

WHEREAS, Declarant hereby reserves the right to submit additional properties to Stock Farm Community, 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 Stock Farm Community 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 of, but not the obligation of, enforcing these Covenants; and

WHEREAS, Declarant is forming **STOCK FARM 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 the Community and for the purpose of exercising the functions as aforesaid;

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 Stock Farm Property Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.
- 1.3. **"COMMON AREAS"** shall mean and refer to that portion of the Stock Farm Community designated as "Common Areas," "Roads," "Parks," 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 "Open Space" on any Plat which has not been dedicated by the execution, delivery and filing of record in the Office of the Register of Deeds for Beaufort County, South Carolina of a deed of conveyance 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, drainage easements, and access easements, all as may be shown on the Plat.

- 1.4. **“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 Stock Farm Community and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina.
- 1.5. **“DAYS”** shall mean calendar days; provided however, if the time period by which any action required hereunder must be performed expires on a Saturday, Sunday or legal holiday, then such time period shall be automatically extended to the close of business on the next regular business day.
- 1.6. **“DECLARANT”** shall mean Stock Farm Development, LLC, a South Carolina limited liability company that holds title to any portion of the property described on Exhibit "A" for the purpose of development and/or sale and who is designated as the Declarant in writing by the immediately preceding Declarant; provided however, there shall be only One (1) entity entitled to exercise the rights and powers of the "Declarant" hereunder at any time.
- 1.7. **“RESIDENTIAL BUILDING”** shall refer to any primary residential building constructed upon a Lot located within the Single Family Residential District.
- 1.8. **“DWELLING UNIT”** shall refer to any primary building or portion of a primary building constructed on a Lot located within the Property, which is permitted under the Covenants to be used for single family residential or mixed-use purposes.
- 1.9. **“COMMERCIAL BUILDING”** shall refer to any primary building constructed on a Lot located within the Guilford Place Commercial District, which has been designated as Commercial under those Covenants.
- 1.10. **“RETAIL BUILDING”** shall refer to any primary building constructed on a Lot located within the Guilford Place Commercial District, which has been designated as Retail under these Covenants.
- 1.11. **“MIXED USE BUILDING”** shall refer to any primary building constructed on a Lot located within the Guilford Place Commercial District which has been designated as Mixed Use under these Covenants and which may contain a Dwelling Unit and/or commercial/retail/professional unit.
- 1.12. **“ANCILLARY RESIDENTIAL BUILDING”** shall refer to any building constructed on a Lot which is not the primary residential dwelling building on

said Lot located with the Single Family Residential District or the Guilford Place Commercial District. The purchasers of certain lots within either of these two Districts shall build an Ancillary Building on such designated lots.

- 1.13. **“ANCILLARY COMMERCIAL BUILDING”** shall refer to any building constructed on a Lot which is not the primary commercial and/or retail building on said Lot within the Guilford Place Commercial District. The purchasers of certain lots within the Guilford Place Commercial District are required to build an Ancillary Building on such designated lots.
- 1.14. **“LOT(S)”** shall mean any subdivided piece of land, whether improved or unimproved, located within the boundaries of Stock Farm Community, which is: (i) subject to this Declaration, and; (ii) shown as a numbered parcel upon any recorded subdivision Plat of the Property. Lot(s) shall not include those parcels which are designated on the Plat as Common Areas, Roads, Open Space, Park or which are undesignated.
- 1.15. **“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 Stock Farm 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 there under until such time as the Period of Declarant Control expires.
- 1.16. **“PLAT”** shall mean and refer to the plat described in Paragraph 2 hereof and any updates recorded by the Declarant or its assigns.
- 1.17. **“PROPERTY,” “COMMUNITY,” or “SUBDIVISION”** 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.
- 1.18. **“PROPERTY OWNER(S),” “OWNER(S),” “LOT OWNER(S)” or “MEMBER(S)”** shall mean and refer to the Owner(s) 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. An Owner shall include any person or persons who are in occupancy of the Lot pursuant to a Contract for Deed, a Bond for Title, or Lease with Option to Purchase, which agreement provides for the occupant to purchase the Lot and improvements thereon and which agreement extends for a period of not less than Three (3) years, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot is owned by more than One (1) party, all such parties shall be jointly and severally obligated to perform the responsibilities of such Owner.

- 1.19. **“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 the Stock Farm Community as set forth in Paragraph 8.6 herein.
- 1.20. **“GUILFORD PLACE COMMERCIAL DISTRICT”** shall mean those lots designated as Lots 1 through Lot 21, Lots 1A, 2A, 3A, 4A, 5A, 6A, 15A, and 21A inclusive, as shown and described on the Plat and any other Lots which may be so designated by the Declarant in Additional Phases.
- 1.21. **“RESIDENTIAL DISTRICT”** shall mean those lots designated as Lots 22 through Lot 44, inclusive, as shown and described on the Plat and any other Lots which may be so designated by the Declarant, in Additional Phases.

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:

THAT CERTAIN PLAT ENTITLED “STOCK FARM DEVELOPMENT SUBDIVISION,” PREPARED BY MICHAEL GARDNER, S.C.R.L.S. No: 12239, OF WARD EDWARDS, INC., DATED APRIL 30, 2008 AND RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS FOR BEAUFORT COUNTY, SOUTH CAROLINA IN PLAT BOOK _____ AT PAGE _____ WHICH IS MADE A PART HEREOF AND INCORPORATED HEREIN BY REFERENCE THERETO (hereinafter referenced as 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 Stock Farm Community.

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 “C” 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.

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.

- 3.2.2. 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 superseded 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.

Notwithstanding the above, the Declarant retains all voting rights until such time as: (i) Declarant has sold or transferred all of the lots in Stock Farm Community 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 Twenty Five (25%) 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 Eighteen (18) 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 or her 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 or her 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 Stock Farm 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. The Declarant may dedicate Open Space 4 (as identified on the Plat) to the Town of Bluffton.

- 4.3. Roadways. All roadways within the Property (“Roadways” or “Roads”) shall be part of the Common Areas, provided that notwithstanding any other provision contained in the this Declaration, Declarant or the Association (after title to the Roadways has been vested in the Association) may, its sole and unfettered discretion, cause same to be dedicated to a governmental authority. Upon dedication said Roadways shall become public roads and the access to, use of, and maintenance of such Roadways shall be determined as set forth in the dedication agreement between dedicator and the public entity to whom the Roadway has been dedicated and shall supersede and replace any provisions, restrictions or rights granted in this Declaration, provided, in no event shall the dedication agreement prohibit reasonable access to any Lot.
- 4.4. Cross Easements to Adjacent Properties. The Declarant, its successors and assigns, retains the right, without any duty or obligation of compensation to the Owners or the Association, to grant access, ingress, egress and use easements permitting the interconnection of the roadways contained within the Property to Roadways located on adjacent properties and connecting roadways, provided that such access, ingress, egress and use is reciprocal with regard to all roadways located on the benefited properties.
- 4.5. 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 Community Center.
- 4.6. Non-exclusive Easement for Ingress, Egress and Parking. There is hereby reserved to Property Owners and their guests the right to use the parking spaces located on various lots in the Guilford Place Commercial District that are maintained by the POA.
- 4.7. Specific Uses of Common Areas by Declarant. The Declarant, its successors and assigns, retains the right to construct and utilize structures on the Property to be utilized for or in connection with real estate sales and/or construction management on the Common Properties. At all times Declarant has reserved the right for Declarant and its agents, designees or representatives to utilize the Common Properties for the purpose of real estate sales and marketing, for

construction management, and all other purposes reasonably related to the development and sales of Lots within Stock Farm. In addition, as provided herein, Declarant shall also have the right to conduct sales and marketing activities on the Model Units/Sales Offices, currently designated as Lots 1-4 and Lots 1A-4A of the Community, whether or not Declarant occupies said Model Units as owner or tenant.

- 4.8. Exclusivity of Easements. The easements for installation and maintenance of utilities and similar services retained by Declarant pursuant to this Declaration shall be exclusive unto the Declarant, its successors and assigns.
- 4.9. Reservation of Right of Pedestrian Access. Declarant, its successors and assigns, retains the right, without any duty or obligation or compensation to Owner or the Association, to grant pedestrian and bicycle access to third parties across the Common Areas.
- 4.10. Reservation of Use of Name "Stock Farm". No person or entity shall use the words "Stock Farm" or the logo for Stock Farm or any derivative in any printed or promotional material without the express written prior permission of the Declarant. However, Owners may use the terms "Stock Farm" solely to specify the address of their Lot located within the Property, and the Association and any other community association shall be entitled to use the terms in their corporate entity names.
- 4.11. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to and subordinate to the following:
 - 4.11.1. 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,
 - 4.11.2. 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,
 - 4.11.3. 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,
 - 4.11.4. 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,

- 4.11.5. 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, to include the granting or easements encumbering same; and,
 - 4.11.6. 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,
 - 4.11.7. 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 authorized by the affirmative vote of a majority of the votes cast in 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 result 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.
 - 4.11.8. 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. The use of roads and or other access easements not reasonably necessary to reasonable access to the Members Lot may be restricted.
- 4.12. Liability to Third Parties. Neither the Association, nor the Lot Owners, 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 Areas 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 Areas 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.

4.13. Use of Common Properties. Subject to the rights retained by Declarant, its successors and assigns, the Common Areas are for the use of the Owners and their Guests, subject to such reasonable Rules and Regulations as the Declarant or the Association may adopt. The Declarant, its successors and assigns, reserves the right to use the Common Areas and to permit its use as set forth in Article 4 herein.

4.14. Damage to Common Areas. Any damage caused to the Common Areas by an Owner or his or her 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 Areas, 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 Owner's Lot or Lots, in the same manner as provided for Annual or Special Assessments herein.

5. GENERAL RIGHTS RESERVED BY DECLARANT

5.1. Easement Retained by Declarant.

5.1.1. 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, optic fibers, 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 Declarant.

- 5.1.2. Reservation to Declarant. 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 front on a street or roadway) a. Ten (10) feet of each Lot, b. the front (being the lot line that is adjacent to or fronting on a street or roadway) Seventeen (17) feet of each Lot, and c. Seven and One Half (7.5) feet along the sides of each exterior Lot (not to include side yard easements in this Paragraph for interior side Lots) 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, drain ways 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 Seventeen (17) feet in width along the entire width of each front lot line and such other areas as are shown on the applicable Plats. In an instance where the setbacks are less than those specified herein then the easement herein reserved is modified so as to fit within the setback.
- 5.1.3. Modification by Declarant. The Declarant further reserves unto itself, its successors, assigns and licensees, a perpetual, alienable, and releasable right to modify or change the terms, conditions, size, location, and extent of any easement established by or retained by the Declarant pursuant to the Covenants, and to grant the right of encroachment as to any easement established by or retained by Declarant pursuant to the Covenants.
- 5.1.4. 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.
- 5.1.5. 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.

- 5.1.6. 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 Areas, 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.
- 5.1.7. 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 Stock Farm. 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.
- 5.1.8. 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.
- 5.1.9. The Declarant further specifically reserves the right to use any of the Common Areas 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 prospective purchasers, realtors, or referrers; or (ii) any other use which may promote Stock Farm 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. Notwithstanding anything contained in this Declaration to the contrary, it is intended that the Model Units (or such

replacement model units as Declarant may from time to time designate as its model units/sales offices ("Model Units"), are occupied by Declarant either as owner or tenant, that said Model Units may be used for such commercial purposes as Declarant in its sole judgment shall deem appropriate, and that Declarant may allow potential purchasers, invitees, sales agents, contractors, guests, employees, etc. upon the Model Units for such purposes as it shall deem proper and acceptable. Declarant may place all signage, directional arrows and fencing, etc. as Declarant deems appropriate to allow the operations of Declarant to be fulfilled. Declarant shall have the absolute right to remodel the interior and exterior of the Model Units to meet its standards for its operations as a model/sales office, to include but not be limited to, changing out doors, windows, garage doors, etc. In the event the Model Units are not built or used by the Declarant, then the Model Units must be approved by the Stock Farm HARC. This also includes any changes or additions to the Model Units.

- 5.2. 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 its successors and assigns and that such use of the roads shall be subject to rules and regulations established by the Declarant or the Association.
 - 5.3. No Implied Easements for Scheme of Development. No implied reciprocal easement, negative reciprocal easement, or equitable servitude or easement shall arise with respect to any lands retained or later acquired by Declarant.
 - 5.4. 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 agencies.
6. **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 Stock Farm designated as Common Areas.
- 6.1. Intent and Purpose. It shall be the intent and purpose of these restrictions and

covenants to maintain and enhance certain areas designated as Common Areas 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.

- 6.2. 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 Areas. 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 Areas 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%) percent from the original acreage designated on the Plat or Subsequent Plats only if the overall total acreage designated as Common Areas is not reduced by more than Ten (10%) percent from the original acreage designated as Common Areas on the Plat and Subsequent Plats.
- 6.3. Declarant's Easements in Common Areas. Declarant, its successors 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 Areas. 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 Stock Farm. Declarant further reserves to itself, its successors and assigns the right to locate wells, pumping stations, siltation basins and tanks within such Common Areas. 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 and the construction of improvements within Stock Farm, to include the right to construct and operate real estate sales offices and construction management offices and supply yards on Common Areas.
- 6.4. 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 Areas, except as to such rights

as have been granted to Declarant and the Association in this Paragraph. Provided, that during the Period of Declarant Control, temporary structures, to include tents, related to sales activities shall be permitted on Common Areas and within the Community Center property. The Association shall have the right to place temporary structures, to include tents, on Common Areas, subject to prior approval by the Board of Directors.

- 6.5. 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, bulk heading, 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.
- 6.6. 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 Areas.
- 6.7. 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 that is not shown on the Plat, the right to enter any Common Areas without the express permission of Declarant.
- 6.8. Declarant's Use of Common Areas. 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.
- 6.9. 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.
- 6.10. 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.

7. COVENANTS FOR ASSESSMENTS

- 7.1. 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 (“Annual Assessments”); (ii) special assessments established and collected from time to time as hereinafter provided (“Special Assessments”); (collectively, “Individual Assessments”). The Association is expressly authorized to establish differing classes of Annual Assessments provided such classes shall be based upon the use classifications of the Lots as set forth in Paragraphs/Sections 1.20 and 1.21 herein. (By way of example and in limitation, if additional costs are incurred by the Association as a result of the differing uses and impacts from Commercial Lots as opposed to Mixed Use Lots, the differing Annual Assessments are permissible, but not required). The Annual Assessments, the Special Assessments, the Individual Assessments, 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 and are referred to collectively as “Assessments”). Each such Assessment, together with interest on delinquent payments as set by the Association, 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, together with interest, costs of collection (to include reasonable attorney’s fees). The sale or transfer of any Lot shall not affect the Assessment lien or relieve the Lot from the lien of subsequent Assessments.

- 7.2. 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 the payment of costs associated with the operation of the Habitat and Architectural Review Committee as established in Article 9 herein, 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. No Property Owner may exempt themselves from liability for the Assessments by non-use of the Common Areas, abandonment of his or her Lot, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Property Owner. No diminution of abatements of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association to some action or perform some function required of it, or for the inconvenience or discomfort arising from making of repairs or improvements, or from any other action which it takes.
- 7.3. Annual Assessments. During the period of Declarant Control, the Declarant shall establish the Annual Assessment and shall be responsible for any shortfall 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 shall be payable in such installments as the Board of Directors determines either annually, quarterly or monthly. 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.

- 7.4. Changes in Annual Assessments. Any increase in the Annual Assessment which constitutes an increase of Ten (10%) percent or more over the previous year's Annual Assessment shall require approval by a vote of a majority of the members present at a duly called annual or special meeting at which a quorum is present.
- 7.5. Date of Commencement of Assessments. The obligation to pay Assessments shall commence as to each Lot on the date the Lot is conveyed to a person or entity other than the Declarant of the Association.
- 7.6. Special Assessments. In addition to the Annual Assessment authorized by this Article 7, 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 Areas, including fixtures or personal property related thereto, or additions to the Common Areas, 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 Thirty (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.
- 7.7. Subordination of the Lien to 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 now or hereafter recorded against such Lot 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.
- 7.8. Mortgagee Provisions. The following provisions are for the benefit of holders,

insurers and guarantors of mortgages on Lots on the Property. The provisions of this Paragraph apply to both this Declaration and the By-Laws, notwithstanding any other provisions contain therein.

- 7.8.1. Notices of Actions. Upon written request, the Association shall provide timely written notice to any institutional lender, insurer or guarantor of a mortgage encumbering a Lot (said written request to state the name and address of such holders, insurer, or guarantor and the street address of the Lot to which its mortgage relates, thereby becoming an "Eligible Holder") of: (i) any delinquency of Owner in the payment of Assessments to the Association in excess of Sixty (60) Days; (ii) any violation of the Covenants or By-laws which remains uncured for more than Sixty (60) Days after notice of such violation; (iii) any lapse, termination or material modification of any insurance policy maintained by the Association; (iv) any proposed action which would require the consent of a specified percentage of Eligible Holders pursuant to Federal Home Mortgage Loan Corporation or similar governmental agency requirements; and, (v) any condemnation or casualty loss which affects a material portion of the Property or which affects a Lot on which there is a mortgage held, insured or guaranteed by an Eligible Holder.
- 7.8.2. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over the right of a mortgage holder of a Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Areas.
- 7.8.3. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot.
- 7.8.4. Failure of Mortgagee to Respond. Any mortgage holder who receives a written request from the Association to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the mortgage holder within Thirty (30) Days of the date of the Association's request, provided such request is delivered to the mortgage holder by certified or registered mail, return receipt requested.
- 7.8.5. Construction of Paragraph 7. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, By-Laws or applicable law for any of the acts set forth in this Article.
- 7.9. Exempt Property. Only Lots as defined in this Declaration are hereby made subject to the Assessments, charges and liens for Annual Assessments, Special

Assessments, and Individual Assessments, and interests heretofore created. All other property, including, but not limited to the following, are exempt from such Assessments:

7.9.1. Common Areas; and,

7.9.2. 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,

7.9.3. Any Lots owned by the Declarant; and,

7.9.4. All Lots owned by the Association

7.10. Effect of Non-Payment of Assessment; Personal Obligation of Owner; Remedies of Association. If any of the Assessments as described herein are not paid when due, then such Assessments shall become delinquent and shall, together with interest thereon at a rate to be determined by resolution the Board of Directors of the Association each year (or the maximum interest rate allowable by law) from the due date, and the cost of collection as hereinafter provided, become a charge and continuing lien on the land and on improvements thereon, against which each such Assessment is made. Further, the Association may suspend any or all of the Owner's right to use the Common Areas. The obligation of the Owner at the time of the Assessment to pay such Assessments shall remain a personal obligation and shall pass as a personal obligation to his or her successors-in-title, other than as provided in Paragraph 7.8 herein, on a pro-rata basis, based upon the date that the title was acquired. If the Owner(s) fails or refuses to pay the Association such Assessment within Thirty (30) Days after being invoiced for same, the Assessment shall bear interest at the interest rate set by the Board of Directors of the Association on delinquent assessments, compounded monthly. The Association may additionally impose a late fee on any Assessment that is not paid within Thirty (30) Days after being invoiced. If an Assessment is not paid within Thirty (30) Days after being invoiced, the Association may commence an action against the Owner to foreclose the lien against the property in accordance with the provisions for the foreclosure of a mortgage in South Carolina. The Declarant or the Association may bid for the Lot at a foreclosure and acquire, hold, lease, mortgage and convey such Lot. While a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual Assessment, its pro rata share of the Assessment allocated to the Lot owned by the Association. The Association may sue for unpaid Assessments and other charges hereunder without foreclosing or waiving the lien securing the same. In the event the Association hires an attorney to collect these monies and/or to foreclose its lien, the Association shall be entitled to also collect reasonable attorney's fees and costs of collection from the Owner, which shall likewise constitute a personal debt of the Owner and a lien against the Property.

- 7.11. 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 Article 7, 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 Declarant shall remain exempt and Declarant 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. The Association is specifically authorized to enter into subsidy contracts or contracts for “in kind” contribution of services or materials with the Declarant for payment of Assessments.
- 7.12. Reserve Funds. After the Period of Declarant Control, the Association shall establish and maintain an adequate reserve fund for the extraordinary repair or replacement of those improvements to the Common Areas 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.

8. **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:

- 8.1. Use of Property. All Lots shall be used in accordance with the provisions of the Classification of Lot as Set forth in Section 10 herein.
- 8.2. Right to Construct. 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 such structure as may be permitted and/or required pursuant to the classification of the Lot pursuant to Section 10 herein on the Lot.
- 8.3. Reconfiguration of Lot Lines. The Declarant, its successors and assigns, retains the rights to reconfigure and reclassify 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, subject to approval by appropriate governmental authorities, through subdivision, reconfiguration, reclassification 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 or reclassified unless the plans and specifications for the subdivision or reclassification are submitted to the Association for prior review and written approval by no less than Eighty percent (80%) of the total number of votes of the membership of the Association.

- 8.4. Establishment of Horizontal Property Regimes. No Horizontal Property Regime or other similar division of improvements constructed on any Lot ("HPR") is permitted on any Lot except as is herein permitted by the Declarant in its sole and absolute discretion. HPR's may be allowed on Lots located in the Guilford Place Commercial District, with the prior approval of the Declarant. HPRs are permitted on Lots 1-6, 1A-6A, 7-15, 15A, 16-20, 21 and 21A inclusive. The Declarant reserves the right to limit the number of units in any such HPR and in its sole discretion to require special assessments be levied against the individual units within the HPR to reflect their estimated increased burden on the common elements.
- 8.5. Prohibition of Timesharing, etc. Under no circumstances shall ownership of any Lot be shared or offered under a time-sharing plan or interval ownership 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.
- 8.6. Right of First Refusal. Declarant, its successors and assigns, retains the right of first refusal to purchase any Lot or Lots so long as it retains the Declarant Rights and thereafter the Association shall hold such right of first refusal, 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 Paragraph 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.

- 8.7. Required Construction Period Requirements. Each property Owner, other than Declarant will be required to commence approved construction within 36 months from the date of delivery of the Deed by Declarant or receipt of Certificate of Compliance from the Town of Bluffton, whichever is later. This date shall occur from the first purchaser of the Lot or Lots. In the event the approved construction is not commenced within said 36 month period, the Declarant shall have the right and option to repurchase the Lot or Lots at the same price of the first purchaser of the Lot. The event that the Declarant elects to exercise its repurchase option hereunder, it shall notify the Owner in writing within 90 days of the time that Declarant chooses to repurchase said lot and include the amount of the original purchase price that will be tendered to said Owner. The Owner shall convey the Lot by Warranty Deed to the Declarant free and clear of all liens and encumbrances upon purchase price tender. Time is of the essence of all times and periods stated in this paragraph. Subsequent conveyances by the first purchaser to other Owners shall not toll the 36 month commencement of construction period. In the event the Owner has a first mortgage that is greater than the original purchase price, it is the duty of the Owner to assume and pay the excess mortgage amount. The Declarant may elect to repurchase said lot at anytime following the 36 month period or any subsequent time. The Owner may appeal said purchase to Declarant, and the Declarant, at his sole discretion may agree to extend said 36 month repurchase option. All construction on any Lot within the Development shall be completed within twelve (12) months of commencement and regular and on going progress shall be made.
- 8.8. Maintenance Easements for Closely Spaced Dwellings. In all events where there is the construction of any vertical improvement (other than fences, gazebos, or other non-dwelling unit vertical construction) within Five (5) feet of a side lot line, Declarant hereby reserves and establishes, for the benefit of the Declarant and the Lot Owner, an easement, for the purposes described hereinafter, of up to Six (6) feet in width reserved along the boundary line of the adjoining Lot. The Declarant reserves the right to modify or eliminate this easement. This easement shall not prohibit or limit the construction of improvements on the burdened Lot within said easement. The extent of the easement retained and granted herein is limited to that portion of the burdened Lot which does not contain Dwelling Unit construction and to the extent that any dwelling unit is constructed within the easement, said easement is terminated and extinguished to the "footprint" of said Dwelling Unit. This easement is for the construction, maintenance, and repair of the Dwelling Unit on the adjoining Lot. The use of said easement by adjoining Lot Owner shall not exceed a reasonable period of time during the construction nor shall it exceed a period of Thirty (30) Days each year for essential maintenance. Any shrubbery or planting that is removed or damaged by the adjoining Lot Owner

during the construction, maintenance, or repair of his or her Dwelling Unit, shall be repaired or replaced at the expense of the said adjoining Lot Owner causing such damage. The adjoining Lot Owner shall also have a reasonable access easement to access the maintenance easement in the event that such easement can not be accessed without entry onto the adjoining Lot. This easement shall not be applicable instances of town homes, residential structures constructed utilizing party walls, residential buildings utilizing "Zero Lot Line" development plans.

- 8.9. Requirement to Maintain Insurance. Each Lot Owner shall be required to obtain and maintain adequate insurance on the improvements located on their Lot. Such insurance shall be sufficient for necessary repair or reconstruction work, and/or shall cover the costs to demolish damaged improvements as applicable, remove the debris, and to re-sod and landscape land comprising the Lot and improvements. Upon the request of Association, each Owner shall be required to supply the Association with evidence of insurance coverage on his or her Lot and the improvements thereon which complies with the provisions of Required Repair or Required Demolition of this Article. Without limiting any other provision of this Declaration or the powers of Association, Association shall specifically have the right to bring an action to require a Lot Owner to comply with his or her obligations hereunder. Notwithstanding anything to the contrary in this paragraph, the Association, its directors and officers, shall not be liable to any Lot Owner or any third party should a Lot Owner fail for any reason whatsoever to obtain insurance coverage on residential improvements located on a Lot. Moreover, Association, its directors and officers, shall not be liable to any person if Association does not enforce the rights given to Association in this Article.
- 8.10. Requirement to Reconstruct or Demolish. In the event that any structure is destroyed by fire or other casualty, the Lot Owner where such structure is located shall do one of the following: the Owner shall commence reconstruction and/or repair of the structure ("Required Repair"), or Lot Owner shall tear the structure down, remove all the debris, and re-sod and landscape the property comprising the structure as required by the Habitat and Architectural Review Committee ("Required Demolition") to the extent permitted under law. If a Lot Owner elects to perform the Required Repair, such work must be commenced within Thirty (30) Days of the Lot Owner's receipt of the insurance proceeds respecting such structure. If a Lot Owner elects to perform the Required Demolition, the Required Demolition must be completed within Six (6) months from the date of the casualty or such longer period of time established by the Association in its sole, unfettered, and absolute discretion subject to extension if required by law. If a Lot Owner elects to perform the Required Repair, such reconstruction and/or repair must be completed in a continuous, diligent, and timely manner. Association shall have the right to inspect the progress of all reconstruction and/or repair work. Without limiting any other provision of this Declaration or the powers of Association, Association shall have a right to bring an action against a Lot Owner who fails to comply with the foregoing requirements. By way of example, Association may bring an action against a Lot Owner who fails to either

perform the Required Repair or Required Demolition on his or her structure within the time periods and in the manner provided herein. Each Lot Owner acknowledges that the issuance of a building permit or a demolition permit in no way shall be deemed to satisfy the requirements set forth herein, which are independent of, and in addition to, any requirements for completion of work or progress requirements set forth in applicable statutes, zoning codes, and/or building codes.

8.10.1. Additional Rights of Association. If a Lot Owner refuses or fails, for any reason, to perform the Required Repair or Required Demolition as herein provided, then Association, in its sole and absolute discretion, by and through its Board is hereby irrevocably authorized by such Lot Owner to perform the Required Repair or Required Demolition. All Required Repair performed by Association pursuant to this Paragraph shall be in conformance with the original plans and specifications for the Home. Association shall have the absolute right to perform the Required Demolition to a Home pursuant to this Paragraph if any contractor certifies in writing to Association that such Home cannot be rebuilt or repaired. The Board may levy an Individual Assessment against the Owner in whatever amount sufficient to adequately pay for Required Repair or Required Demolition performed by Association.

8.10.2. Association has No Liability. Notwithstanding anything to the contrary this paragraph, the Association, its directors and officers, shall not be liable to any Lot Owner or any third party should a Lot Owner fail for any reason whatsoever to obtain insurance coverage on residential improvements located on a Lot. Moreover, Association, its directors and officers, shall not be liable to any person if Association does not enforce the rights given to Association in this Paragraph.

9. ARCHITECTURAL CONTROL

9.1. Establishment of Habitat and Architectural Review Committee. The Declarant hereby establishes, as a committee of the Association and the Association shall appoint members to the Habitat and Architectural Review Committee ("HARC") 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 HARC. The HARC shall be composed of three to five members, at the Declarant's discretion. The members need not be Lot Owners and such members shall serve terms of One (1) year. The HARC may engage or contract with such consultants as it may deem necessary or helpful.

9.2. Adoption of Guidelines, Rules and Regulations. The HARC may adopt and publish architectural standards and guidelines representing the development

standards and practices of Stock Farm. 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 HARC 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. The Owner must have preliminary approval of the HARC, prior to submittal to the Town of Bluffton for approval and thereafter to the HARC for final approval. In addition, the HARC is hereby granted the authority to adopt such rules and regulations as it deems necessary to carry out its mandates pursuant to these covenants, including the power to impose penalties and sanctions. Such rules and regulations shall be submitted to the POA Board for approval.

- 9.3. Fees, Bonds, and Charges. The HARC 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 HARC to assure compliance. The interest income earned during such time as the monies are held on deposit shall belong to and become the property of the HARC; the HARC shall use these funds to offset the costs incurred by it in carrying out its mandate.
- 9.4. Requirement of HARC Approval. No building, 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, drainage, tree protection and mobilization) shall have been approved in writing by the HARC. Refusal of approval of any plans, location or specifications may be based upon any reasonable grounds, including purely aesthetic considerations, which in the HARC'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 HARC, to include the changing of any color on the exterior of any structure or improvement on any Lot.
- 9.5. Location of Improvements on Lots. The Declarant imposes minimum setback lines for improvements constructed on a Lot. In addition, the HARC has the right to control absolutely and to solely (while adhering to the requirements of the Old Town Form Based Code) 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 HARC, 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. Tree removal and the design and location of the structure will be reviewed closely by the HARC.

- 9.6. Standard of Review. The HARC shall be the sole Arbiter of such plans and may withhold approval for any reason, including purely aesthetic consideration. The HARC must review and approve any change required by the Town of Bluffton Historic Preservation Commission. 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.
- 9.7. Declarant Exempt from HARC 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 Community Center or other properties owned by or controlled by the Declarant. This right shall terminate upon termination of the Period of Declarant Control.
- 9.8. 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 HARC 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 HARC, a violation exists, written notice of the violation shall be given to the Owner by the HARC (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 HARC and/or the Stock Farm Property Owners Association Board of Directors shall have the right of enforcement as provided in this paragraph.
- 9.9. Changes to the Architectural Design Standards. The HARC 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 HARC for approval are responsible for determining the current architectural standard prior to making a submission.

10. USE RESTRICTIONS

10.1. FOR ALL LOTS

- 10.1.1. Exterior Lighting. Exterior lighting visible from the street shall not be permitted except for: (1) HARC approved lighting as originally installed on the improvement at the time of construction; (2) approved decorative post lights; (3) pathway lighting; (4) street lights in conformity with any

established street lighting program for the Properties; (5) a reasonable number of seasonal decorative lights during the usual and common season as determined by the HARC; (6) front house illumination of model homes; (7) any additional lighting as may be approved by the HARC.

- 10.1.2. 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 HARC's discretion. In those cases where the devices are allowed, the HARC 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.
- 10.1.3. Basketball Goals. No basketball goals, either freestanding or attached to any improvement or tree, shall be permitted on any Lot without the express permission of the HARB.
- 10.1.4. 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 HARC approval. In the event that any Owner, his or her 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 HARC approval, the HARC, 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 2 times the caliper per caliper inch, with a species approved or requested tree by the HARC. Declarant may further establish a schedule of liquidated damages, to include per diem penalties for failure to replace, for violations of this Paragraph 10.1.4.
- 10.1.5. 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 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.
- 10.1.6. Delivery Receptacles and Mail Boxes. The HARC 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 HARC and at such location as the HARC may, in its discretion, designate. The HARC may, upon the approval of the Post Office Department, cluster mail receptacles in such locations as the HARC 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 HARC.

- 10.1.7. 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 HARC, and they may not contain sleeping quarters or food preparation areas. As a condition of approval, the HARC 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 Paragraph 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 HARC 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.
- 10.1.8. 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.
- 10.1.9. Signs. No signs shall be allowed on a Lot or on Common Areas, nor shall any such signs be visible in a house and/or on a Lot from a Roadway, other than those which have received prior written approval of the HARC. Any change or modification to any sign previously approved shall require HARC approval. The HARC 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 throughout Stock Farm. It is provided, however, that nothing herein shall limit the right of Declarant to place on any Lot or Common Areas such signs as it shall deem necessary and appropriate in its sole and unfettered judgment for the marketing and sale of Lots owned by it.
- 10.1.10. 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.

- 10.1.11. 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. All service yards and trash cans must be kept within the setback lines.
- 10.1.12. 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 Dwelling Unit. 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. When not on the property of its Owner, all pets shall be under the direct control of its Owner at all times. Direct control shall mean that the pet shall either be leashed or shall be under actual, responsive voice control of its Owner. All pet litter to be disposed of immediately.
- 10.1.13. 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 HARC prior to any construction.
- 10.1.14. Discharge of Firearms. No firearms shall be discharged within Stock Farm, except as may be authorized by the Association for wildlife control purposes pursuant to a plan of wildlife management adopted by the Board.
- 10.1.15. Maintenance Required by Owner. Each Owner shall keep his residence, Dwelling Unit, and all improvements on the Lot in good order and repair, as is consistent with safety and good property management. The Owner, his or her successors and assigns, shall not permit the development of any unsightly or unkempt condition on the Lot or any improvements located thereon. In the event that an Owner shall allow an unsightly, unkempt, 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.

- 10.1.16. Wells. No extraction or injection water wells may be 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.
- 10.1.17. 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.
- 10.1.18. Combustible Liquids. There shall be no storage of gasoline, propane, heating or other fuels, except for a reasonable amount of fuel that may be stored in containers appropriate for such purpose on each Lot for emergency purposes and operation of lawn mowers and similar tools or equipment and except as may be approved in writing by HARC. The Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment.
- 10.1.19. 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 Stock Farm 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 Stock Farm. The Association shall have the power to establish such rules and regulations as it deems necessary to further restrict, limit, or regulate activities within Stock Farm 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.
- 10.1.20. Parking Restrictions. No school bus, business truck, boat, trailer,

recreational vehicle, or other similar type of vehicle, other than passenger automobiles and pickup trucks having a designation of one ton or less (hereinafter "Other Vehicles"), shall be allowed to be parked on any Lot or Common Areas other than as provided herein. All Other Vehicles parked or stored on a Lot shall be parked in a garage that screens the vehicle from view from any adjacent Lot, Common Areas or Roadways. No boat, boat trailer, or other form of trailer may be placed, parked or stored on any Lot, for more than 48 hours, unless they are screened from view from all Roadways and adjacent properties or garaged. All vehicles stored or parked within Stock Farm shall be in operable condition and shall at all times be licensed and registered with the South Carolina Department of Public Safety or other appropriate licensing agencies of other states, unless completely enclosed within a garage and fully screened from view by adjoining or adjacent Lot occupants and from any street, alley or right of way.

10.1.21. Fencing. No chain link fence or barbed wire fencing shall be permitted on any Lot. Other types of fences and fence material may be permitted upon written application to the HARC. All fencing must be approved by the HARC prior to installation.

10.1.22. 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.

10.1.23. Notice of Transfer to Association. An Owner, prior to the transfer of title to their Lot, and not less than Ten (10) Days prior to actual transfer, is required to provide notice of such proposed transfer to the Association, to include the name, address, telephone number of the party to whom they propose to transfer the Lot.

10.1.24. Drainage and Grading.

10.1.24.1. No Owner or occupant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains.

10.1.24.2. Each Owner shall be responsible for maintaining all drainage areas located on its Lot. Required maintenance shall include,

but not be limited to, maintaining ground cover in drainage areas and removing any accumulated debris from catch basins and drainage areas.

- 10.1.24.3. Each Owner of a residential lot shall be responsible for controlling the natural and man-made water flow from their Lot and to that end, the drainage system for each lot shall be designed to manage water on the lot resulting from a 25-year storm event. Each residential lot owner shall contain and manage all storm water resulting from an event less than or equal to a 25 year storm event within the confines of their lot. No Owner shall be entitled to overburden the drainage areas or drainage system within any portion of the Properties with excessive water flow from their Lot. Any event larger than a 25 year event may overflow/discharge to the drainage system to protect the structure. Owners shall be responsible for all remedial acts necessary to cure any unreasonable drainage flows from Lots. Neither the Association nor the Declarant bears any responsibility for remedial actions to any Lot. All drainage system designs undertaken by the Owner shall be subject to approval by the HARC prior to installation.
- 10.1.24.4. Use of any areas designated as “drainage easement areas” on any recorded subdivision plat of the Property, shall be subject to strict prohibitions against encroachment of structures into, over or across the drainage easement areas, and the right of the Declarant to enter upon and maintain the drainage easement areas. Such maintenance activities may include disturbance of landscaping pursuant to the terms contained in any declaration of easements, notwithstanding approval of the landscaping as set forth herein.
- 10.1.24.5. No Person shall alter the grading of any Lot without prior approval pursuant to this Declaration. The Declarant hereby reserves for itself and the Association a perpetual easement across the Property for the purpose of altering drainage and water flow. The exercise of such an easement shall not materially diminish the value of or unreasonably interfere with the use of any Lot without the Owner’s consent.
- 10.1.24.6. All persons shall comply with any and all applicable federal, state, county and municipal erosion control ordinances or regulations in construction of improvements on any lot and, where required, shall maintain silt fencing and vegetative and structural sediment control and collection devices.

- 10.1.24.7. All persons shall comply with any and all applicable local municipal, state or county ground disturbance laws as applicable.
- 10.1.24.8. The post development finished minimum elevation chart for each Lot is supplied to each Lot Owner and must be maintained. The site plan submitted to the HARC for approval must reflect these elevations.
- 10.1.24.9. All lots within Stock Farm Development are required to install and maintain Best Management Practices for storm water drainage as set forth in the HARC Guidelines, with the Low Impact Development Tool Kit provided within the Architectural Guidelines.
- 10.1.25. Irrigation. Owners shall not install irrigation systems which draw upon ground or surface waters nor from any streams within the Property. However, the Declarant and the Association shall have the right to draw water from such sources for the purpose of irrigating the Common Areas. Provided, that irrigation systems utilizing rain water collected in cisterns and other enclosed structures are permissible. All irrigation systems must be installed with rain sensors and kept in proper working order.
- 10.1.26. Open Spaces, Green Spaces, Parks, and Other Recreational Areas. Owners, as well as their families, tenants, guests invitees, and pets, shall refrain from any actions on their Lots which would deter from the enjoyment of areas within or adjacent to the Property designated as "Open Spaces," "Green Spaces," "Parks," and/or "Recreational Areas". Prohibited activities shall include, but shall not be limited to, burning materials where the smoke will cross such areas, maintenance of dogs or other pets which interfere with the use of such areas due to their loud barking or other actions, and playing of loud radios, televisions, stereos or musical instruments.
- 10.1.27. State Waters and Buffers. If applicable, all areas identified on any plat of the Properties as state waters or buffers and qualifying as such shall remain undisturbed and be left in their natural vegetative state. No areas delineated as state waters or buffers shall be disturbed unless approved in writing by the Board of Directors and the appropriate state governing authority, in accordance with any applicable state variance procedure.
- 10.1.28. Megan's Law. To the fullest extent allowed by applicable law, no person who is a "registered sex offender," i.e., a person required to register as a sex offender by any court, law or regulation of any local, state or federal jurisdiction of the United States or any other nation, may own (whether by

purchase, gift, devise or inheritance), occupy, rent or reside in any Dwelling Unit of the Community. The Association may from time to time adopt additional restrictions regarding the sale, lease or occupancy of any Dwelling Unit in the Community. Notwithstanding anything contained in this Paragraph or this Declaration, to the fullest extent allowed by applicable law, the Declarant, any successor Declarant, the Association, the Association's board and committee members and directors, and their respective employees, agents, representatives and assigns (for purposes of this Paragraph, all of the above are collectively referred to as the "Exempt Parties"): (a) shall not be responsible for and shall not be required to obtain, conduct or disclose any investigations or diligence on the background, reputation or legal status of any potential Owner, tenant or other occupant of any Dwelling Unit located upon the Property, including but not limited to, any registry relating to any registered sex offenders, although the Exempt Parties, may, as allowed by applicable law, conduct such investigations and diligence as they reasonably deem reasonably necessary in the furtherance of their respective duties regarding any potential Owner, tenant or other occupant of any Dwelling Unit; and (b) shall in no way be deemed liable or responsible to any Owner, resident, invitee, occupant, tenant, guest or any other person whomsoever for any loss, injury or damage of any kind or character arising from the actions of any persons who may own, occupy, rent or reside in a Dwelling Unit.

10.2. SINGLE FAMILY RESIDENTIAL DISTRICT

- 10.2.1. Lots Included. The Single Family Residential District shall consist of Lots 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, and 44 as shown and described on the Plat.
- 10.2.2. Residential Use of Single Family Homes. The Owner of any Lot in the Single Family Residential District 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 building, such as driveways, a garage, fences, and recreational amenities. Any garage constructed on a Lot may not contain more than two upstairs rooms which may be used for living quarters. The living quarters shall not be rented out or occupied by persons not related to the Owner within two degrees of lineal consanguinity. The dwelling portion of this building may be no more than 600 SF.
- 10.2.3. Footprint Coverage. The main building and all appurtenant buildings and hardscape, shall not have a combined foot print which exceeds Fifty (50%) percent of the square footage of the Lot not including pools. Architectural considerations, as established by the HARC, may limit the total square footage of the main mass building.

- 10.2.4. Unified Footprint. Development in the Residential District discourages unified footprint design, as the size of the lots permit a compound design. Multiple buildings connected by breezeways or enclosed corridors and connecting roof lines are encouraged. An appurtenant building may be connected to the main building by unenclosed, covered walkway(s) or by an enclosed corridor but shall not be deemed to be a portion of the main building unless so deemed by the HARC taking into account the totality of the design of the overall building.
- 10.2.5. Height Restrictions. No main building may exceed two and one half (2½) stories above the grade level of the Lot and in total, may not exceed thirty five (35) feet in height to the ridge line above grade level of the Lot.
- 10.2.6. Setbacks, Etc. The front, rear, left side and right side setbacks for all vertical buildings constructed on each Lot shall be as shown in Exhibit "B" attached hereto and incorporated herein by reference. Notwithstanding the terms of the preceding sentence, a Lot Owner may not build his residence or appurtenant structures within those areas designated as easements on the Plat, including but not limited to utility easements. No Lot Owner may construct any improvements which extend more than eighteen (18") inches above grade within the setbacks, other than fences, which must be approved by the HARC prior to construction. Improvements which extend less than eighteen (18") inches above grade may be constructed within the setbacks with prior approval of the HARC. The HARC may grant variances to permit minor encroachments into such easements.
- 10.2.7. Location of Ancillary Structures. The Owners of Lots 22, 28, 29, 35, 36, 37, 40 and 41 shall be required to have located on their respective Lots, Ancillary Residential Buildings to be located as shown on the Plat. The Ancillary Residential Buildings used in conformance with the restrictions and requirements set forth in Section 10.2.11 of these Covenants. With approval of the HARC this requirement for Ancillary Residential Buildings may be satisfied with the appropriate placement of an architectural element associated with the lot's primary building.
- 10.2.8. Commercial Use of Home Prohibited. 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, appurtenant structure, or upon any Lot except as otherwise expressly herein provided or permitted by the Town of Bluffton ordinance. Nothing in this Paragraph or these Covenants shall be construed to prohibit the rental of any of the Home and appurtenant structures for single family (one family only) residential purposes otherwise consistent with these Covenants. If

an Owner desires to conduct business from his or her Lot, the Owner must, prior to commencing any business activity on the Lot, obtain approval from the Board for the purposed business activity and obtain a business license. Home businesses 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 and specific parking provisions are made for such business, separate and distinct from the parking for the occupants of the Home. Further, all business activities shall be conducted within improvements located on the Lot (i.e. no business activity or storage of business property in the yard shall be permitted). Notwithstanding the foregoing, a real estate sales office shall be permitted on the Property.

10.2.9. 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 Declarant and/or 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. All visitor parking shall be permitted in areas designated by the Association. Parking so as to block any sidewalk, alley, or roadway is prohibited. Notwithstanding the foregoing, the Association, upon application by an Owner may permit on street parking for special events in accordance with rules and regulations adopted by the Association.

10.2.10. Limitation on Number of Residents. No Home may be occupied by more than Three (3) persons. Provided, that this limitation shall not apply to: (i) occupancy of a Home by persons within the first degree of consanguinity (i.e. parents and children, or brothers and sisters); or, (ii) the occupancy of a Home by the grandchildren or the grandparents of the Owner, provided that the Owner is primary caregiver for said grandchildren.

10.2.11. Ancillary Residential Buildings

10.2.11.1. The permitted uses of Ancillary Residential Buildings in the Residential District are garage, storage and garage apartment as set forth herein, and as described in 10.2.7 above.

10.2.11.2. The location of the Ancillary Residential Building shall be as determined on the by the HARC if necessary.

10.2.11.3. Ancillary Residential Buildings may not exceed six hundred (600) enclosed square feet and may not be less than three hundred (300) enclosed square feet.

10.3. GUILFORD PLACE COMMERCIAL DISTRICT

10.3.1. The Guilford Place Commercial District shall consist of Lots 1, 1A, 2, 2A, 3, 3A, 4, 4A, 5, 5A, 6, 6A, 7, 8, 9, 10, 11, 12, 13, 14, 15, 15A, 16, 17, 18, 19, 20, 21 and 21A as shown and described on the Plat.

10.3.2. Permitted Uses. Permitted uses for the Guilford Place Commercial District are listed below

10.3.2.1. Residential

10.3.2.2. Commercial as is specified below

10.3.2.1 Retail/ Service Business

10.3.2.2 Lodging (to include Bed & Breakfast and Inns only)

10.3.2.3 Office

10.3.2.4 Restaurant (conditional)

10.3.3. Lots 1A-5A are limited to Commercial Use excluding lodging and restaurants. Commercial uses permitted are outlined above.

10.3.4. Lots 1-15, 6A, 15A, 21 and 21A are Mixed Use. Owners of these lots may utilize the Primary Structure on the lot for any one or combination of the permitted uses listed above. No more than Two (2) residential dwelling units, including ancillary buildings (see section on ancillary buildings below), may be permitted on any one of these lots.

10.3.5. Lots 16-20 are Live/Work. A mix of residential and commercial uses are permitted on these lots as well. However, these lots require that commercial uses in the primary building be owned and operated by the resident in the same primary building thus making it a true Live/ Work unit. The primary building is permitted to be completely residential but commercial uses are only permitted under the resident/ owner guideline explained above. Permitted commercial uses for these lots are listed above. No more than Two (2) residential dwelling units, including ancillary buildings (see section on ancillary buildings below), may be permitted on any one of these lots.

10.3.6. Approval of Commercial Use. All Commercial uses in the Guilford Place Commercial District shall be required to obtain written approval from the Declarant prior to obtaining HARC approval prior to construction. It is the intent of the Declarant to limit the types of businesses, offices, and

stores permitted to operate in the Guilford Place Commercial District so as to maintain an appropriate mix of uses, as determined in the sole and exclusive discretion of the Declarant. Certain uses will be conditional or may not be permitted by the Declarant. Such restricted uses include but are not limited to contractor office and storage, retail or wholesale auto parts, drive through service, fast food or any other business that may be considered to have a negative impact on the traffic, parking or aesthetic quality of the residential parcels within the community. The Owner and all subsequent new Owners shall obtain written approval from Declarant prior to obtaining HARC approval for the change in use.

10.3.7. Ancillary Structures. Requirements regarding Ancillary Buildings in the Guilford Place Commercial District are as follows:

10.3.7.1. Ancillary Buildings are required on lots 2, 5, 7-14, 16-20 and 21A of the Guilford Place Commercial District.

10.3.7.2. Ancillary Buildings required on Lots 2, 5 and 7-14 shall be designated as Commercial and shall be located as shown on the Plat. Residential dwelling units shall be permitted only on the second floor of these buildings.

10.3.7.3. Ancillary Buildings required on lots 16-20 are permitted for garage, living and commercial space which can be accessed off of Guilford Place. Commercial space shall not exceed six hundred (600) square feet climate controlled space per lot.

10.3.7.4. The required Ancillary Building for Lot 21A shall be designated as garage and/or living space and shall be located as shown on the Plat.

10.3.7.5. The maximum size of any Ancillary Structure shall be six hundred (600) square feet of climate controlled space per floor.

10.3.8. Parking. All parking shown within the Guilford Place Commercial District is common to all lot Owner's and may be used by Owner's or their Guest's or Customers. All visitor parking for lots 16-20 shall be located in parking spaces provided on Yaupon Road or in other areas designated by the Homeowners Association. Parking so as to block any sidewalk, alley, or roadway is prohibited.

10.3.9. Limitation on Number of Residents. No Home may be occupied by more than Three (3) persons. Provided, that this limitation shall not apply to: (i) occupancy of a Home by persons within the first degree of consanguinity (i.e. parents and children, or brothers and sisters); or, (ii) the occupancy of a Home by the grandchildren of the Owner, provided that the Owner is

primary caregiver for said grandchildren.

10.3.10. Lot Coverage. The total controlled commercial square footage for lots in the Guilford Place Commercial District shall not exceed that listed in Exhibit "B" attached hereto and incorporated herein by reference.

10.3.11. Height Restrictions. No Primary Building may exceed two and one half (2 ½) stories above the grade level of the Lot and in total, may not exceed Thirty Five (35') feet in height to the ridgeline above grade level of the Lot. No Ancillary Commercial Building shall exceed Two (2) stories above grade level of the Lot and may not exceed twenty eight (28) feet in height above grade level of the Lot.

10.3.12. Setbacks, Etc. The front, rear, left side and right side setbacks for all vertical buildings constructed on each Lot shall be as shown in Exhibits "A" and "B" attached hereto and incorporated herein by reference. Notwithstanding the terms of the preceding sentence, a Lot Owner may not build his residence or appurtenant buildings within those areas designated as easements on the Plat, including but not limited to utility easements. No Lot Owner may construct any improvements which extend more than eighteen (18") inches above grade within the setbacks, other than fences, which must be approved by the HARC prior to construction. Improvements which extend less than eighteen (18") inches above grade may be constructed within the setbacks with prior approval of the HARC. Notwithstanding the prohibitions contained in this Paragraph 10.3.12 the Declarant and/or the HARC may grant variances to permit minor encroachments into such easements.

11. FUNCTIONS OF THE ASSOCIATION

11.1. 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.

11.2. 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 Areas. 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.

- 11.3. 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:
 - 11.3.1. For roads or roadways, paths or trails, and sidewalks along and throughout the Property;
 - 11.3.2. For providing any of the services which the Association is authorized to offer under Paragraph 5 of this Article.
 - 11.3.3. 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.
 - 11.3.4. For water and sewage facilities and any other utilities, if not adequately provided by private utility or some other public body.
- 11.4. 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:
 - 11.4.1. Cleaning, landscaping, and maintenance of the Roads and right of ways throughout the Property;
 - 11.4.2. Landscaping and lighting of Roads, rights of way, sidewalks and walking paths on any Common Areas;
 - 11.4.3. 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;
 - 11.4.4. 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;
 - 11.4.5. 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;
 - 11.4.6. 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;

- 11.4.7. To provide liability and hazard insurance covering fixed improvements on the Common Areas;
- 11.4.8. To maintain drainage and stormwater infrastructure and facilities pursuant to Best Management Practices (“BMP”) and in accordance with the following:
- 11.4.8.1. In order to provide effective stormwater pollution control on a continuing basis, periodic maintenance of the infiltration, headwall, ditch and storm water drainage BMP’s is necessary. Maintenance requirements can be broken down into two categories:
- 11.4.8.1.1. 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. This maintenance also includes periodic review for two years following the Declarant being granted the Certificate of Compliance, a testing of the post development storm water runoff by a qualified engineer.
- 11.4.8.1.2. Non-Routine Maintenance: This involves tasks that are performed once every specified number of years to correct problems which might reduce the underground 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 underground chamber system, stabilization of the outfall structure and headwalls, and offsite hauling for

sediment disposal. It should be emphasized that infiltration system components are water quality management facilities designed to achieve runoff pollution removal through natural physical, biological, and chemical processes with the filtration. 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.

11.4.8.2. To maintain all drainage infrastructure.

11.4.8.3. 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 Stock Farm.

- 11.5. Supplemental Rights of Enforcement. The Board may elect to enforce any provision these Covenants by exercising self-help (specifically including, but not limited to, the filing of liens in the Public Records for non-payment of Assessments and other charges, the towing of vehicles that are in violation of parking rules, the removal of pets that are in violation of pet rules, or the correction of any maintenance, construction or other violation of the Covenants). The Association may levy a Specific Assessment to cover all costs incurred in bringing a Lot into compliance with the terms of the Covenants.
- 11.6. Remedies Cumulative. All remedies set forth in this Declaration and the By-Laws shall be cumulative of any remedies available at law or in equity. In any action or remedy taken by the Association to enforce the provisions of the Covenants, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, reasonable attorneys' fees and court costs, reasonably incurred in such action.
- 11.7. Reasonableness of Enforcement of Covenants. The Association shall not be obligated to take action to enforce any covenant, restriction, or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed a waiver of the right of the Association to enforce such provision under any circumstances or prevent the Association from enforcing any other covenant, restriction or rule.

- 11.8. Submission to Governmental Laws and Ordinances. The Association, by contract or other agreement, may enforce county, city, state and federal ordinances, if applicable, and permit local and other governments to enforce laws and ordinances on the Property for the benefit of the Association and its Members.
- 11.9. Indemnification. The Association shall indemnify every officer, director, HARC member, and committee member against all damages, liabilities, and expenses, including reasonable attorney's fees incurred in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, HARC member or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Paragraph, the Articles of Incorporation and South Carolina corporation law. The officers, directors, HARC members and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual, willful misfeasance, malfeasance, misconduct, or bad faith. The officers, directors, HARC members, and committee members shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers, directors, HARC members or committee members may also be Members of the Association). The Association shall indemnify, defend, and forever hold each such officer, director, HARC member and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, HARC member or committee member may be entitled under applicable State law. The Association shall, as a Common Expense, maintain adequate general liability and directors' and officers' liability insurance to fund this obligation, if such insurance is reasonably available.
- 11.10. Security. Each Owner and occupant of a Lot, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their Lot in the Community. The Association may, but shall not be obligated to maintain or support certain activities within the Community designed to make the Community safer than it otherwise might be. Neither the Association, nor its officers, directors, board or committee members, employees, agents, the original Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Community, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any security system or measure, cannot be compromised or circumvented, nor that any such system or security measure undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Lot that the Association, its Board of Directors and committees, Declarant, and any successor Declarant are not insurers

and that each person using the Property (including, without limitation, any owner, occupant or user of any portion of the Property, residents and their families, guests, lessees, licensees, invitees, agents, servants, contractors and/or subcontractors) assumes all risks of personal injury and loss or damage to property, including the Dwelling Unit and the contents of the Dwelling Unit, resulting from acts of third parties or acts of God, including without limitation, fires. THE ASSOCIATION IS NOT EMPOWERED AND HAS NOT BEEN CREATED TO ACT AS AN ENFORCER OR INSURER OF THE COMPLIANCE BY RESIDENTS OF THE LAWS OF THE TOWN OF BLUFFTON, BEAUFORT COUNTY, THE STATE OF SOUTH CAROLINA OR THE UNITED STATES OF AMERICA OR TO ACT TO PREVENT TORTIOUS ACTIVITIES. THE PROVISIONS OF THIS DECLARATION RELATING TO THE HEALTH, SAFETY AND WELFARE SHALL BE INTERPRETED AND APPLIED AS LIMITATIONS ON PERMISSIBLE USES OF THE PROPERTY AND SHALL NOT BE DEEMED AS CREATING ANY DUTY OF THE ASSOCIATION OR THE DECLARANT TO PROTECT OR FURTHER THE HEALTH, SAFETY OR WELCOME OF ANY PERSON(S), EVEN IF ASSESSMENT FUNDS ARE CHOSEN TO BE USED FOR ANY SUCH REASON. EACH OWNER OF A LOT (BY VIRTUE OF TAKING OF TITLE TO A LOT OR LOT AND STRUCTURE) AND EACH OTHER PERSON HAVING AN INTEREST IN OR LIEN UPON, OR MAKING A USE OF, OR RESIDING OR OCCUPYING ANY PORTION OF ANY OF THE PROPERTY (BY VIRTUE OR ACCEPTING SUCH INTEREST OR LIEN OR MAKING SUCH USE OR OCCUPANCY) SHALL BE BOUND BY THIS SECTION AND SHALL BE DEEMED TO HAVE AUTOMATICALLY WAIVED ANY AND ALL RIGHTS, CLAIMS, DEMANDS AND CAUSES OF ACTION AGAINST THE DECLARANT, ANY SUCCESSOR DECLARANT, THE ASSOCIATION AND THE ASSOCIATION'S DIRECTORS, OFFICERS, COMMITTEE AND BOARD MEMBERS, EMPLOYEES, AGENTS, CONTRACTORS, INCLUDING MANAGEMENT COMPANIES, SUB-CONTRACTORS, SUCCESSORS AND ASSIGNS (ALL OF WHICH PARTIES ARE COLLECTIVELY HEREINAFTER REFERRED TO AS "RELEASED PARTIES"), ARISING FROM OR CONNECTED WITH ANY MATTER FOR WHICH THE LIABILITY OF THE RELEASED PARTIES HAS BEEN DISCLAIMED IN THIS PARAGRAPH OR OTHERWISE.

- 11.11. Relationship with Tax-Exempt Organizations. The Declarant or the Association may create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Areas to non-profit, tax-exempt organizations for the benefit of the Community. The Association may contribute money, real or personal property or services to any such entity. Any such contribution shall be a Common Expense and included is a line item in the Association's annual budget. For the purposes of this Paragraph a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code, including but not limited to, Sections 501 (c)(3) or 501 (c) (4) thereof.

11.12. Insurance and Casualty Loss.

11.12.1. Association Insurance.

11.12.1.1. Required Coverages. The Association, acting through its Board or its duly authorized agent shall obtain and continue in effect the following types of insurance, if reasonably available, and if not reasonably available, the most nearly equivalent coverage as are reasonably available:

11.12.1.1.1. Blanket property insurance on any Common Areas;

11.12.1.1.2. Commercial general liability insurance on the Common Areas, insuring the Association and its Members;

11.12.1.1.3. Workers compensation insurance and employers liability insurance, if and to the extent required by law;

11.12.1.1.4. Directors' and officers' liability coverage;

11.12.1.1.5. Such additional insurance as the Board, in its best business judgment, determines advisable, which may include, without limitation, flood and/or hurricane insurance.

In the event of an insured loss, the deductible shall be treated as a Common Expense and assessed against all Lots. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one (1) or more Owners, their guests, invitees, or lessees, then the Board may specifically assess as an Individual Assessment the full amount of such deductible against such Owner(s) and their Lots pursuant to Paragraph 7.6.

11.12.2. Policy Requirements.

11.12.2.1. The Association shall arrange for periodic reviews of the sufficiency of insurance coverage by One (1) or more qualified persons, at least One (1) of whom must be familiar with insurable replacement costs in the Low Country South Carolina area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and to each Member upon request. The policies may contain a reasonable deductible and the amount thereof shall not be

subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Paragraph 11.12.1.

11.12.2.2. All insurance coverage obtained by the Board shall:

11.12.2.2.1. be written with a company authorized to do business in the State of South Carolina and which satisfies the requirements the Federal National Mortgage Association, or such other secondary mortgage market agencies as the Board deems appropriate;

11.12.2.2.2. be written in the name of the Association as Trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members;

11.12.2.2.3. not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

11.12.2.2.4. contain an inflation-guard endorsement;

11.12.2.2.5. include an agreed-amount endorsement, if the policy contains a co-insurance clause; and

11.12.2.2.6. an endorsement requiring at least Thirty (30) Days prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

11.12.3. In addition, the Board shall use reasonable efforts to secure insurance policies which list Owners as additional insured and provide:

11.12.3.1. a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

11.12.3.2. a waiver of the insured's rights to repair and reconstruct instead of paying cash;

11.12.3.3. an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any One (1) or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or

violation and allowance of a reasonable time to cure;

11.12.3.4. an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

11.12.3.5. a cross liability provision; and

11.12.3.6. a provision vesting the Board with the exclusive authority to adjust losses; provided however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

11.12.4. Damage and Destruction. In the event of any insured loss, only the Board or its duly authorized agent may file and adjust insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction as used in this subsection, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Any damage to or destruction of the Common Areas shall be repaired or reconstructed unless the Members holding at least Sixty-Seven percent (67%) of the total votes in the Association and during the Period of Development Control, the Declarant, decide within ninety (90) Days after the loss not to repair or reconstruct. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both are not available to the Association within such Sixty (60) Day period, then the period shall be extended until such funds or information are available. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Areas shall be repaired or reconstructed.

If determined in the manner described above that the damage or destruction to the Common Areas shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors may, without a vote of the Members, levy Individual Assessments to cover the shortfall against those Owners responsible

for the premiums for the applicable insurance coverage under Paragraph 11.12.1.

- 11.12.5. Owners' Insurance. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association to buy and maintain property insurance for the full replacement cost of all insurable improvements on his or her Lot, less a reasonable deductible, unless the Association carries such insurance (which they may, but are not obligated to do hereunder). If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Special Assessment against the benefited Lot and the Owner thereof pursuant to Paragraph 7.6.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising their Lot, the Owner shall proceed promptly repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Paragraphs 8.10 and 8.10.1. Alternatively, the Owner shall clear the Lot of all debris and ruins and maintain the Lot in a neat and attractive, landscaped condition. The Owner shall pay any costs which are not covered by insurance proceeds.

12. RULES AND REGULATIONS

- 12.1. 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 Areas 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.
- 12.2. Authority and Enforcement. Subject to the provisions of Paragraph 3.5 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:
- 12.2.1. 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;

12.2.2. Suspend an Owner's right to vote in the Association;

12.2.3. Suspend an Owner's right to use any Common Areas 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 or her family, guest, tenants, or invitees, or by his or her 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.

12.3. 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:

12.3.1. Written demand to cease and desist from an alleged violation shall be served upon the person responsible for such violation specifying:

12.3.1.1. the alleged violation;

12.3.1.2. the action required to abate the violation; and

12.3.1.3. 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.

12.3.2. 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:

12.3.2.1. the nature of the alleged violation;

12.3.2.2. the time and place of the hearing, which time shall be not less than Ten (10) Days from the giving of the notice;

12.3.2.3. an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her 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 delivers 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.

13. GENERAL PROVISIONS

- 13.1. 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.
- 13.2. 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 descendants 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.
- 13.3. 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.
- 13.4. 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.

- 13.5. Within the Guilford Place Commercial District, an individual, corporation or entity has the right with the prior written approval of the HARC to form a separate Property Owner's Association or horizontal property regime that is associated within an individual lot that may have multiple Owner's, that defines the requirements of that association within that single specific lot which might have multiple uses and or ownership. This said Association or regime may not have provisions that in any way change, modify, rescind or supersede that Stock Farm Property Owner's Association or this set of Covenants and requirements herein.
- 13.6. 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.
- 13.7. 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.
- 13.8. 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 Stock Farm 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 its 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 Stock Farm, is intended to foster the creation, preservation or enhancement of economic or intangible values associated with Stock Farm, 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.

- 13.9. 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 attorneys' fees for enforcement incurred by the Association shall be charged to the Owner as an additional Assessment.
- 13.10. Successors and Assigns. All references to the Declarant in these Covenants shall be deemed to include the transferees, successors and assigns of the Declarant, unless specifically designated otherwise.
- 13.11. 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.
- 13.12. 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.
- 13.13. Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of these Covenants.
- 13.14. Time is of the Essence. Time is of the Essence with regard to the provisions of these Covenants.
- 13.15. 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.
- 13.16. Reliance. BEFORE ACCEPTING A DEED TO A DWELLING UNIT, EACH OWNER HAS AN OBLIGATION TO RETAIN AN ATTORNEY IN ORDER TO CONFIRM THE VALIDITY OF THIS DECLARATION. BY ACCEPTANCE OF A DEED TO A DWELLING UNIT, EACH OWNER ACKNOWLEDGES THAT HE OR SHE HAS SOUGHT AND RECEIVED SUCH AN OPINION OR HAS MADE AN AFFIRMATIVE DECISION NOT

TO SEEK SUCH AN OPINION. DECLARANT IS RELYING ON EACH OWNER CONFIRMING IN ADVANCE OF ACQUIRING A DWELLING UNIT THAT THIS DECLARATION IS VALID, FAIR AND ENFORCEABLE. SUCH RELIANCE IS DETRIMENTAL TO DECLARANT. ACCORDINGLY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, AN ESTOPPEL AND WAIVER EXISTS PROHIBITING EACH OWNER FROM TAKING THE POSITION THAT ANY PROVISION OF THIS DECLARATION IS INVALID IN ANY MATERIAL RESPECT. AS A FURTHER MATERIAL INDUCEMENT FOR DECLARANT TO SUBJECT THE COMMUNITY TO THIS DECLARATION, EACH OWNER DOES HEREBY RELEASE, WAIVE, DISCHARGE, COVENANT NOT TO SUE, ACQUIT, SATISFY AND FOREVER DISCHARGE DECLARANT, ITS OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS AND ITS AFFILIATES AND ASSIGNS FROM ANY AND ALL LIABILITY, CLAIMS, COUNTERCLAIMS, DEFENSES, CAUSES OF ACTION, ACTIONS, SUITS, CONTROVERSIES, AGREEMENTS, PROMISES AND DEMANDS WHATSOEVER IN LAW OR IN EQUITY WHICH AN OWNER MAY PREVIOUSLY HAVE HAD, MAY NOW HAVE OR MAY HAVE IN THE FUTURE, OR WHICH ANY PERSONAL REPRESENTATIVE, SUCCESSOR, HEIR OR ASSIGN OF OWNER PREVIOUSLY, CURRENTLY OR HEREAFTER CAN, SHALL OR MAY HAVE AGAINST DECLARANT, ITS OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS, AND ITS AFFILIATES AND ASSIGNS, FOR, UPON OR BY REASON OF ANY MATTER, CAUSE OR THING WHATSOEVER RESPECTING THIS DECLARATION. THIS RELEASE AND WAIVER IS INTENDED TO BE AS BROAD AND INCLUSIVE AS PERMITTED BY THE LAWS OF THE STATE OF SOUTH CAROLINA.

EXHIBIT "B"
Stock Farm - Development Calculations

Guilford Place Commercial District											
LOT #	LOT AREA (SQ)	BUILDABLE AREA (SF)	MAX COMMERCIAL (SQ)*	RESIDENTIAL PERMITTED	LIVE WORK (L/W) MAX COMMERCIAL	**ANCILLARY BUILDING	FRONT SETBACK (FT)	REAR SETBACK (FT)	LEFT SETBACK (FT)	RIGHT SETBACK (FT)	FRONT STREET NAME
1	14763	8715	3600	PERMITTED			5*	12*	18*	13*	MAY RIVER ROAD
1A	5101	971	1200	PERMITTED			4.5*	30	25		GUILFORD PLACE
2	6838	4236	3200	PERMITTED		REQUIRED	5	10	16*	7.5	MAY RIVER ROAD
2A	3643	1339	1200	PERMITTED			2	29*	5		GUILFORD PLACE
3	6942	3918	3250	PERMITTED			10	0*	7.5	12	MAY RIVER ROAD
3A	4874	1835	1200	PERMITTED			6	30	15		GUILFORD PLACE
4	4959	2967	2400	PERMITTED			5	0*	10	5	MAY RIVER ROAD
4A	3764	1235	1200	PERMITTED			2*	30	10		GUILFORD PLACE
5	6371	4077	3000	PERMITTED		REQUIRED	5	5*	7.5	12.5	MAY RIVER ROAD
5A	5136	2399	1200	PERMITTED		REQUIRED	0.5*	30	10		GUILFORD PLACE
6	9553	5800	3090	PERMITTED			15	3*	10	10	MAY RIVER ROAD
6A	9688	4398	2000	PERMITTED			5*	30*	12		GUILFORD PLACE
7	9390	3898	2300	PERMITTED		REQUIRED	35	6*	15	10	MAY RIVER ROAD
8	8100	4228	2130	PERMITTED		REQUIRED	15	6.5*	10	10	MAY RIVER ROAD
9	7689	3190	2100	PERMITTED		REQUIRED	30	6.5*	10	10	MAY RIVER ROAD
10	10126	4284	2400	PERMITTED		REQUIRED	30	6.5*	15	18.5	MAY RIVER ROAD
11	8091	3749	2200	PERMITTED		REQUIRED	30	7*	12.5	9.5*	MAY RIVER ROAD
12	8337	4014	2080	PERMITTED		REQUIRED	20	12*	10	10	MAY RIVER ROAD
13	7792	3745	2000	PERMITTED		REQUIRED	15	16*	10	11.5	MAY RIVER ROAD
14	12016	5033	2400	PERMITTED		REQUIRED	15	12*	15.5	21	MAY RIVER ROAD
15	9209	4476	2000	PERMITTED		REQUIRED	15	2	21	7.5	MAY RIVER ROAD
15A	10829	5475	2100	PERMITTED		REQUIRED	26	2*	7.5	15	MAY RIVER ROAD
16	14637	7582		PERMITTED	2000	REQUIRED	15	9*	28*	15	YAUPON ROAD
17	14526	8324		PERMITTED	2000	REQUIRED	15	6*	16.5	12.5	YAUPON ROAD
18	14892	8592		PERMITTED	2000	REQUIRED	7*	6*	12.5	12.5	YAUPON ROAD
19	14749	8391		PERMITTED	2000	REQUIRED	9*	6*	12.5	12.5	YAUPON ROAD
20	20408	8648		PERMITTED	2000	REQUIRED	23	9*	17.5	12.5	YAUPON ROAD
21	9281	4571	1875	PERMITTED		REQUIRED	17	15	10	15	GUILFORD PLACE
21A	9808	4939	1875	PERMITTED		REQUIRED	17*	15	5	10	GUILFORD PLACE
TOTAL	271512	135029	52000		10000						

*Varies (minimum listed) - See Plat
** Ancillary buildings to have 2'-5" Setbacks

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.

- 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

All terms utilized in these by-Laws shall have the same meaning attributed to them in the Declaration unless specifically defined otherwise herein. The following words and terms when used in these By-Laws shall have the following meanings:

- 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.
- 2.2 **"ASSOCIATION"** shall mean and refer to Stock Farm Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.
- 2.3 **"COMMON AREAS"** shall mean and refer to that portion of the Stock Farm designated as "Common Areas" or "Open Space" 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.
- 2.4 **"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 Stock Farm and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina.
- 2.5 **"DECLARANT"** shall mean and refer to Stock Farm, LLC a South Carolina Limited Liability Company, its successor and assigns.
- 2.6 **"DECLARATION" and/or "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 Stock Farm and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina.

- 2.7 "**LOT(S)**" shall mean any subdivided piece of land, whether improved or unimproved, located within the boundaries of Stock Farm Subdivision, 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, Wetlands, Open Space or which are undesignated.
- 2.8 "**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 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.
- 2.9 "**PLAT**" shall mean and refer to the plat described in Paragraph 2 of the Declaration.
- 2.10 "**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.
- 2.11 "**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.
- 2.12 "**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 Stock Farm as set forth in the Declaration.

ARTICLE III POWERS OF PROPERTY OWNERS

Subject to the rights of Declarant as set forth in the Declaration and these By-Laws, the Powers of the Property Owners in connection with the affairs of the Association shall include, without limitation, the following:

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

- 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%).
- 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.
- 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

- 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.
- 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.
- 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.
- 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.
- 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.
- 4.6 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.

- 4.7 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 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.
- 4.8 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.
- 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.
- 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.
- 4.11 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 Eighteen (18) 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.

ARTICLE V BOARD OF DIRECTORS

- 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 not less than three (3) Directors nor more than five (5) 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 after the termination of Declarant Control, the Members shall elect not less than three

(3) Directors, one for a term of one (1) year; one for a term of two (2) years; and one for a term of three (3) years. At the expiration of each of these staggered terms, the members shall elect a successor Director who shall then serve a three (3) year term. All successor Directors shall thereafter serve three (3) year terms.

- 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.
- 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.
- 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.
- 5.5 Appointment by Declarant. 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 Stock Farm
- 5.6 Indemnification. The Association shall indemnify every officer, director, HARC member, and committee member against all damages, liabilities, and expenses, including reasonable attorney's fees incurred in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, HARC member or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Paragraph, the Articles of Incorporation and South Carolina corporation law. The officers, directors, HARC members and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual, willful misfeasance, malfeasance, misconduct, or bad faith. The officers, directors, HARC members,

and committee members shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers, directors, HARC members or committee members may also be Members of the Association). The Association shall indemnify, defend, and forever hold each such officer, director, HARC member and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, HARC member or committee member may be entitled under applicable State law. The Association shall, as a Common Expense, maintain adequate general liability and directors' and officers' liability insurance to fund this obligation, if such insurance is reasonably available.

5.7 Compensation. Directors shall not receive compensation from the Associations for acting as such unless approved by a majority vote of the Members. Any director may be reimbursed for expenses incurred on behalf of the Association. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished the Association pursuant to a contract or agreement, provided that such director's interest shall be made know to the Board prior to the entering into of such contract or agreement...

ARTICLE VI NOMINATION AND ELECTION OF DIRECTORS

- 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.
- 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

- 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.

- 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.
- 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.
- 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

- 8.1 Board of Director's Powers. The Board of Directors shall have power:
- a. 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 HARC 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; and.
- i. To employ for the Association a professional management agent(s) or company at such compensation as the Board shall deem reasonable, to perform such duties and services as the Board may direct or authorize. The Board may delegate such powers as it shall deem necessary and proper to perform the managers duties, provided that the Board shall not delegate its policy making authority. The Declarant or an affiliate of the Declarant may be employed as the managing agent or manager.

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

- 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.
- 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.
- 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.
- 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.
- 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 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.

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.

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 "Habitat Architectural Review Committee." 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

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.

- 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.

- 11.3 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, on the forty sixth (46th) day, 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 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 Stock Farm are required to maintain a current mailing address with the Association. All changes in the recorded Owners address shall be given to the Association in writing. Any notice given to address on record with the Association shall be deemed valid notice whether actually received by the addressee or not.

- 11.4 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 individual assessments. The annual and special assessments and individual assessments, together with late fees and 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 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.

- 11.5 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.
- 11.6 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.
- 11.7 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

- 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.
- 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.

- 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.
- 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

- 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.

During the period of Declarant control, the Declarant may, at any time and without notice, unilaterally amend these By-Laws for such purpose as it may be proper.

- 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.
- 13.3 Books and Records. The Board shall make available, at its offices, to all Members, for inspection and copying (at the member's expenses), by appointment during business hours (9:00 a.m. to 5:00 p.m.) the following documents: the Declaration, the By-laws, the Articles

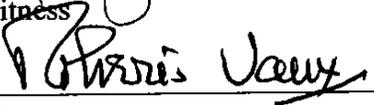
of Incorporation, any amendments and supplements to the foregoing, the rules of the Association, the minutes of the meetings of the Members, the Board, and any committees of the Board. The inspection and copying shall be limited to purposes reasonably related to the Members ownership in the Lot.

13.4 Definitions from Declaration. All terms undefined in this document shall have the same definitions as those set forth in the Declaration of Covenants and Restrictions for Stock Farm development, dated May 28, 2008 and recorded in Record Book _____, Page _____] in the Office of Register of Deeds for Beaufort County, South Carolina (the "Declaration").

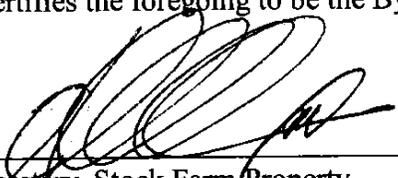
13.5 Control of Declaration. In the event of a conflict between the following By-Laws and the Declaration, the Declaration shall control.

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



Witness


Witness

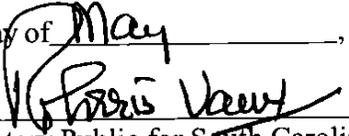


Secretary, Stock Farm Property Owners Association, Inc.

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

The foregoing instrument was acknowledged before me this 28 of May, 2008 by Henry Emmett McCracken, III, Secretary of Stock Farm Property Owners Association, a South Carolina Not-For-Profit corporation, on behalf of the corporation.

Witness my hand and official seal the 28 day of May, 2008



Notary Public for South Carolina
My commission expires: 8/22/2012