

DECLARATION OF COVENANTS AND RESTRICTIONS
FOR HORSESHOE COVE TOWN HOMES

KNOW ALL MEN BY THESE PRESENTS, that HORSESHOE COVE LLC., a South Carolina Corporation, the owner of certain parcels of land at Seabrook Island, Charleston County, South Carolina, known as HORSESHOE COVE TOWN HOMES, which parcels of land are more fully represented and delineated on a plat of the same, made by E. M. Seabrook Jr., dated April 4, 1984, and recorded April 16, 1984, in the records of Charleston County, South Carolina, in Plat Book AZ, at page 166, hereby covenants and agrees on behalf of itself, its successors and assigns, with persons or entities who shall hereafter purchase the parcels as shown on the aforesaid plat of property (or made subject hereto by Deed or other written instrument), their successors, heirs and assigns, as follows:

1. DEFINITIONS

“Company” shall refer to HORSESHOE COVE LLC., its successors and assigns.

“Association” shall refer to HORSESHOE COVE TOWN HOMES ASSOCIATION, INC., a South Carolina Corporation. See Exhibit “A” attached hereto.

“Common Properties” shall refer to those areas of land, designated as TM# 149-01-00-116 on the above referenced plat, together with any improvements thereon, including storm, drainage, water and sanitary sewer and irrigation lines and equipment which are deeded to the Association and designated in said deed as “Common Properties.” All common properties are to be maintained by, devoted to, and intended for the common use and enjoyment of the owners of the parcels shown on said plat.

“Owner” shall refer to the record owner, whether one or more legal persons or entities, of the fee simple title to TM# 149-01-00-116.

“By-Laws” shall refer to the By-Laws of the Association as amended from time to time. The original By—Laws are attached hereto as Exhibit “B”.

2. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION:

The Company and every record owner of TM# 149-01-00-116 shall be a member of the Association. Members shall be entitled to one vote for each parcel owned and when

more than one person or entity owns such interest in any parcel, all such persons or entities shall be members and the vote for such parcel shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such parcel.

3. PROPERTY RIGHTS IN THE COMMON PROPERTIES:

Subject to the provisions of these Covenants and the Rules and Regulations of the Association, every owner shall have a right, and easement of enjoyment in and to the common properties, and such easement shall be appurtenant to and shall pass with the title to every parcel.

The Company may retain the legal title to the TM# 149-01-00-116, which represents all common properties until such time as it has completed improvements thereon, and until such time as, in the opinion of the Company, the Association is able to maintain the same, but notwithstanding any provision herein, the Company hereby covenants that it shall convey TM# 149-01-00-116 to the Association within three hundred sixty five (365) days from the date hereof.

The owners' rights and easements of enjoyment in respective parcels and in TM# 149-01-00-116 be subject to the following:

- a. The right of each parcel owner to have access to such owner's parcel by an easement appurtenant thereto for ingress, egress and regress over and upon the common properties; and
- b. The right of the Association to take such steps as are reasonably necessary to protect the common properties; and
- c. The right of each parcel owner to have an easement appurtenant for utilities to such parcel over and upon the common properties; and
- d. The right of the Association, as provided in its By-Laws, to suspend the enjoyment of rights of any member for any period during which any assessment remains unpaid for any period in excess of fifteen (15) days for any infraction of its published Rules and Regulations, it being understood that any suspension for either nonpayment of any assessment or a breach of the Rules and Regulations of the Association shall not constitute a waiver or discharge of the member's obligation to pay the assessment; and the right of the Company or the Association to dedicate or transfer to any public or private utility, utility easements, provided for herein, or otherwise, on any part of the common properties.

4. MAINTENANCE ASSESSMENTS:

Each owner of any parcel shall by acceptance of a deed therefor, whether or not it shall be expressed in such deed, agrees to all of the terms and provisions of these Covenants and to pay to the Association: (i) an initial working capital assessment of \$500.00; (ii) regular maintenance and management assessment in the amount of \$300.00 per quarter; (iii) special assessments established and collected from time to time as hereinafter provided. The assessment provided for hereunder, whether maintenance and management assessments or special assessments, together with interest thereon and costs of collections thereof as hereinafter provided, shall be a charge and continuing lien on the parcels against which each such assessment is made. The lien of any parcel shall be junior and subordinate to any mortgage encumbering the parcel that was duly recorded before the assessment was due. Each such assessment shall also be the personal obligation of the person(s) or entity who was the owner of such parcel at the time when the assessment fell due. In the case of co-ownership of a parcel, all such co-owners shall be jointly and severally liable for the entire amount of the assessments. If any assessment is not paid within fifteen (15) days after the due date, the assessment will bear a delinquency charge of \$35.00 plus interest from the date of delinquency at the rate of 1.5% per month. The Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the company in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action.

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the properties and, in particular, for the administration, improvement and maintenance of properties, services and facilities devoted to this purpose. The assessments may be utilized for the exterior maintenance of the town homes situated upon the property, for the use and enjoyment of the Common Properties, including but not limited to, the cost of utilities, repairs, replacements and additions, the cost of labor, equipment, materials, management, maintenance and supervision, the payment of taxes assessed against the Common Properties, the procurement and maintenance of insurance in accordance with the By-Laws, the payment of charges for garbage service, water furnished and water and sewer services rendered to the Common Properties, the employment of association management, accountants, attorneys and other professionals to represent the Association when necessary, and to attend to such other needs as may arise.

The Board of Directors of the Association shall have the right and power to fix the assessment for each of the parcels. Upon conveyance of a parcel by the

Company to an Owner, each parcel owner shall pay at the time of closings the \$500.00 initial capital assessment and a pro rata portion of the assessments for the current quarter, and thereafter will pay in advance quarterly assessments against his property. Such payments shall be used by the Association to create and continue a maintenance fund to be used by the Association for the purposes stated herein. The Assessment shall be delinquent when not paid within thirty days after becoming due. Nothing herein shall prohibit the imposition of a monthly, or semi-annual or annual assessment in the place of the quarterly assessment herein contemplated, if so desired by the Board of Directors.

Any assessment may be increased, adjusted or reduced from time to time by the Board of Directors, or the Association, upon a two-thirds majority vote as the needs of the common property, in its judgment, may require, and each parcel shall be subject to the same assessments.

At the option of the Board, assessments shall be payable in monthly or quarterly installments, and upon default in the payment of any installments and after ten (10) days written notice, the Board at its option, may accelerate and demand payment for the entire annual assessment for the delinquent Owner, plus such late charges as may be assessed by the Board of Directors

5. MAINTENANCE FUND:

The assessments collected by the Association shall be used to create a maintenance fund for the following: (i) providing lighting, landscape maintenance and general maintenance; (ii) improving and maintaining driveways and parking areas comprising portions of the Common Properties; (iii) maintaining and improving the common roof, all exterior painting, exterior improvements and amenities and recreational facilities located on or near the Common Properties of the Association; (iv) paying of taxes on the common property; and (v) doing any other thing necessary or desirable in the opinion of the Board of Directors of the Association, to keep the property neat and in good order, and to eliminate health and safety hazards, or to provide useful amenities, which in the opinion of the Board of Directors may be of general benefit to the owners of the parcels.

6. OTHER COVENANTS:

The parcels shall be subject to the Protective Covenants of Seabrook Island dated April 22, 1974, and recorded in the records of Charleston County, South Carolina, in Book M 105 at Page 194, as amended by Modification dated October 29, 1976, and recorded in the RMC Office aforesaid in Book Y110 at page 145, and as further amended by instrument dated April 30, 1985, recorded in Book B145 at page 246, and any other amendments and exhibits thereto. Also; the parcels are subject to the Second Restated and Amended By-Laws of Seabrook Island Property Owners Association, dated October 18, 1984, recorded in Book B141, at page 267, as amended by instrument recorded in Book J144 at page 59, Charleston RMC Office, and any other amendments and exhibits thereto.

7. EXTERIOR APPEARANCE OF DWELLING:

No change shall be made to the exterior appearance of any dwelling which shall include the erection of any exterior window covering, awnings, or shutters, which can be seen from the outside of the dwelling, without the express prior approval of the board.

8. EXTERIOR MAINTENANCE:

Notwithstanding anything contained herein the Association in addition to maintaining TM# 149-01-00-116 shall have the right, but not the obligation, to provide exterior maintenance to each parcel with improvements hereon including, but not limited to, the common roof. Any cost incurred in connection with such maintenance shall be a lien against the parcel and may be collected in the same fashion as a Common Property maintenance assessment described in paragraph 4, supra. In order to enable the Association to make all necessary maintenance and repairs, the Association shall have an easement of unobstructed access for ingress and egress, over, across and under and upon each parcel at all reasonable times to perform maintenance as provided in this paragraph.

9. DURATION AND AMENDMENT:

These Covenants shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association, the Company, or the owner of any parcel subject hereto for a term of twenty (20) years from the date of the recordation of this instrument, after which time said Covenants shall be automatically extended for successive periods of ten (10) years unless two-thirds of the then owners vote to terminate these Covenants at a duly called meeting of the Association. The Covenants may be amended at any time upon the affirmative vote of two-thirds of the owners entitled to vote at a duly called meeting of the Association. During the period ending one year from the date hereof, the Company may delete, amend or add to these Covenants, without the consent of the owners, to clarify or correct any of the items hereof. The Company shall not, by reason of any power herein reserved, have the right to alter the amount or method of making annual, monthly, or special assessments, not to affect the voting rights of any owner.

10. SEVERABILITY

Should any covenant herein contained, paragraph, sentence, clause, phrase or term of this instrument, be declared to be void, invalid, illegal, or unenforceable, for any reason by the jurisdiction 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.

11. ENFORCEMENT:

Enforcement of these covenants and restrictions and any rules and regulations adopted by the Association pursuant to its By-Laws, shall be by any proceedings at law or in equity against any person or persons violating or attempting to violate any rule, regulation, covenant or restriction, either to restrain violation or to recover liquidated damages in amounts established by the Association and assessed as a lien against the land, or to proceed 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.

12. MODIFICATION:

The restrictive covenants may be amended and modified by a two-thirds majority vote of the owners of TM# 149-01-00-116.

IN WITNESS WHEREOF, HORSESHOE COVE LLC., by J. Edward Williams, Jr., Its duly authorized Agent, and by HORSESHOE COVE TOWN HOMES ASSOCIATION, INC., a South Carolina corporation, by J. Edward Williams, Jr., its President, has caused these presents to be executed in its name this May 3rd of 2004.

SIGNED, SEALED AND DELIVERED HORSESHOE COVE LLC.,
IN THE PRESENCE OF:

BY:

K. J. L.

J. Edward Williams, Jr.
Edward Williams, Jr., its Agent

Johnnie Jaye Hallnett

HORSESHOE COVE
TOWN HOMES ASSOCIATION, INC.
a South Carolina Corporation

Cap W. J.

Johnnie Jaye Hallnett J. Edward Williams, Jr.
Edward Williams, Jr., President

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

PROBATE

PERSONALLY appeared before me the undersigned Witness and made oath that s/he saw the within named Horseshoe Cove Town Home Association, by and through its duly appointed agent, as its act and deed, sign, seal and deliver the within written instrument, and that s/he, along with the other Witness herein, witnessed the execution hereof.,

Cap Hill
Witness

SWORN before me on 5/3, 2004.

Johnnie Faye H. Allbritton
Notary Public for South Carolina
My commission expires: 10/21/08

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

PROBATE

PERSONALLY appeared before me the undersigned Witness and made oath that s/he saw the within named HORSESHOE COVE TOWN HOMES Owners Association, Inc., by and through its duly appointed agent, as its act and deed, sign, seal and deliver the within written instrument, and that s/he, along with the other Witness herein, witnessed the execution hereof.

Cap Hill
Witness

SWORN to before me on, 5/3, 2004.

Johnnie Faye H. Allbritton
Notary Public for South Carolina
My commission expires: 10/21/08

EXHIBIT "B"

BY-LAWS OF HORSESHOE COVE
TOWN HOMES ASSOCIATION, INC.,
A SOUTH CAROLINA CORPORATION

ARTICLE I.

NAME, LOCATION AND PURPOSE:

Section 1. The name of this corporation shall be HORSESHOE COVE TOWN HOME ASSOCIATION, INC.

Section 2. Its principal office shall be located at 1002 Landfall Way, Seabrook Island, Charleston County, South Carolina.

Section 3. The object, purpose and business which this corporation proposes to do shall be to own, acquire, build, operate and maintain open spaces, streets and certain other common facilities incident to its ownership of the common properties located at HORSESHOE COVE, Seabrook Island, Charleston County, South Carolina.

- (a) To fix assessments or charges to be levied against the lots in HORSESHOE COVE TOWN HOMES.
- (b) Enforce any and all covenants, restrictions and agreements applicable to the lots.
- (c) Pay taxes, if any, on the common property and facilities at HORSESHOE COVE TOWN HOMES, Seabrook Island, Charleston County, South Carolina.

ARTICLE II

SEAL:

The corporation shall have a seal bearing the words "Seal" in the center, and having the words "HORSESHOE COVE TOWN HOMES ASSOCIATION" encircling the edge.

ARTICLE III.MEMBERSHIP AND VOTING RIGHTS:

Every legal person or entity who is the record owner of the fee simple title to any lot in HORSESHOE COVE TOWN HOMES, Seabrook Island, Charleston County, South Carolina, which is subject to assessment by the Association, shall be a member of the Association. Members shall be entitled to one vote for each lot owned, and when more than one person or entity own such interest in any lot, all such persons or entities shall be members and vote for such lots shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such lot.

ARTICLE IV:BOARD OF DIRECTORS:

Section 1. The affairs of the corporation shall be managed by a Board of Directors. The Board of Directors shall consist of three Directors who shall be elected to serve until their successors shall be elected.

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

Section 3. The Board shall meet for the transaction of business at such place as may be designated from time to time. Special meetings of the Board may be called by the President or two members of the Board for any time and place, provided 72 hours notice or 5 days notice of such meeting shall be given to each Board member before the time appointed for such meeting. If necessary, a waiver of notice can be executed.

Section 4. The Directors shall act only as a Board and the individual Directors shall have no power as such. A majority of the Directors in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same, from time to time, without notice, until a quorum be at hand. Board Members must be present in person, not by proxy. The act of a majority of Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise provided by law.

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Section 5. The Board of Directors, after the close of the fiscal year, shall submit to the members of the corporation a report as to the condition of the corporation and its property and shall submit also an account of the financial transactions of the past year.

Section 6. The Board of Directors shall have the power:

- (a) To call special meetings of the members whenever it deems necessary and it shall call a meeting of the voting membership, as provided in Article VI, Section 2.
- (b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security and 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 and assess, and collect the assessments or charges referred to in Section 4 of the Protective Covenants provided that no assessment of liquidated damages as authorized by subsection (e) herein shall be made earlier than thirty (30) days after the subject violation and the amount of liquidated damages to be assessed if the violation is not corrected.
- (d) To adopt and publish rules and regulations governing the use of the common properties and facilities and the conduct of the members and their guests thereon, and any pets of the members or their guests.
- (e) To adopt a schedule of liquidated damages for the violation of any rules, regulations, covenant or restriction to be assessed against the lot on any person or persons violating such rule, regulation, covenant or restriction.
- (f) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the meeting or to members in the covenants.
- (g) To suspend the enjoyment of rights of any member for any period during which any assessment remains unpaid; and to suspend the enjoyment of rights of any member, for a period not to exceed thirty (30) days for any infraction of the published Rules and Regulations of the Association. Any action taken pursuant to this subsection shall be cumulative to any and all other remedies available to the Association.

Section 7. It shall be the duty of the Board of Directors:

- (a) To keep records of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is requested in writing by three member of the voting membership, as provided in Article VI, Section 2.
- (b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.
- (c) As more fully provided in Sections 4 and 5 of the Protective Covenants applicable to the Properties:
 - (1) To fix the amount of the assessments against each lot for each assessment period at least thirty days in advance of such date or period and, at the same time;
 - (2) 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, and, at the same time;
 - (3) To send written notice of each assessment to every owner subject thereto.
- (d) To issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether any assessment has been paid.

ARTICLE V:

OFFICERS:

Section 1. The Executive Officers of the corporation shall be a President, a Vice President, and a Secretary/Treasurer. The first President shall hold office for two (2) years, after which time the President shall be elected annually by the Board of Directors. All other officers shall be elected annually by the Board of Directors, hereinafter sometimes referred to as the Board. They shall take office immediately after election. The officers of the corporation the first year need not be members of HORSESHOE COVE TOWN HOMES ASSOCIATION, INC. Thereafter, all officers shall be members of the association.

Section 2. Subject to the direction of the Board of Directors, the President shall be chief executive officer of the corporation, and shall perform such other duties as from time to time may be assigned to him by the Board. The President shall be ex-officio a member of all committees.

Section 3. The Vice President shall have the power and perform such duties as may be assigned to him by the Board of Directors or the President. In case of the absence or disability of the President, the duties of that officer shall be performed by the Vice President.

Section 4. The Secretary/Treasurer shall keep the minutes of all proceedings of the Board of Directors and all committees and the minutes of members' meetings and books provided for that purpose, he shall have the custody of the corporate seal and such books and papers as the Board may direct; shall have the custody of all the receipts, disbursements, funds, and securities of the corporation, and he shall in general perform all the duties incident to the office of Secretary/Treasurer, subject to the control of the Board of Directors and the President.

Section 5. The President, with the approval of the Board of Directors, may appoint such other officers and agents as the Board may deem necessary, who shall hold office during the pleasure of the Board and who shall have such authority and perform such duties as from time to time may be prescribed by the President or by the Board.

ARTICLE VI:

INDEMNIFICATION OF THE BOARD MEMBERS AND OFFICERS:

Section 1. No Board member or officer of the Association shall be liable to any member for any decision, action or omission made or performed by such Board member or officer in the course of his duties unless such Board member or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of these By-Laws.

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

- (a) Such Board Member or officer has not acted in bad faith or in reckless disregard of the rights of any person or of the terms of these By-Laws.
- (b) Such Board Member or officer gives the Association adequate notice of the claim or imposition of liability to permit the Association reasonable opportunity to defend against the same.
- (c) Such Board Member or officer cooperates with the Association in defending against the liability.

The expense of indemnifying a Board member or an officer shall be borne by all the members, including such Board Member or officer and shall be collected by a special assessment.

ARTICLE VII:MEETINGS OF MEMBERS:

Section 1. There shall be an annual meeting of the members of the corporation at such place as may be designated. Between January 15th and March 15th for the transaction of such business, as may come before the meeting. Notice of each annual meeting, stating time, date, place and in general terms, the purpose thereof, shall be sent by mail to the last known address of all members at least thirty days prior to the meeting.

Section 2. Special meetings of the members shall be held whenever called by the Board of Directors or by the holders of at least three memberships. Notice of each special meeting, stating the time, date, place, and in general terms, the purpose or purposes thereof, shall be sent by mail to the last known address of all members at least ten days prior to the meeting.

Section 3. At any meeting of the members, a quorum shall consist of members owning two-thirds of the parcels in HORSESHOE COVE, present either in person or by proxy, a majority in amount of such quorum shall decide any question that may come before the meeting.

ARTICLE VIII:NOTICE:

Section I. Whenever, according to these By-Laws, a notice shall be required to be given to any member or Director, it shall not be construed to mean personal notice but such notice may be given in writing by depositing the same in a post office in Charleston County, South Carolina, in a postpaid sealed wrapper, addressed to such member or Director at his address as the same appears on the books of the corporation; and the time when such notice is mailed shall be deemed the time of the giving of such notice.

Section 2. Any notice required to be given by these By-Laws may be waived by the person entitled thereto.

ARTICLE IX:CONTRACTS AND OWNERSHIP OF PROPERTY:

Section I. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract and execute and deliver any instrument in the name of the corporation, and such authority may be general or confined to specific instances.

Section 2. All instruments in writing affecting any real estate which may be owned by the corporation, shall be executed and acknowledged in the name of the corporation by the President and attested by the Secretary, with the corporate seal affixed thereto.

ARTICLE X:

AMENDMENT OF BY-LAWS:

Section 1. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted at any regular or special meeting of the Association, by two thirds vote of those in attendance, either in person or by proxy, and eligible to vote. Notice of such meeting stating the time, date, place and in general terms the subject of such amendment, shall be sent by mail to the last known address of all members, at least thirty (30) days prior to the meeting.

Section 2. Any and all amendments to the By-Laws shall be effective upon adoption by the Association and binding upon all members and need not be recorded in the RMC Office for Charleston County. A current copy of the By-Law's shall be available to any prospective member upon request.

CERTIFICATION

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

I, J. Edward Williams, Jr., President of HORSESHOE COVE TOWN HOMES ASSOCIATION, A South Carolina Corporation, do hereby certify that the foregoing instrument comprises the legal By-Laws of HORSESHOE COVE TOWN HOMES ASSOCIATION, a South Carolina Corporation.

WITNESS my Hand and Seal this 3rd of May 2004.

WITNESS

[Signature]
[Signature]

OWNERS ASSOCIATION

BY: [Signature]
J. Edward Williams, Jr.
Its: President

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K. J. Lewis Co. Inc.

Box 1261

Johns Island, SC

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CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

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