Covenants and to pay to the Association, (i) annual assessments or charges; (ii) special assessments established

and collected from time to time as hereinafter provided; (iii) those assessments or fees established and collected for membership in the Club. The annual assessments, the special assessments and the Club fees, together with interest thereon and costs of collection, (to include reasonable attorney's fees), shall be a charge and continuing lien on the Lots against which each such assessment is made. Each such assessment or Club fee, together with interest, costs of collection, (to include reasonable attorney's fees), shall also be the personal obligation of the person or entity who was the owner of such lot at the time when the assessment fell due. In the case of co-ownership of a Lot, all such co-owners shall be jointly and severally liable for the entire amount of the assessment or Club fee, together with interest, costs of collection (to include reasonable attorney's fees).

- 8.2 Purpose of Assessments. The assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety, and welfare of the residents of the Property, for costs associated with oversight and review by the Architectural Review Board Committee, for the payment of any taxes levied on the Common Areas and Open Spaces, together with any costs for insurance deemed necessary by the Board of Directors, and, in particular, for the improvement and maintenance of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas.
- 8.3 Annual Assessments. During the period of Declarant Control, the Declarant shall establish the annual assessment and shall be responsible for any short fall in revenues caused by the failure to charge sufficient annual assessments to meet budgeted expenditures. After the period of Declarant Control, the Board of Directors of the Association shall establish the annual budget and total annual assessment as provided in these Covenants and the By-Laws. The annual assessments, based upon the annual budget, shall be imposed in accordance with the number of votes a Property Owner is entitled, in other words, the Property Owner's proportionate share of the total number of votes in the Association. The annual assessment for the year beginning January 1, 2003 shall become due and payable on March 1, 2003. The due date of subsequent annual assessments shall be March 1 of each subsequent year unless changed by the Association. Any assessment not paid and received by the Association within fifteen (15) days of the due date shall be deemed delinquent. Late payment charges and the rate at which interest shall accrue on delinquent assessments shall be determined in accordance with the applicable provisions of the By-Laws of the Association.
- 8.4 Changes in Annual Assessments. Any increase in the annual assessment which constitutes an increase of Ten (10%) percent or more over the previous years annual assessment shall require approval by a vote of a majority of the members present at a duly called annual meeting at which a quorum is present.
- 8.5 Special Assessments. In addition to the annual assessment authorized by this



Paragraph 8, the Association may levy, in any assessment year, a special assessment for the purpose of defraying, in whole or in part, the cost of any substantial construction or reconstruction, expected repairs or replacement of a capital improvement, to the Common Property, including fixtures or personal property related thereto, or additions to the Common Property, or for such other reasonable needs of the Association. Any such special assessment shall have the assent of not less than sixty six percent (66%) of the total number of votes of the membership, voting in person or by proxy, at a meeting duly called for this purpose. Notice of the meeting shall be sent out to all members not less than 30 days prior to the meeting and shall set forth the purpose of the meeting. Any approved special assessment shall be prorated among Owners on the same basis as an annual assessment.

- 8.6 Subordination of the Lien Mortgages. The Association shall have a lien on all the Lots set forth on the Plat to secure the payment of assessments due. The lien of the assessments provided for herein shall be an appurtenance to the property and a covenant running with the title, except that such lien does not result in a superior lien on the subject property ahead of any mortgage on such property, and that such assessment does not create a lien which would take priority over the interest of any mortgagee acquired through a deed in lieu or through foreclosure, except that a mortgagee which acquires fee simple title is then subject to share common assessments which run from the date of acquisition of title.
- 8.7 Exempt Property. Only Lots as defined in this Declaration are hereby made subject to the assessments, charges and liens for annual or special assessments and interests heretofore created. All other property, including, but not limited to the following, are exempt from such assessments:
- 8.7.1 Common Areas; and,
- 8.7.2 All property to the extent of any easement or other interest therein dedicated and accepted by a local public authority and devoted to public use; and,
- 8.7.3 Any Lots owned by the Declarant; and,
- 8.7.4 Club/Club Amenities.
- 8.8 Declarant Contribution. Declarant agrees that for the Period of Declarant Control, in lieu of assessments on its Lots or on properties which are exempt as set forth in this Paragraph 8, it shall pay the Association the difference between the costs and expenses incurred in the ownership, upkeep and maintenance of the Common Areas and the amount levied by the Association against the Owners that are subject to assessments. Once the Period of Declarant Control is terminated, Lots owned by Developer shall remain exempt and Developer shall have no liability for assessments or other

contribution to the upkeep of the Common Areas for so long as no house, dwelling, or other similar substantial vertical construction ("Dwelling") is placed upon a Lot. In the event that a Dwelling is placed on a Lot, such Lot shall be subject to assessments for the fiscal year of the Association that commences after the issuance of a certificate of occupancy for such improvement. However, if such Dwelling is designated by the Declarant as a "Model" and is not occupied as a residence, it shall remain exempt. A Model may be utilized as a real estate sales office without changing its status of being exempt.

8.9 Reserve Funds. After the Period of Developer Control, the Association shall establish and maintain an adequate reserve fund for the extraordinary repair or replacement of those improvements to the Common Property that have been designated by the Board of Directors as "Capital Assets". These reserves shall be funded out of regular annual assessments and not by special assessments. The designation of Capital Assets shall be done in accordance with the business judgment of the Board of Directors. The requirement of maintaining the reserves described in this paragraph may be waived by an affirmative vote of not less than sixty six (66%) percent of the total number of Lot Owners voting in favor of a motion to waive the requirement of maintaining the reserves described herein.

9. **SPECIFIC RESTRICTIONS AND RESERVATIONS.** In addition to the covenants and restrictions of this Declaration, the specific conditions and restrictions imposed on the aforesaid Lots, are as follows:

9.1 Residential Use of Property. All Lots shall be used for residential purposes as defined by the Buckwalter Development Agreement and the accompanying documents.

9.2 Assignment of Density Unit. Declarant hereby establishes that concurrent with the transfer of the fee interest in the Lot, there shall be transferred the right, subject to these Covenants, to build a one (1) single family residential dwelling unit on the Lot. The right to build such a single-family residential dwelling unit is hereby referred to as a "Density Unit." Such Density Units shall be held, owned and transferred in accordance with the provisions of this Agreement and any attempt to convey such Density Units other than as provided herein shall be void and of no force and effect.

9.3 Additional Density Units. Declarant reserves the right to assign additional Density Units to any Lot, either at the time of initial conveyance of the Lot by the Declarant or at any time thereafter. In the event that Declarant assigns an additional Density Unit to a Lot such Density unit shall be subject to certain limitations and restrictions as set forth in Paragraph 11 of these Covenants.

9.4 Reconfiguration of Lot Lines. As allowed by and pursuant to the terms of the Buckwalter Development Agreement and with written approval of the Town of

Bluffton, the Declarant, its successors and assigns, retains the rights to reconfigure Lots upon the property, adjust property lines, combine lots, and make any other modifications to property lines as it deems necessary in its sole discretion. The Declarant, its successors and assigns, may, through subdivision, reconfiguration, etc., create additional Lots upon the property without Association or Property Owner approval. After the expiration of the Period of Declarant Control and except as provided herein, under no circumstances shall a Lot be subdivided unless the plans and specifications for the subdivision are submitted to the Association for prior review and written approval by no less than fifty percent (50%) of the total number of votes of the membership of the Association. Under no circumstances, at any time, shall Lots be subdivided to increase the density and/or number of Lots allowed to be developed by the Declarant under the terms of the documents and deeds pursuant to which the Declarant obtained the Property and in accordance with the Buckwalter Development Agreement.

9.5 Prohibition of Timesharing, etc. Under no circumstances shall ownership of any Lot be shared or offered under a time-sharing plan (or any other similar form of multiple ownership) unless such plan is limited to immediate family members being related not farther than two degrees of consanguinity.

9.6 Right of First Refusal. Declarant, its successors and assigns, retains the right of first refusal to purchase any Lot or Lots, whether improved or unimproved, being sold within the Property. Declarant shall have the exclusive option to purchase the Lot or Lots being offered for sale at the purchase price and on the terms of any bona fide offer for such Lot or Lots made in writing to the seller of the Lot or Lots at such time and submitted to the Declarant for verification. The seller of the Lot or Lots shall notify the Declarant of his/her intent to sell the Lot or Lots with such notice setting forth in full the certified terms and conditions of the sale, including the name, address, and telephone number of the purchaser/potential purchaser. The Declarant shall have thirty (30) days after receipt of such notice to exercise its repurchase option. If the Declarant does not execute a contract for the repurchase within the thirty (30) day period, the seller may freely convey the Lot or Lots to the purchaser/potential purchaser. Should the sale to the third party not be consummated within four (4) months of the date of the transmission of the notice to the Declarant, the terms and conditions of this Section shall once again be imposed upon the seller. Declarant shall have no less than thirty (30) days from the date that it gives notice of its intention to repurchase a Lot or Lots to consummate the transaction. The Declarant may waive its repurchase right in writing after receipt of notice from the seller of his/her intention to sell a Lot or Lots. This right of first refusal is freely assignable by the Declarant and subsequent holders, provided that notice of each assignment shall be recorded in the Office of the Register of Deeds for Beaufort County, South Carolina.

9.7 Access Easement Maintenance and Use. The Declarant has established certain "24' Access/Utility Easements" (the "Alley Easements") that are located at the rear of

certain Lots within Shell Hall. The purpose of the Alley Easements is to provide to all Owners of Lots within Shell Hall convenient access to the rear of the Lots adjacent to the Alley Easements. Alley Easements shall not be utilized as through streets and reasonable rules and regulations promulgated by the Association to prevent such use is specifically authorized. The Alley Easements are multi-use easements wherein they are to be utilized for both access and the placement of utilities and the Declarant, its successors and assigns, reserves unto itself an unrestricted, alienable easement for the placement of all forms of utilities and public services on, under, over and through the Alley Easement. The Association shall be responsible for upkeep and maintenance of Alley Easements.

- 9.8 Limited Driveway Easements. The Declarant has established certain "24' Driveway/Utility Easements" (the "Driveway Easements") that are located at the rear of certain Lots within Shell Hall. It is the intention of the Declarant that access across such Driveway Easements are to be utilized solely and exclusively, as a joint driveway or access easement, by those Lot Owners whose Lots are encumbered by the Driveway Easements. There is no right or privilege of access or use for the Driveway Easements granted, either expressly or by implication, to Owners whose Lots are not encumbered by Driveway Easements. The Alley Easements are multi-use easements wherein they are to be utilized for both access and the placement of utilities and the Declarant, its successors and assigns, reserves unto itself an unrestricted, alienable easement for the placement of all forms of utilities and public services on, under, over and through the Alley Easement. Because of the restricted use of the Driveway easements the costs of upkeep and maintenance of the improvements located within the Driveway Easements shall be shall be born equally between all Owners whose Lots are encumbered by a common Driveway Easement and not by the general membership of the Association. The Association shall perform such upkeep and maintenance as may be reasonably necessary and the costs thereof shall be equally divided and charged to all Owners whose Lots are encumbered by a common Driveway Easement. Once billed by the Association to an Owner, such expenses shall become a charge against the Lot and a personal debt of the Owner. In the event such charge is not paid within Thirty (30) days of being sent to the owner it shall be deemed delinquent and the Owner shall become liable for such late fees and interest as may be established by the Association for annual assessments and for all other costs of collection, to include reasonable attorney's fees.

10. ARCHITECTURAL CONTROL

- 10.1 Establishment of Architectural Review Committee. The Declarant hereby establishes, as a committee of the Association and the Association shall appoint members to an Architectural Review Committee ("ARC") to function as its agent for the purpose of reviewing and approving all activities which are made subject to architectural approval by these Covenants. At any time after the activation of the Association, the Declarant may, in its sole discretion, delegate and assign unto the Association the right

and duty of maintaining and administering the ARC. The ARC shall be composed of three to nine members, at the Declarant's discretion. The members need not be Lot Owners and such members shall serve terms of One (1) year. The ARC may engage or contract with such consultants as it may deem necessary or helpful.

- 10.2 Adoption of Guidelines. The ARC may adopt and publish architectural standards and guidelines representing the development standards and practices of Shell Hall. Such standards and guidelines may be published and provided to Lot Owners and other interested parties upon request. No approval of plans, location, or specifications and no publication of architectural standards or bulletins by the ARC or Declarant shall ever be construed as representing or implying that such plans, specifications or designs will, if followed, result in a properly designed building or that such standards comply with applicable building codes and pertinent laws.
- 10.3 Fees, Bonds, and Charges. The ARC is authorized to charge such fees for the review of plans and providing published standards as it may deem appropriate and further may require the deposit of monies in an escrow account controlled by the ARC to assure compliance.
- 10.4 Requirement of ARC Approval. No building, dock/pier, fence, gazebo, retaining wall, sign, pool, walkway, driveway, path, landscaping, or other vertical or horizontal construction or landscaping element shall be constructed, placed, or altered on any Lot until the proposed building plans, specifications, tree and topographical survey, exterior color and finish, landscaping plan, including exterior lighting, plot plan (showing proposed location of the improvements, setbacks, driveways, landscaping elements, patios, decks, and parking) shall have been approved in writing by the ARC. Refusal of approval of any plans, location or specifications may be based upon any reasonable grounds, including purely aesthetic considerations, which in the ARC's sole discretion shall be deemed sufficient. No alterations in the exterior appearance of any building, landscaping plan, fence, or structure shall be made without the approval of the ARC, to include the changing of any color on the exterior of any structure or improvement on any Lot.
- 10.5 Location of Improvements on Lots. The Declarant does not impose any specific and established set back lines for improvements constructed on a Lot. In the alternative, the ARC the right to control absolutely and to solely decide the precise site and location of any structure upon all Lots to ensure that buildings and other structures will be located so that, in the sole discretion of the ARC, maximum view, privacy and breeze will be available to each building or structure, and that structures will be located with regard to the topography of each property, taking into consideration aesthetic and environmental considerations. However, such location shall be determined only after reasonable opportunity is afforded the property owner to recommend a specific site.

- 10.6 Standard of Review. The Architectural Review Committee shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic consideration. Upon approval, construction shall be started and prosecuted to completion, promptly, and in strict conformity with such plans. No previously approved building or structure shall be used for any purpose, other than for which it was originally approved.
- 10.7 Declarant Exempt from ARC Approval. The Declarant is exempt from compliance with the terms of this Article and/or the terms of the Architectural Design Standards as related to the Club or other properties owned by or controlled by the Declarant. This right shall terminate upon termination of the Period of Declarant Control.
- 10.8 Violations. If any structure or building shall be erected, placed, maintained, or altered on any Lot, otherwise than in accordance with the plans and specifications approved by the ARC pursuant to the provisions of this Article, such erection, placement, maintenance, or alteration shall be deemed to have been undertaken in violation of this Article, and without the approval required therein. If in the opinion of the ARC, a violation exists, written notice of the violation shall be given to the Owner by the ARC (which shall be deemed to have been delivered if sent by certified mail, return receipt requested, postage prepaid to the address given on the application). If the Owner of the Lot upon which such violation exists shall not have taken reasonable steps toward the removal or termination of the same within Ten (10) days after the mailing of the aforesaid notice of violation, the ARC and/or the Shell Hall Property Owners Association Board of Directors shall have the right of enforcement as provided in this paragraph.
- 10.9 Changes to the Architectural Design Standards. The ARC may change, alter, or amend any published architectural standards or bulletins without notice, but subject to review and approval by the Association's Board. Parties making submissions to the ARC for approval are responsible for determining the current architectural standard prior to making a submission.

11. USE RESTRICTIONS

- 11.1 Residential Use of Homes. The Owner of any Lot shall have the right to construct and maintain, improve, and build one (1) single family home per Lot, together with reasonable appurtenances and improvements which are consistent with the main residential structure, such as driveways, garages, fences, and recreational amenities. Except as otherwise provided in this Paragraph 11, any appurtenances constructed on a Lot may not contain living quarters or a kitchen or other cooking facilities. Notwithstanding the terms of the preceding sentence, a Lot Owner may not build his

residence or dependency within those areas designated as easements on the Plat, including but not limited to utility easements.

- 11.2 Carriage Houses. Notwithstanding the foregoing paragraph, carriage houses (the same being deemed "cottages" under D. 14. of the Buckwalter PUD as incorporated into the Buckwalter Development Agreement) may be built on Lots within the Property, the same being in accordance with the terms of the Buckwalter Development Agreement and accompanying documents; but, under no circumstances shall the number of carriage houses/cottages allowed to be built create a situation under which the allowed density for Shell Hall would be exceeded. In order to construct a Carriage House on a Lot, the Owner of the Lot shall be required to purchase from the Declarant a Density Unit, which is in addition to and separate and apart from the Density Unit which transferred to the Owner at the time of purchase of the Lot (the "Supplemental Density Unit"). An Owner of a Lot or Lots may not sell the Supplemental Density Unit to a third party without prior written consent of the Declarant. Any attempted conveyance of a Supplemental Density Unit without prior written consent of Declarant is void and shall not be recognized by the Declarant or the Association. Prior to the construction of a carriage house/cottage on a Lot utilizing the Supplemental Density Unit, approval, in writing, must be obtained from the Board of Directors of the Association and the Town of Bluffton. Further, the Owner agrees they shall not apply to the Town for a building permit for the construction of a carriage house/cottage without the prior written approval of the ARC.
- 11.3 Creation of New Lot in Conjunction with Transfer of a Carriage House. After construction of a Carriage House on any Lot, Owner shall be required, prior to any sale or transfer of a Carriage House, to cause the Lot to be subdivided into Two (2) separate Lots and to have recorded in the Office of the Register of Deeds for Beaufort County, South Carolina a plat showing the resulting Lots. The Owner shall be required further to notify the Association of the subdivision and at the time of notification shall pay: (i) to the Association a pro-rata share of the annual assessment for the fiscal year during which the subdivision occurs; and, (ii) pay to the Club the required initiation fee to activate a membership in the Club for the new Lot. The Association shall enroll the new Lot in the records of the Association, allocate a vote in all Association matters to the new Lot, and shall assess each Lot separately for purposes of annual assessments, Special Assessments and Club Dues. Upon the sale or transfer of the new Lot, the Owner of the new Lot shall become a member of the Club as set forth in Paragraph 5 herein and shall, if not previously paid, pay to the Club the required initiation fee, together with any Club dues that may be due and owing for the remainder of the fiscal year during which the sale or transfer occurs.
- 11.4 Commercial Use of Home Prohibited. Except as allowed by the Buckwalter Development Agreement and accompanying documents, no trade or business of any kind or character nor the practice of any profession, nor any building or structure

designed or intended for any purpose connection with any trade, business, or profession shall be permitted within any Home or upon any Lot except as otherwise expressly herein provided. Nothing in this section or these Covenants shall be construed to prohibit the rental of any of the Homes for single family residential purposes otherwise consistent with these Covenants. Home businesses, as allowed by the Buckwalter Development Agreement and accompanying documents, within the homes may be allowed by the Board if they would not create undue traffic or other activity which would be inconsistent with the residential character of the subdivision. Notwithstanding the foregoing, a real estate sales office shall be permitted on the Property.

- 11.5 Parking. In order to minimize the parking of vehicles on the Common Areas or Roads and on unimproved property, each Owner shall provide a space for adequate automobile parking off the street prior to the occupancy and during the occupancy of any dwelling structures constructed on a Lot in accordance with reasonable standards established by the Association. The space shall be adequate to accommodate the anticipated number of cars that will be parked on the property for any period of time in excess of Four (4) hours, including cars of renters and visitors.
- 11.6 Limitation on Number of Residents. No Dwelling may be occupied by more than Three (3) persons. Provided, that this limitation shall not apply to: (i) occupancy of a Dwelling by persons within the first degree of consanguinity (i.e. parents and children, or brothers and sisters); or, (ii) the co-occupancy of a Dwelling by the grandchildren of the Owner, provided that the Owner is primary caregiver for said grandchildren.
- 11.7 External Antennas. No television antenna, radio antenna, solar panels, satellite receivers or other similar devices may be placed on any Lot, however, such devices may be allowed at the ARC's discretion. In those cases where the devices are allowed, the ARC shall have the right to regulate the height, placement, location and all other aesthetic considerations with regard to the device, including the right to require screening of the device, either natural or artificial.
- 11.8 Tree Removal. No trees or woody vegetation measuring more than four (4") inches diameter at a distance of four (4") feet from ground level may be removed or cut down without prior written ARC approval. In the event that any Owner, his agent or servant, shall remove or cut any tree(s) measuring four (4") inches or more in diameter at a distance of four (4') feet from ground level, without prior ARC approval, the ARC, in addition to any other remedy that may be provided under these Covenants, may require the Owner to replace the tree(s) that was removed with a substantially similar tree(s). Declarant may further establish a schedule of liquidated damages, to include per diem penalties for failure to replace, for violations of this Paragraph 11.8.
- 11.9 Service Yards. Each Dwelling Unit constructed on a Lot shall have a visually screened area in which garbage receptacles, fuel tanks, electric and gas meters, air

conditioning and heating equipment and other unsightly objects shall be located or stored in order to conceal them from view from adjoining properties or roadways. The plans for such screening area must be approved in writing by the ARC prior to construction.

- 11.10 Minimizing Construction Disturbance. The Association has the authority to make and implement rules and regulations regarding the hours and days during which construction or improvements to the Lots may be conducted. During any construction, the Owner and the contractor shall maintain the Lot in clean and uncluttered condition and shall appropriately place all debris, trash, and refuse in appropriate containers.
- 11.11 Delivery Receptacles and Mail Boxes. Receptacles for the receipt of mail shall be approved by the Post Office Department and in writing by the ARC. The ARC may require that the mail receptacles throughout the Property be of uniform construction, color, and appearance. Mail receptacles shall be erected in a manner approved by the ARC and at such location as the ARC may, in its discretion, designate. The ARC may, upon the approval of the Post Office Department, cluster mail receptacles in such locations as the ARC may, in its discretion, deem appropriate. No receptacle or any construction for the receipt of newspapers or similar delivered materials shall be erected or permitted except as approved in writing by the ARC.
- 11.12 Completion of Construction. The exterior of all homes must be completed within twelve (12) months after the date of the construction of same shall have commenced, unless otherwise extended by the ARC, except where such completion is impossible or would result in great hardship to the Owner or builders due to strikes, fires, national emergency, or natural calamity. In any event, no home or structure may be occupied or used until the building and landscaping have been completed in accordance with the approved plans and a Certificate of Occupancy issued by the appropriate governmental authority.
- 11.13 Temporary Structures, Outbuildings and Similar Structures. No building or structure of a temporary nature shall be erected or allowed to remain on any Lot, except sheds or other temporary structures properly screened from view from all roads may be used only during construction of a Lot Owner's residence. All such structures, prior to placement, must be approved in writing by the ARC and they may not contain sleeping quarters or food preparation areas. As a condition of approval, the ARC may require payment of a bond or deposit to insure compliance with these Covenants. All temporary structures shall be removed within thirty (30) days following the receipt of a Certificate of Occupancy. Any Lot Owner who fails to remove the temporary structure within the thirty (30) day period shall be subject to a fine of One Hundred (\$100.00) dollars per day for as long as he/she is in violation of this Section and the Association may enter onto the property and remove same at the Owner's expenses (to include any attorney's fees and other costs incurred), such entry shall not be deemed a trespass. The



ARC may require the payment of a deposit to ensure compliance with the provisions of this paragraph. These provisions shall not apply to temporary structures placed upon the properties of the Declarant when such structures are utilized for real estate sales purposes or utilized during the construction of improvements on any Lot or within the Property.

- 11.14 Mobile Homes, etc. No mobile homes or manufactured housing shall be permitted on a Lot at any time. This prohibition does not apply to modular housing which is required to obtain certificates of occupancy pursuant to applicable laws, statutes, and regulations. These provisions shall not apply to mobile homes or manufactured housing placed upon the properties of the Declarant when such structures are utilized for real estate sales purposes or utilized during the construction of improvements on any Lot or within the Property.
- 11.15 Signs. No "for sale", "for rent", or personal signs shall be allowed on a Lot or on Common Properties, nor shall any such signs be visible in a house and/or on a Lot from a roadway. Other signs may be allowed if the same are in accordance with the terms of the Buckwalter Development Agreement and accompanying documents and upon written approval of the ARC. The ARC may permit the installation of street address signs, that include the name of the Owners, provided that such signs shall be of uniform construction and appearance through out Shell Hall.
- 11.16 Disposition of Trash and Other Debris. Trash, garbage, and other waste shall be kept only in closed, sanitary containers. No Owner shall permit or cause any trash or refuse to be kept on any portion of the Property other than in the closed receptacle customarily used therefore which, except on the scheduled day for trash pickup, shall be stored in such a manner that they cannot be seen from adjacent Lots, roads, and surrounding property. During the construction of improvements on a Lot or other properties with Shell Hall, construction debris may be placed in an open "dumpster" type container, provided that such container shall be promptly emptied when full and removed from the Property at the completion of the improvement.
- 11.17 Screening, Underground Utilities Service. Garbage cans, heating and cooling equipment, coolers, or storage piles shall be concealed from the view of neighboring Lots and roads. All utility services and lines to residence shall be underground.
- 11.18 Animals. No animals, reptiles, rodents, birds, fish, livestock, or poultry shall be kept, raised, bred or pastured on any Lot, except for household pets kept in any residence. Excluded from the definition of household pets are cows, horses, snakes, other reptiles and amphibians, swine, goats, fowl of all kinds, and other animals which are not common or normal household pets.
- 11.19 Minor Agricultural Pursuits. Minor agricultural pursuits, incidental to the

residential use of the Lots, shall be permitted on the Lot provided that such pursuits may not include the raising of crops or animals intended for marketing or sale to others. The plans for the location of any facilities and the facilities themselves for such pursuits shall be approved in writing by the ARC prior to any construction.

- 11.20 Discharge of Firearms. No firearms shall be discharged within Shell Hall, except as may be authorized by the Association.
- 11.21 Maintenance Required by Owner. Each Owner shall keep his residence, Dwelling and all improvements on the Lot in good order and repair, as is consistent with safety and good property management. The Owner, his successors and assigns, shall not permit the development of any unsightly or unkept condition on the Lot or any improvements located thereon. In the event that an Owner shall allow an unsightly, unkept, or unsafe condition to occur on a Lot and same is not corrected within Ten (10) days after written notice to the Owner of the condition, the Association shall have the right, but not the obligation, to enter onto the Lot and to correct the condition at the Owner's expense (to include all costs and attorney's fees). Such entry shall not be deemed a trespass but rather a permissive entry. In the event that such costs are not paid within 30 days of the date of original invoice, the costs of the correction (to include all costs and attorney's fees) shall constitute a lien against the Lot, in the same manner as provided for annual or special assessments herein.
- 11.22 Wells. No extraction or injection water wells may drilled on the Property without the prior written permission of the Association, which permission shall not unreasonably be withheld. The Association may require that all ground source heat pump wells shall be of a "Closed Loop" type.
- 11.23 Outside Drying and Laundry. The Association may adopt rules and regulations with regard to allowing clothing or household fabrics to be hung in the open on any Lot, including a total prohibition of the practice.
- 11.24 Prohibition Against Noxious or Offensive Conduct or Nuisance. No noxious or offensive activity shall be carried on upon any Lot or other Property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the neighborhood. "Noxious or offensive activity" and/or "nuisance" shall include but not be limited to a public nuisance or nuisance per se and shall also include any behavior or activity which is inconsistent with both the pleasurable use of Shell Hall by residents and their reasonable expectations of enjoying their property and the available amenities and natural surroundings free of boorish, rude, excessively noisy, crude, tasteless behavior, flashing lights, racing vehicles, motorcycles, motor homes, campers, minibikes, scooters, ATVs, 4 wheelers, and other similar motorized forms of transportation or vehicles, offensive or tasteless displays of public sexuality, radio, hi-fi or electronic music distractions, or other sound devices except security and fire alarm devices used exclusively

for such purposes, and any other similar behavior curtailing the pleasure of use of the facilities of Shell Hall. The Association shall have the power to establish such rules and regulations as it deems necessary to further restrict, limit, or regulate activities within Shell Hall in furtherance of defining conduct, activities or behavior which shall constitute noxious or offensive behavior. Public musical or other entertainment, parades, concerts, festivals, carnivals, competitions or shows conducted under permission from the Association shall not constitute offensive or noxious activity or behavior unless such permit is withdrawn by the Association.

- 11.25 Parking Restrictions. No school bus, business truck, boat, trailer, recreational vehicle, or other similar type of vehicle, other than passenger automobiles and pick up trucks having a designation of one ton or less, shall be allowed to be parked on any Lot other than as provided herein. All such vehicles parked or stored on a Lot shall be parked in a garage that screens the vehicle from view from any adjacent Lot, Common Property or roadways. Not boat, boat trailer, or other form of trailer may be placed, parked or stored on any Lot, unless they are screened from view from all roadways and adjacent properties or garaged.
- 11.26 Fencing. No chain link fence or barbed wire fencing shall be permitted on any Lot. Other types of fences and fence material, other than chain link and barbed wire, may be permitted upon written application to the ARC prior to installation or construction. All fencing must be approved by the ARC prior to installation.
- 11.27 Restrictions on Use of Roadways. To the extent that the Association is the owner of roadways located on the Common Properties or the grantee or beneficiary of access easements located on any of the Property, the Association shall have the right to make such rules and regulations as it deems appropriate regarding the use of the roadways by Lot Owners, including, but not limited to, the regulation of speed, traffic flow, and noise. The Association may submit the roadways it owns to the regulation of the traffic laws of the State of South Carolina by following the applicable statutory requirements and may establish such rules and regulations for such roads as it deems appropriate.

12. FUNCTIONS OF THE ASSOCIATION

- 12.1 Association. The Association, its successors and assigns, shall be considered: (i) an assignee of the Declarant; (ii) the authorized and ratified agent of the Owners with respect to the functions specified herein; (iii) a third party beneficiary under these Covenants; (iv) as an Owner of Property or a Lot subject to these Covenants. The Association through its Board of Directors has standing and authority to enforce these Covenants at law or in equity.
- 12.2 Limitation on Duties of Association. The Association shall strive to carry



out and to put into effect the functions and services specified or reasonably implied in these Covenants. However, the functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association with due consideration given to the reserves and the amount of reserves available to the Association and the relative demands on the resources of the Association available to maintain the Common Property. The Association shall not be obligated to incur debt or engage in deficits of expenditures over revenues in order to carry out its monetary function.

12.3 Ownership and Maintenance of Common Areas. The Association shall be authorized to own and/or maintain (subject to the requirements of any Federal, State or Local Governing body of South Carolina) Common Areas, equipment, furnishings and improvements devoted to the following uses:

12.3.1 For roads or roadways, paths or trails, and sidewalks along and throughout the Property;

12.3.2 For providing any of the services which the Association is authorized to offer under Paragraph 2 of this Article.

12.3.3 For purposes set out in deeds or long-term leases by which Common Areas are conveyed or leased to the Association, provided that such purposes shall be approved by the Members of the Association.

12.3.4 For water and sewage facilities and any other utilities, if not adequately provided by private utility or some other public body.

12.4 Services. The Association shall be authorized (unless prohibited by the requirements of any Federal, State or Local Governing body), but not required, to provide the following services:

12.4.1 Cleaning, landscaping, and maintenance of the roads and right of ways throughout the Property;

12.4.2 Landscaping and lighting of roads, rights of way, sidewalks and walking paths on any Common Areas;

12.4.3 Insect and pest control to the extent that it is necessary or desirable in the judgment of the Association to supplement the service provided by the State and Local governments;

12.4.4 The services necessary or desirable in the judgment of the Board to carry out the Association's obligations and business under the terms of this document;

- 12.4.5 Within the discretion of the Board of Directors, to take any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property;
- 12.4.6 To construct improvements on Common Areas for use for any of the purposes desired as by the Property Owners or as may be required to provide the services as authorized in this Article;
- 12.4.7 To provide liability and hazard insurance covering fixed improvements on the Common Areas;
- 12.4.8 To maintain drainage and stormwater infrastructure and facilities pursuant to Best Management Practices and in accordance with the following:
- 12.4.8.1 In order to provide effective stormwater pollution control on a continuing basis, periodic maintenance of the wet detention basin BMP is necessary. Maintenance requirements can be broken down into two categories:
- (i) Routine Maintenance: This involves tasks that are performed on some regular basis during the year and are viewed as preventive in nature and are intended to enhance the aesthetic quality of the facility. Examples are periodic site inspections, grass mowing, debris and trash removal, bank stabilization, weed control, insect or mosquito control, fence repair, and record-keeping.
 - (ii) Non-Routine Maintenance: This involves tasks that are performed once every specified number of years to correct problems which might reduce the detention facility's structural integrity or effectiveness. Examples of structural repairs, which will probably be required at 10 to 15 year intervals, on the average, include the replacement of outlet pipes and end walls. Major clean-out operations to remove accumulated sediment and debris are typically required on the order of once every 15 to 20 years. A major clean-out is intended to maintain the required pollution removal efficiency, and also to eliminate the build-up of sediments which might significantly detract from the facility's appearance. Clean-out operations typically include material removal from the forebay and permanent pool, stabilization of the detention facility, and offsite hauling

for sediment disposal.

It should be emphasized that wet detention basins are water quality management facilities designed to achieve runoff pollution removal through natural physical, biological, and chemical processes with the permanent pool. Although these facilities may resemble small lakes, their primary purpose is to achieve water quality management benefits rather than recreational or aesthetic benefits. While these facilities may also permit other uses, there may be certain periods of the year when biological process (e.g., growth of floating algae) limit these other benefits. Likewise, these facilities are likely to exhibit storage depletion between major clean-outs due to the accumulations of sediment and debris that the basins are designed to achieve. Since the facilities are primarily water quality management devices, it is important that the scope of and schedule for maintenance activities be governed by pollution removal criteria rather than concerns about preserving any recreational or aesthetic benefits.

12.4.8.2 To insure an average of a 35' buffer, minimum 25', is maintained around all wetlands on the Property, with penetrations for pedestrian trails, wetland buffers are to be undisturbed buffers in which no walking trails are permitted. Appropriate signage shall be used to advise Lot Owners, their guests, and invitees of the same

12.4.8.3 To maintain all drainage infrastructure.

12.4.9 To provide such other and further services and amenities as the Association shall deem necessary or advantageous for the health, safety and welfare of the residents of Shell Hall.

13. RULES AND REGULATIONS

13.1 Establishment of Rules and Regulations. Subject to the provisions hereof, the Association may establish reasonable rules and regulations concerning the use of Lots, easement areas, Open Space and the Common Property and facilities located thereon. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulation and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants, and agents, until and unless any such rules and regulations are specifically overruled, cancelled or modified by the Board of



Directors of the Association or in a regular or special meeting of the Association by the vote of the Owners, in person or by proxy, holding a majority of the total votes in the Association.

- 13.2 Authority and Enforcement. Subject to the provisions of Paragraph 10.3 hereof, upon the violation of this Declaration, the By-Laws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any assessments, the Board of Directors of the Association shall have the power to:
- 13.2.1 impose reasonable monetary fines on the Owner guilty of such violation which also constitute an equitable charge and a continuing lien upon the properties of such Owner;
 - 13.2.2 suspend an Owner's right to vote in the Association;
 - 13.2.3 suspend an Owner's right to use any Common Property other than the right of ingress and egress and the Board of Directors of the Association shall have the power to impose all or any combination of these sanctions.

An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guest, tenants, or invitees, or by his Co-Owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed sixty (60) days.

- 13.3 Procedure. Except with respect to the failure to pay assessments, the Board of Directors of the Association shall not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner for violation of these Covenants, the By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:
- 13.3.1 Written demand to cease and desist from an alleged violation shall be served upon the person responsible for such violation specifying:
 - (i) the alleged violation;
 - (ii) the action required to abate the violation; and
 - (iii) a time period of not less than five (5) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing

13.3.2 If the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs within twelve (12) months of such demand, the Board of Directors of the Association may serve such person with written notice of a hearing to be held by the Board of Directors in executive session. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his behalf; and

The hearing shall be heard in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director or other individual who deliver such notice. The notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

14. GENERAL PROVISIONS

14.1 Duration. These Covenants do touch and concern the land upon which they are imposed and shall run with and bind the land and shall inure to the benefit of and be enforceable by the Declarant, the Association, or the Property Owners of the Lots, their respective heirs, successors, and assigns, subject hereto for a term of twenty (20) years from the date of recordation of this instrument, after which time these Covenants shall automatically be extended for successive periods of ten (10) years for an unlimited number of Ten (10) year periods unless Seventy Five percent (75%) of the total number of votes of the membership vote to terminate these Covenants at a duly called meeting of the Association.

14.2 Savings Clause, The Rule against Perpetuities, Remote Vesting and the Restraints on Alienation. Unless earlier terminated by a vote of the Association, any provision of these Covenants which, as determined by the highest court to decide the matter, would otherwise be void due to the laws or rules which are commonly referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on the

alienations, shall continue and remain in effect for period of Twenty One (21) years following the death of President or former President George W. Bush, and his respective lineal descendents living or in the womb of their mother at the time of the recordation of these Covenants and no interest created by these Covenants shall vest at a point in time at or later than the termination of the aforesaid twenty One (21) year period.

- 14.3 Amendment. The Covenants may be amended at any time at a duly called meeting of the Association upon the affirmative vote of fifty percent (50%) of the total number of votes of the membership; provided, however, that during the Period of Declarant Control, the Declarant may amend the Covenants without the consent of the Property Owners.
- 14.4 Obligation of Owner to Provide Current Address to Association. It is the affirmative obligation of each Member and Owner to provide to the Association, in writing, the address to which all notices under these Covenants shall be directed. The mailing address set forth on the deed of conveyance to an Owner shall be deemed to be the members address unless otherwise specified in writing. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.
- 14.5 Mergers. Upon a merger or consolidation of the Association with another 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 association or entity 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.
- 14.6 Severability. Should any covenant, paragraph, sentence, clause, phrase or term of this instrument be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of any competent court having jurisdiction, the same shall be declared to be severable and the provisions hereof not affected shall remain in full force and effect.
- 14.7 Interpretation. . In all cases, the provisions of this Declaration shall be given that reasonable interpretation or construction which shall best effect consummation of the general plan of land use restrictions and affirmative obligations of Shell Hall, and which will preserve the Property as a situs for an attractive, well maintained, privately-governed residential community. The Board of Directors of the Association shall have the right to determine all questions arising in connection with these Covenants and to construe and interpret its provisions, and it's determination, construction and interpretation shall be final

and binding. Contrary to the restrictive common law rule of construction, these Covenants shall be interpreted broadly to touch and concern the Property with recognition of modern economic, land use planning and real estate finance and development principles, theories and practices. It is the Declarant's intent, and all Owners who take subject to these Covenants, do covenant and agree, and are thereby estopped to deny, that any reserved right or function of the Declarant or the Association, and any other covenant condition, restriction or obligation within these Covenants is intended to promote the use and enjoyment of the Shell Hall, is intended to foster the creation, preservation or enhancement of economic or intangible values associated with Shell Hall, and does touch and concern, benefit and burden and run with the Property. The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance which allows a less restricted use of the Property.

- 14.8 Enforcement. These covenants may be enforced by any Owner, the Association or the Declarant. The right to proceed does not create a duty or obligation on any party. Enforcement of these Covenants and Restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Association or 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. All costs and attorney fees for enforcement incurred by the Association shall be charged to the Owner as an additional assessment.
- 14.9 Successors and Assigns. All references to the Declarant in these Covenants shall be deemed to include the successors and assigns of the Declarant.
- 14.10 Gender, Tense and Number. When necessary for proper construction, the masculine form of any word used in these Covenants shall include the feminine or neuter gender, and the singular, the plural and vice versa, and words used in the present tense shall include the future tense.
- 14.11 No Waiver. Failure to enforce any provisions of these Covenants shall not operate as a waiver of any such provision or of any other provisions of these Covenants.
- 14.12 Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of these Covenants.
- 14.13 No Implied Liabilities or Duties. ANY RULES OR REGULATIONS ESTABLISHED BY THE ASSOCIATION PURSUANT TO THESE COVENANTS SHALL NOT EXPRESSLY OR IMPLIEDLY CREATE ANY DUTY OF CARE TO ANY OWNER.

IN WITNESS, the undersigned has executed this document as of the 9th day of January, 2003.

WITNESSES:

Robert Vandy

William F. Marscher III

LAUREL ONE CORPORATION

By: Boyd C. Hipp
Boyd C. Hipp, II, President

STATE OF SOUTH CAROLINA)

)

COUNTY OF BEAUFORT)

The foregoing instrument was acknowledged before me this 9th day of January, 2003 by Boyd C. Hipp, II, President of Laurel One Corporation, a South Carolina corporation, on behalf of the corporation.

Witness my hand and official seal the 9th day of January, 2003

William F. Marscher III

Notary Public for South Carolina

My commission expires: 12-27-07

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) BYLAWS OF SHELL HALL
) PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I
DECLARATION AND PURPOSE

Section 1.1. The name of the Association shall be Shell Hall Property Owners Association, Inc. (the "Association").

Section 1.2. Its members shall be the Property Owners of the Lots located on the real property described in Article II of the Declaration. Each Property Owner within Shell Hall shall be a member of the Association.

Section 1.3. The purpose and business of the Association shall be:

- (a) To provide for the development of the Common Areas, and to insure each Property Owner individual privacy;
- (b) To acquire properties, structures and equipment for the general benefit of the Property Owners;
- (c) To adopt, amend and/or enforce the Declaration of Covenants and Restrictions, Articles of Incorporation, By-Laws, and rules and regulations applicable to Shell Hall for the general benefit of the Property Owners;
- (d) To establish assessments and collection thereof from the Members of the Association;
- (e) To engage in such other activities as may promote the general welfare of the membership; and
- (f) To provide and enforce architectural design standards for the construction of improvements upon the Lots.

Section 1.4. Each Member, his/her family members, guests, and invitees (except where specifically excluded by regulations adopted by the Association) shall be entitled to use and enjoy the Common Areas and services provided by the Association. Members and such other persons shall be governed in their use of the Common Areas, by the Declaration of Covenants recorded in Beaufort County, South Carolina, by these By-Laws and any and all rules and regulations adopted by the Association.

Section 1.5. The Association may suspend any person from membership in the Association

during any period of time when such Member is in default of any of his obligation under the By-Laws (including without limitation, the failure to pay any assessment) provided that such default has continued uncured for a period of thirty (30) days after written notice thereof, by certified mail, return receipt requested, to such member, and for the enforcement of all rules and regulations.

ARTICLE II DEFINITIONS

DEFINITIONS The following words and terms when used in these By-Laws shall have the following meanings:

Section 2.1. "ASSESSMENT" shall mean and refer to a Member's share of the common expenses as assessed against a Member by the Association as provided for by the Declaration.

Section 2.2. "ASSOCIATION" shall mean and refer to Shell Hall Property Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

Section 2.3. "BUCKWALTER DEVELOPMENT AGREEMENT" shall mean that certain agreement, with accompanying documents, entered into on April 18, 2000 between International Paper and the Town of Bluffton, South Carolina, which was recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Official Record Book 1288 at Page 1; which, in part, sets forth the terms for the development of the Property, including, but not limited to, land uses and densities. At all times Shell Hall Property shall be subject to the terms of the Buckwalter Development Agreement.

Section 2.4. "COMMON AREAS" shall mean and refer to that portion of the Shell Hall PUD designated as "Common Areas" on the Plat (attached with the Declaration), together with all buildings and improvements thereon, which are owned or leased by the Association. Such properties and improvements shall be held by the Association for the common use and enjoyment by the Property Owners, subject to such rules and regulations governing their use as may be adopted by the Association from time to time in accordance with the procedures set forth in the Covenants. The uses for these properties and improvements shall include, but shall not be limited to, nature preserves, wetlands, open space, lagoons, the entrance way, landscaping easements, utility easements, and access easements, all as may be shown on the Plat.

Section 2.5. "CLUB AMENITY", "CLUBHOUSE" or "CLUB" shall mean and refer to that portion of the Shell Hall PUD, designated on the Plat, and any additions thereto, as a "Club", "Clubhouse", or "Club Amenities Area", together with buildings and improvements thereon. The Club Amenities Area, Clubhouse or Club may be owned, leased, or possessed by the Declarant and/or a third party and/or the Association. Each PROPERTY OWNER, as defined in Section 2.13 herein, shall automatically, by acceptance of the deed to the LOT become a member of the Club (as defined in the Covenants) and, as such, shall be obligated to pay all

fees and assessments associated therewith.

Section 2.6. "COVENANTS" shall mean and refer to the Declaration of Covenants and Restrictions, and/or any Supplemental and/or Amended Declaration of Covenants and Restrictions applicable to Shell Hall PUD and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina.

Section 2.7. "DECLARANT" shall mean and refer to Laurel One Corp.

Section 2.8. "DECLARATION" shall mean and refer to the Declaration of Covenants and Restrictions, and/or any Supplemental and/or Amended Declaration of Covenants and Restrictions applicable to Shell Hall PUD and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina.

Section 2.9. "LOT(S)" shall mean any subdivided piece of land, whether improved or unimproved, located within the boundaries of Shell Hall PUD, which is (i) subject to this Declaration, and; (ii) is shown as a numbered parcel upon any recorded subdivision Plat of the properties. Lot(s) shall not include those parcels which are designated on the Plat as Common Areas, Roadways, Club, Clubhouse, Club Amenities or which are undesignated.

Section 2.10. "PERIOD OF DECLARANT CONTROL" shall mean and refer to that period of time prior to and until the Declarant has sold or transferred all of the Lots in the Property that are subject to the terms of the Covenants and any Supplemental and/or Amended Covenants, or upon the transfer of such control to the Association by a written and recorded document. Declarant retains all voting rights that arise under the Covenants or any rules and regulations implemented thereunder until such time as the Period of Declarant Control expires.

Section 2.11. "PLAT" shall mean and refer to the plat described in Paragraph 2 of the Declaration.

Section 2.12. "PROPERTY" shall mean and refer to the Existing Property as set forth in Paragraph 2 of the Declaration, and additions thereto, as may be subjected to the Declaration or any Supplemental and/or Amended Declaration.

Section 2.13. "PROPERTY OWNER(S)" or **"MEMBER(S)"** shall mean and refer to the Owner as shown by the real estate records of Beaufort County, South Carolina, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot.

Section 2.14. "RIGHT OF REPURCHASE" shall mean the right of first refusal for the Declarant to repurchase properties being sold by Property Owners or the Association within Shell Hall PUD as set forth in the Declaration.

**ARTICLE III
POWERS OF PROPERTY OWNERS**

Powers of the Property Owners in connection with the affairs of the Association shall include, without limitation, the following:

Section 3.1. To amend or repeal these By-Laws as set forth in Article XIII, Section 13.1.

Section 3.2. To elect directors of the Association, and remove from office any director pursuant to the affirmative vote of at least fifty percent (50%) of the total number of votes of the membership.

Section 3.3. To approve an annual Budget, if such Budget necessitates an increase in annual assessments in a single year in excess of ten percent (10%).

Section 3.4. To accept, purchase, mortgage, sell and convey title to any real property, including, but not limited to, roads, bridges, rights of way, drainage systems, and improvements. All deeds and other documents affecting real property owned by the Association, and which require formal execution shall be executed and acknowledged in the name of the Association and signed by the President, or in his absence, the Vice-President, and attested by the Secretary, provided however, that such conveyance, mortgage or any other document requiring formal execution shall require approval by at least fifty percent (50%) of the total votes of the membership, unless the proposed action is to be taken in carrying out a budget approved and adopted by the membership.

Section 3.5. To engage in such other activities, and to take such timely action as the Association by at least fifty percent (50%) of the total votes of the membership, considers necessary under the circumstances for the general welfare of the Property Owners.

**ARTICLE IV
MEMBERSHIP**

Section 4.1. Membership. Every Owner of a Lot, shall become a Member in the Association. Whenever a Member shall cease to be an Owner, he/she shall automatically be removed from the membership.

Section 4.2. Member's Rights. A Member shall have no vested right, interest or privilege of, or in the assets, functions, affairs, or franchises of the Association that is severable from the Lot and any improvements thereon, or any right, interest or privilege which may be transferable or inheritable, or which shall continue after his/her membership ceases.

Section 4.3. Annual Meetings. There shall be an annual meeting of the Members of the Association to be held each year, at such date, time and place as fixed by the Board of Directors for the purpose of electing directors, if appropriate, and the transaction of other business.

Exhibit "A-4"

Section 4.4. Special Meetings. Special meetings of the membership may be called at any time by a majority of the Board of Directors, and must be called by the secretary upon written request of more than fifty percent (50%) of the total votes of the membership, stating the purpose of the meeting. No business may be transacted at such meeting except that specified in the notice.

Section 4.5. Notice of Meetings. Notice of annual meetings or any special meetings of the membership shall be mailed by the secretary at least thirty (30) days prior to such meetings.

Section 4.6. Quorum. At any meeting of the membership, a quorum shall consist of more than fifty percent (50%) of the total number of authorized votes of the membership, which quorum may be present in person and/or by proxy.

Section 4.7. Adjournment. Any meeting of the membership at which a quorum is not present in person or by proxy may be adjourned for not more than ten (10) days, and at each subsequent re-convening of the membership the required quorum percentage shall decrease by ten percent (10%) until a quorum is met.

Section 4.8. Voting. The Owner or Owners of each Lot is/are entitled to one vote at any membership meeting for each owned Lot owned. Owners delinquent in the payment of charges for any assessments or Club charges shall not be eligible to vote, nor be counted in determining a quorum. Voting by proxy will be allowed as set forth in Article III, Section 4 of the Covenants. If two or more persons own a Lot and do not agree on the appointment of a person to cast the vote attributable to the Lot, then no vote shall be counted for that Lot and the Lot shall not be eligible for a vote.

The total number of votes of the membership shall at any given time consist of the number of eligible votes of Association Members at that time, having deducted from all potential Association votes those Lots for which the votes have been deemed ineligible at that time. The reasons for such ineligibility include, without limitation, Lots for which assessments are delinquent, Lots that have multiple owners that have not appointed one person to cast the vote attributable to the Lot, etc.

Section 4.9. Action by the Members. Except as otherwise provided in the Declaration, the Articles of Incorporation, or elsewhere in these By-Laws, the affirmative vote in person or by proxy of a majority of a quorum of the Members at a properly held meeting of the Members shall be an act of the membership.

Section 4.10. Procedures. Meetings of the Members, except to the extent otherwise provided by the Declaration, Articles of Incorporation or these By-Laws, shall be conducted in reasonable accordance with the most current edition of Robert's Rules of Order.

ARTICLE V BOARD OF DIRECTORS

Section 5.1. Board of Directors; Selection; Term of Office. The affairs of the Association 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. The Declarant shall choose the first Board of Directors, and shall choose all directors during the Period of Declarant Control. Beginning with the first annual meeting, the Members shall elect three (3) Directors, each for a term of two (2) years.

Section 5.2. Director Qualifications. During the Period of Declarant Control, members of the Board of Directors may, but do not have to be Members of the Association. Following the Period of Declarant Control, any director must be a Member of the Association. Any Member of the Association that is delinquent in the payment of any assessments or fees of the Association, or Club fees, shall be ineligible to serve on the Board of Directors, effective as of the delinquency. Directors that are Members, and become delinquent in the payment of any Association fees or assessments during their tenure as a director, shall become ineligible to be on the Board of Directors, and shall be deemed to have resigned from the Board of Directors if they fail to cure their delinquency within five (5) days of being given written notice of said delinquency by another director or officer of the Association.

Section 5.3. Removal of Directors. Following the Period of Declarant Control, any director may be removed from the Board of Directors, with cause, by the affirmative vote of at least fifty percent (50%) of the total number of votes of the membership, at a meeting of the Members called for that purpose. When a director is removed by the Members, the Members shall elect another Member to fill for the remainder of the term the vacancy created.

Section 5.4. Vacancies on the Board of Directors. Following the Period of Declarant Control, vacancies in the Board of Directors resulting from circumstances other than removal of the director by the Members for cause, 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 shall at the next annual meeting of the Members elect a successor director to serve for the remainder of the term.

Section 5.5. Notwithstanding the foregoing, the Declarant will have the right to appoint the Board of Directors until such time as the Declarant has sold all of the Lots in Shell Hall.

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

Section 6.1. Nominations. Following the Period of Declarant Control, nomination for election to the Board of Directors may be made by a nominating committee and from the floor at

the annual meetings. The Board of Directors shall select the nominating committee members, consisting of Association Members, each year prior to the annual meeting. The nominating committee shall nominate at least enough Members to fill all seats that will be vacated at the end of the then-existing term of the Board. A potential candidate for the Board of Directors that is delinquent in any Association assessments or fees, or Club fees, is ineligible to run for the Board so long as the delinquency exists.

Section 6.2. Election. Following the Period of Declarant Control, election to the Board of Directors shall be as follows. 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 Declaration and By-Laws. Cumulative voting is prohibited. Members may be elected by a plurality, and the Member(s) receiving the largest number of votes for the respective Board terms being filled shall be elected.

ARTICLE VII DIRECTORS' MEETINGS

Section 7.1. Regular Meetings. The Board of Directors shall meet monthly. The date, time, and place of regular meetings of the Board will be established by the Board and publicly announced. Board meetings, except executive sessions, shall be open to Association Members. The Board shall have the right to meet in person or by telephone to carry out duties. The Board may, if necessary, cancel the meeting or change the meeting date, time or location.

Section 7.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 7.3. Quorum. A majority of the number of directors specified in these By-Laws shall constitute a quorum for the transaction of business. Every act or decision done or made at a meeting with a quorum of directors shall be regarded as an act of the Board.

Section 7.4. Action Taken Without Meeting. The directors shall have the right to take any action in the absence of a meeting that they could take at a meeting, by obtaining the unanimous written approval of all directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1. Board of Director's 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 IV, Section 4.4 of these By-Laws;

- b. To appoint and remove at its 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 By-Laws shall be construed to prohibit the employment of any Member, Officer, or Director of the Association in any capacity whatsoever;
- c. To establish, levy, assess, and collect the assessments or charges referred to in Article XI of these By-Laws;
- d. To adopt and publish rules and regulations governing the use of the Common Areas 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 Articles of Incorporation, these By-Laws, 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 fill the seat as provided for in Article V, Section 5.4 of these By-Laws;
- g. To enforce the Covenants and Restrictions and the Architectural Review Board's Rules, Regulations, Guidelines, and Decisions, including the imposition of fines and any other available legal or equitable actions necessary to insure that the Covenants and Restrictions and ARB Rules, Regulations, Guidelines, and Decisions are not violated; and
- h. To adopt an annual budget for the Association, so long as such budget does not provide for, or require, an increase of the annual assessment to the Members of over ten percent (10%) in a single year. If the annual budget in a given year will result in an increase in the annual assessment to the Members of over ten percent (10%) from the previous year, the annual budget must then be approved by the Members as provided in Article III, Section 3.3 of these By-Laws.

Section 8.2. 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 adopt an annual budget within the parameters more particularly described in Article VIII, Section 8.1(h) of these By-Laws, and to fix the amount of the assessment against each Lot and 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 IX
OFFICERS**

Section 9.1. Enumeration of Officers. The officers of the Association shall be president, vice-president, treasurer and secretary. The president and secretary shall be current members of the Board of Directors. The officers shall hold office for the term of one (1) year or until their successors are elected. The secretary and treasurer may be the same person.

Section 9.2. Election of officers. The election of officers shall take place at a regular meeting of the Board of Directors which shall take place after the annual meeting of the Members and before January 31 in the year immediately following the annual meeting of the Members.

Section 9.3. Special Appointments. The Board of Directors may appoint such other officers (e.g., assistant secretary) as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 9.4. Multiple Offices. No officer positions shall be held simultaneously by one person except (1) the secretary and treasurer positions; and (2) special officer positions created under the authority of Section 9.3 of this Article.

Section 9.5. Duties. The duties of each elected officer shall be as follows:

- a. **President.** The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all legal documents affecting the Association; and shall co-sign all checks and promissory

Exhibit "A-9"

notes with the treasurer or the treasurer's designated agent, when Association business requires it.

- b. Vice-President. The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to carry out his duties as president. The vice-president shall carry out such other duties as are required by the Board of Directors.
- c. Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; serve notice of meetings of the Board of Directors and of the Members; and keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other appropriate duties as are required by the Board of Directors. As approved by the Board of Directors, the secretary may be assisted by property managers or management agents in performing the duties of secretary.
- d. Treasurer. The treasurer, or the treasurer designated agent as approved by the Board of Directors, 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; shall sign all checks and promissory notes of the Association; keep proper books of accounts; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare the annual fiscal report to be made available to Association Members. As approved by the Board of Directors, the treasurer may be assisted by property managers or management or other appropriate agents in performing the duties of treasurer, including without limitation signature authority when deemed appropriate.

Section 9.6. Resignation; removal. An officer may resign at any time by delivering written notice to the Association's Board of Directors. A resignation shall be effective when delivered to the Association's Board of Directors unless a later date is specified. The Board of Directors, by a majority vote of a quorum of the Board, may remove any officer at any time with or without cause.

Section 9.7. Vacancies. A vacancy in any office may be filled by a vote of the Board of Directors. The officer appointed to fill a vacancy shall serve for the remainder of the term of the officer that was replaced.

ARTICLE X COMMITTEES

In accordance with these By-Laws, the Board of Directors has the authority to establish committees, at its discretion, except as to architectural review functions, where there shall be a standing committee known as the "Architectural Review Board." With the noted exception, the committees shall be established by the Board of Directors. In all instances, including the

Architectural Review Board, the committee members shall be appointed or elected by the Board of Directors of the Association.

ARTICLE XI ASSESSMENTS

Section 11.1. The Board of Directors shall levy an annual assessment upon each Lot, which shall be based upon the Association's annual budget. This fee may be increased, decreased or adjusted from year to year by the Association to reflect the accepted annual budget. The annual assessment shall be used for, but not limited to, maintenance and service fees and such other purposes as authorized by the Declaration.

Section 11.2. The Board of Directors shall establish a budget of expenditures to meet the operating requirements and fulfill the objectives of the Association. The expenditures budgeted in any fiscal year shall not exceed the total income from (1) the annual assessment and other income to be collected, (2) expense reimbursements budgeted for that year, and (3) previously collected funds designated for future special or general purposes.

The Board of Directors shall have the power to levy special assessments over and above the annual assessment to meet contingency needs and/or short term and emergency conditions, and shall also have the power to borrow funds needed to meet such conditions upon the affirmative vote of at least fifty percent (50%) of the total number of votes of the membership who cast votes, in person or by proxy, at a member meeting at which such vote is taken.

Section 11.3. Club Fees. Pursuant to the provisions of the Covenants, Association Members shall also be members of the Club, and shall be obligated to pay such fees and assessments as are associated specifically therewith.

Section 11.4. Assessments, Late Charges, Interest. The annual assessment and any special assessments shall be billed to the Members on a timely basis after budget approval and shall be due and payable within thirty (30) days after billing. The Board of Directors shall assess a late payment charge of five percent (5%) of the amount due if unpaid forty-five (45) days after billing. Thereafter, if a billed fee remains unpaid, the Board shall assess interest at the rate of one and one half percent (1.5%) per month or eighteen percent (18%) per annum, compounded annually, for any fee unpaid beginning ninety (90) days after the due date and continuing until such fee is paid. The Board of Directors in its discretion, may decide that due to changes in money market conditions, the interest charges for delinquent payments shall be increased or decreased from time to time. Notice of late or past due assessments shall be given to the recorded owner/owners of the subject property/properties by certified mail, return receipt requested. All recorded owners of properties in Shell Hall are required to maintain a current mailing address with the Association.

Section 11.5. Creation of the Lien and Personal Obligations of Assessments. Each Property Owner of any Lot shall by acceptance of a deed for such Lot, whether or not it shall be

so expressed in such deed, agree to all of the terms and provisions of the Covenants, and agree to pay to the Association (1) annual assessments or charges, (2) special assessments established and collected from time to time as hereinafter provided, and (3) those assessments or fees established and collected for membership in the Club. The annual and special assessments and Club fees, together with interest thereon, and all costs of collection associated therewith, including but not limited to reasonable attorney's fees, as hereinafter provided, shall be a charge and continuing lien on the Lots against which each such assessment is made. Each such assessment or Club fee together with interest, and all costs of collection, including but not limited to reasonable attorney's fees, shall also be the personal obligation of the person or entity that was the owner of such Lot at the time when the assessment fell due. In the case of co-ownership of a Lot, all such co-owners shall be jointly and severally liable for the entire amount of the assessment, together with interest, and all costs of collection, including but not limited to reasonable attorney's fees.

Section 11.6. Collection of Assessments, Fees and Charges. The Association and its Board of Directors may take such action as the Board of Directors deems necessary to collect assessments by personal action in court, or by enforcing and foreclosing pursuant to applicable law the above-referenced lien, and may settle and compromise the same if deemed in the Association's best interests and any such action shall be authorized to collect from the Member, in addition to reasonable and all unpaid assessments, interest, a reasonable attorney fee and all costs of collection. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose any assessments lien, and to apply as a cash credit against its bid, all sums due, as provided herein, covered by the lien enforced. Upon commencement of any foreclosure action or personal action, the Member shall be required to pay the Association a reasonable rental for the Lot for the period of time thereafter that said Lot is occupied by the Member or by anyone through and under said Member, and the Association shall be entitled to the appointment of a Receiver to collect same from the Member and/or occupant.

Section 11.7. Notice of Lien; Lis Pendens. To the extent of and in the manner permitted under South Carolina law, the Association shall also have the right to file a notice of lien and/or lis pendens against the subject properties and enforce its lien rights to the extent permitted by South Carolina law.

Section 11.8. Acceleration of Assessment Installments Upon Default. In the event that the Association and/or Board of Directors provide for payment of assessments or fees by installment, if a Member shall be in default in the payment of any installment upon an assessment or fee, the Board of Directors may accelerate the remaining installments for the fiscal year upon giving written notice thereof to the Member, and thereupon, the unpaid balance of the assessment or fee shall become due on the date stated in the notice, but not less than fifteen (15) days after delivery of or the mailing of such notice to the Member.

ARTICLE XII FINANCIAL PROVISIONS

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on January first of each year and end December thirty-first or as established by the affirmative vote of at least fifty percent (50%) of the total number of votes of the membership. The Association's maintenance and service fee year shall be the same as the fiscal year.

Section 12.2. Fidelity Bonds. All directors and officers of the Association who handle funds of the Association may be covered by fidelity bonds in amounts to be determined by the Association.

Section 12.3. Checks. The Board of Directors shall establish appropriate procedures for approval of amounts payable by the Association and for the signing of checks by Association officers.

Section 12.4. Funds. Funds of the Association shall be deposited in such bank or trust company insured by a government agency as may be recommended by the treasurer and approved by the Board of Directors. Securities and other valuable documents belonging to the Association shall be held in a safety deposit box or equivalent alternate custody as may be approved by the Board of Directors.

ARTICLE XIII GENERAL GOVERNANCE

Section 13.1. Amendments. Amendments to these By-Laws may only be proposed by resolution of the Board of Directors or by a petition of Association Members in good standing constituting at least twenty-five percent (25%) of the total votes of the membership, stating the substance of the proposed amendments. In either event, the proposed amendment(s) and related documentation shall be filed with the secretary at least sixty (60) days prior to the annual meeting or special meeting at which the proposed amendments are to be considered. The notice of meeting to the membership for the meeting at which the proposed amendment(s) are to be considered shall set forth the specific By-Laws amendment(s) proposed [i.e., before and after wording], and the reasons for the proposed amendments.

Any amendment so proposed may be adopted at any duly called meeting of the Members (at which a quorum is present in person or by proxy) by the affirmative vote of at least fifty percent (50%) of the total number of votes of the membership.

Section 13.2. Notices. Except for notices relative to late or past due payments or assessments, which shall be given by certified mail, return receipt requested, whenever a notice is required to be given to any Member, it shall be given in writing and sent by regular mail, postage prepaid, and addressed to such Member at his/her address as it appears on the books of the

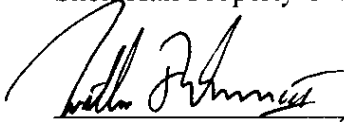
Association at the time when such notice is given. Changes of address submitted by Members shall be promptly recorded in the books of the Association. Members are required to maintain a current address with the Association. Any notice given by these By-Laws may be waived by the person entitled thereto.

Section 13.3. Posting. It shall be incumbent upon the Association's secretary to promptly make available, for examination by the Members, copies of the minutes of meetings of the membership and the directors.

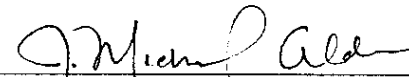
Section 13.4. All terms undefined in this document shall have the same definitions as those set forth in the Declaration of Covenants and Restrictions for Shell Hall, dated January 9, 2003 and recorded in Official Record Book _____, Page _____, in the Office of Register of Deeds for Beaufort County, South Carolina (the "Declaration").

Section 13.5. In the event of a conflict between the following By-Laws and the Declaration, the Declaration shall control.

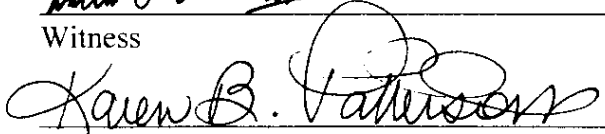
IN WITNESS WHEREOF, the undersigned certifies the foregoing to be the By-Laws of Shell Hall Property Owners Association, Inc.



Witness



Secretary, Shell Hall Property Owners Association, Inc.

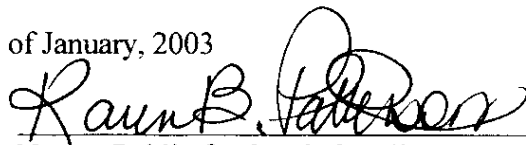


Witness

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

The foregoing instrument was acknowledged before me this 9th day of January, 2003 by Michael Aldea, Secretary of Shell Hall Property Owners Association, a South Carolina Not-For-Profit corporation, on behalf of the corporation.

Witness my hand and official seal the 9th day of January, 2003



Notary Public for South Carolina
My commission expires: 11/10/09

Exhibit "A-14"