

DEFINITION

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(Per ARTICLE 1 of the Covenants, Conditions and Restrictions)

Section 1. "Association" shall mean and refer to Pawley's Retreat Property owners' Association, its successors and assigns.

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

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

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

1. Small area at entrance to subdivision;
- 2 Approximately two (2) acres for boat storage and
3. Approximately two (2) acres for a clubhouse, swimming pools and tennis courts (site only - no facilities included).

Section 5. "Cluster Unit Tract" shall mean any plot of land shown upon any recorded subdivision map of the property designated as such. Upon completion of construction on a Cluster Unit Tract, it shall be subdivided into lots.

Section 6. "Lot" shall mean and refer to any plot of land (other than a Cluster Unit Tract) shown upon any recorded subdivision map of the properties or any subdivision of a Cluster Unit Tract with the exception of the Common Area.

Section 7. "Declarant" shall mean and refer to PAWLEY'S RETREAT, LTD., its successors and assigns.

Note #1: SUPPLEMENTAL DECLARATION#2 CHANGED PAWLEY'S RETREAT, LTD.
TO LITCHFIELD GOLF CO., INC.

Note#2: AT THE ANNUAL PROPERTY OWNERS MEETING HELD NOV. 21,1991, THE
DEVELOPER TURNED CONTROL OF THE ASSOCIATION OVER TO THE MEMBERSHIP.

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ARTICLE II of the Covenants, Conditions and Restrictions)

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

- (a) the right of the Association to Change reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for a period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;
- (c) the right of the Association to dedicated or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded.

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

GENERAL RESTRICTIONS

(Per ARTICLE

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III of the Covenants, Conditions and Restrictions)

Section 1. All lots shall be used for single-family residential purposes exclusively, and no (ARC) structures shall be erected, altered, placed, or permitted to remain on any lot other than as follow:

(a) Cluster Unit Tracts: Prior to the subdivision of a Cluster Unit Tract, there shall be constructed not more than five (5) or less than four (4) Cluster Units thereon. The units shall contain not less than nine hundred (900) square feet of heated floor space if it contains two (2) bedrooms or not less than on thousand one hundred (1,100) square feet of heated space if it contains three (3) bedrooms, exclusive of porches, decks and garage.

(b) Patio House Lots and Single-Family Dwelling Lots: One detached single-family dwelling of not less than one thousand two hundred (1,200) square feet of heated floor space, exclusive of porches decks and garage.

(c) All lots: A dwelling shall not exceed two (2) stories in height above ground level. Neither the dwelling nor the garage shall be utilized for any activity normally conducted as a business. The garage shall not be constructed prior to the construction of the main dwelling and shall conform substantially with the style and exterior finish of the main dwelling.

Section 2. No structure of a temporary character shall be placed upon any lot at any time; (ARC) provided, however, that this prohibition shall not apply to shelters used by the contractor

during the construction shall not apply to shelters used by the contractor during the construction of the main dwelling house; it being clearly understood that these latter temporary shelters may not at any time be used as residence or permitted to remain on the lot after completion of construction.

Section 3. All structures constructed or placed on any lot shall be built of substantially new (ARC) material, and no used structures shall be located or place on such lot.

GENERAL RESTRICTIONS – (continued)

Section 4. No animals or livestock of any description, except the usual household pets, shall be kept on any lot. No pet shall be allowed which shall produce any noise or odor objectionable to any other property owner.

Section 5. No stripped, partially wrecked, or junk motor vehicle or part thereof, shall be permitted to be parked or kept on any street or lot. **NOTE-Automotive vehicles or travel trailers of any kind of type without current license plates shall not be parked or stored on any residentially zoned property other than in a completely enclosed building. Georgetown County Zoning Article IV 407**

Section 6. No trash, ashes, garbage or other refuse shall be dumped, stored, accumulated or permitted to remain on any lot. Garbage and trash shall be placed in containers obscure from public view and so designed as to blend with building construction.

Section 7. There shall be no access to any lot on the perimeter of the subdivision except from designated roads within the subdivision.

(ARC)

Section 8. No tractor, trailer, boat, motor home, travel trailer of the subdivision except from designated roads within the subdivision.

(ARC)

Section 9. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the neighborhood. There shall not be maintained any plants, poultry, animals (other than household pets) or device or thing of any sort, the normal activities or existence of which is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the owner thereof.

Section 10. All electrical services and telephone lines shall be place underground, and no outside electrical lines shall be placed overhead, and each Owner also agrees to complete the underground (ARC) secondary electrical service to their respective residences from the point of underground service provided by the Declarant.

Section 11. No sign boards of any description shall be displayed upon or above any lot with the exception of signs "For Sale" or "For Rent", and these shall be durable wooden construction, professional in appearance, approximately 8" X 8" in size, and limited to one sign per lot. Signs shall be placed on lots in a position ten (10) feet from the front property line. **NOTE-Political signs are allowed but may not be posted on Common Grounds. POA Board ruling.**

GENERAL RESTRICTION – (Continued)

Section 12. No derrick or other structure designed for use I boring for oil or natural gas shall be erected, placed, or permitted upon any part of such premises, nor shall any oil, natural gas, petroleum, asphaltum, or hydrocarbon products or minerals of any kind be produced or extracted from the premises.

Section 13. (As revised in SUPPLEMENTAL DECLARATION # 2) The Declarant reserves unto itself, its successors and assigns a perpetual, alienable and releasable easement and right, on, over, upon across, and under the front ten (10) feet and ten (10) feet on either side of each lot (except the area ten (10) feet on either side of sidelines that divide a cluster unit lot) and each cluster unit tract for the erection, maintenance, installation, and use of electrical and telephone poles, wires, cables, conduits, sewer and water mains, and other public convenience or utilities, including an easement for privately owned television and other communications, cable and equipment, and the Declarant may cut drain ways for surface water whatever and whenever such action may appear to the Declarant to be necessary in order to maintain reasonable standards on health, safety and appearance. These easements and right expressly include the right to cut any trees, bushes, or

shrubby, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility or other said installation and to maintain reasonable standards of health, safety and appearance. It further reserves the right to locate wells, pumping stations, and

tanks within residential areas on any walkway, or any residential lot designed for such use on the applicable plat of residential subdivision, or to locate the same upon any adjacent lot with the permission of the owner of such adjacent lot. Such rights may be exercised by an licensee of the Declarant, but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility or service. No structure including walls, fences, paving or planting shall be erected upon any part of the property which will interfere with the right of ingress provided in this paragraph.

Section 14. No individual water supply system shall be permitted upon the premises with the exception of a shallow well to be used for irrigation purposes only and said well, if any portion of it is above the ground, shall be covered and screened by either natural or planted shrubbery and vegetation or by fencing material which conforms to the restrictions on exterior siding for residences.

Section 15. No fuel tanks or similar storage receptacles may be exposed to view and may be installed only within the main dwelling house, within the accessory building, or buried underground. **NOTE-Has been updated by legislation. May not be in the main dwelling or accessory building. May be next to the house (or underground) but must be screened from view. Location is subject to Liquefied Petroleum Gas Code.**

driveways prior to the commencement of construction of a house on said Owner's lot. Owners shall also insure that the drainage ditch at the front of said lot is kept in good repair and free of debris during the period of house construction and shall further insure that said ditch is properly graded and seeded after said home is complete to prevent erosion.

Section 17. No exterior clotheslines will be permitted in the subdivision.

Section 18. (As revised in SUPPLEMENTAL DECLARATION #2) No boat docks, floats, bulkheads or piers will be built into the lake without permission for such construction being obtained from the Declarant and/or the Architectural Review Committee. Complete plans and specifications including site, color or finish must be submitted in writing for review.

Section 19. (As revised in SUPPLEMENTAL DECLARATION #2) Before an Owner, their successors and assigns shall sell or alienate a lot or cluster unit tract or any portion thereof, the Owner shall submit a copy of the proposed Contract of Sale to the Declarant, its successors or assigns, and the Declarant shall have a continuing first right of refusal to purchase said property at a price equal to the bona fide offer which the Owner shall have received from the prospective purchaser. The Declarant shall have thirty (30) days after the receipt of each offer or Contract of

Sale within which to purchase the lot on the same terms and conditions. In the event the Declarant remains silent or grants consent to such transfer and waives its first right of refusal and the closing and the sale of the lot or cluster unit tract does not take place, any future sale or offer of the lot or cluster unit tract shall require resubmission of any new offer or Contract of Sale to the Declarant.

Section 20. No trees or other vegetation having a diameter of three (3) inches or more at the base located on the rear or side of any lot between the property line and the broken line as shown on the subdivision plat shall be cut down or removed by the lot Owner(s) or cluster Unit Track Association or Cluster Unit Owner without the permission of the Declarant.

Section 21. (Added in SUPPLEMENTAL DECLARATION #2) No fire arms of any variety shall be discharged upon said lot or cluster unit tract.

GENERAL RESTRICTION – (Continued)

Section 22. (Added in SUPPLEMENTAL DECLARATION #2) The exterior of all houses and other structures must be completed within one (1) year after the construction of the same shall have commenced, except where the Owner or builder due to strikes, fires, natural emergency or natural calamities.

Section 23. (Added in SUPPLEMENTAL DECLARATION #2) No satellite dish shall be attached to or installed upon any lot or cluster unit tract. **NOTE-Section has been changed by FCC Ruling (Oct 1996). Cannot bar installation of dishes less than one meter.**

Section 24. (Added in SUPPLEMENTAL DECLARATION #2) In order to protect the natural beauty and water quality of the lakes, no water craft propelled by an engine of any type shall be allowed in the lakes except to perform maintenance or other community related functions or unless otherwise consented to in writing by the Declarant.

Section 25. (Added in SUPPLEMENTAL DECLARATION #2) No building or other structure shall be erected or placed on any of the lots until its site location, height construction plans and construction specifications (including, but not limited to, all exterior finishing materials and treatments, and the complete plans for the provision of all utilities, including, but not limited to, sanitary sewer, water, electricity, gas, storm drainage, telephone, cable TV), landscape plans (including, but not limited to, all driveways, garage storage area, mailboxes, parking areas, planning materials, pathways and other non-building improvements) construction schedule and such other information which may be reasonably requested pursuant to Regulations of the Declarant and/or the Architectural Review Committee shall have been approved in writing by the Declarant and/or the Architectural Review Committee, its successors or assigns.

Section 26. (Added in SUPPLEMENTAL DECLARATION #2) Reasonable administrative procedures and regulations for approval and for the form and content of plans, specifications and other materials required to be submitted shall be promulgated by the Declarant. Refusal to grant approval may be based by the Declarant Refusal to grant approval may be based by the Declarant upon any reasonable ground, including purely aesthetic conditions, at the sole discretion of the

Declarant.

Section 27. (Added in SUPPLEMENTAL DECLARATION #2) In order to preserve the aesthetic features of the architecture and landscaping, each Owner, his or her family, his or her guest, or his or her tenants shall not hang laundry from any area within or outside a house or dwelling unit if such laundry is within the public view nor hang laundry in full public view to dry, such as on balcony and terrace railings.

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GENERAL RESTRICTION – (Continued)

Section 28. (Added in SUPPLEMENTAL DECLARATION #2) Each Owner shall provide adequate off the street automobile parking for each house or dwelling unit constructed on the lot prior to the occupancy of any dwelling constructed on said lot in accordance with reasonable standard established by the Declarant and/pr the Architectural Review Committee.

Section 29. (Added in SUPPLEMENTAL DECLARATION #2) In order to implement effective insect, reptile and woods fire control, the Declarant reserves for itself and its agents, successors and assigns, the right to enter upon any lot or cluster unit tract on which a structure has not been constructed and upon which no landscaping plan has been implemented at the expense of the Owner, his heirs, successors or distributes and assigns, such entry to be made by personnel with tractors or other suitable devices, for the purposes of mowing, removing, clearing, cutting or pruning underbrush, weed or other unsightly growth, which in the opinion of the Declarant, detracts from the overall beauty, setting and safety of the subdivision. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. The Declarant and its agents may likewise enter upon such lands, remove any trash which has collected on such lots without such entering and removal being deemed a trespass. The provision in this paragraph shall not be construed as an obligation on the part of the Declarant to mow, clear, cut, or prune any lot nor to provide garbage or trash removal services.

Section 30. (Added in SUPPLEMENTAL DECLARATION #2) No trash, waste, garbage or other materials of any nature shall be throw into the lake or other bodies of water nor shall any water or other wastes from house utilities be so discharged as permitted to run into said lake or other body of water.

Section 31. (Added in SUPPLEMENTAL DECLARATION #2) An easement is reserved to be Declarant, its successors and assigns in , upon and across 10 feet of the rear lot line of all lots or cluster unit tracts bounding upon any lakes for the dredging, bulk heading or maintenance thereof. The provision in this paragraph shall not be construed as an obligation on the part of the Declarant

to perform any dredging, bulk heading or maintenance to the lake or any lots adjoining thereof.

Section 32. (Added in SUPPLEMENTAL DECLARATION #2) No mobile homes shall be placed on any lot at any time either temporary or permanently.

Section 33. (Added in SUPPLEMENTAL DECLARATION #2) An easement is hereby reserved by Declarant, its successors and assigns, and granted to the Pawleys Retreat Property Owners' Association, its successors and assigns, to enter upon, across, over, in and under any portion of the property for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels of the property so as to improve the drainage of water. Best efforts shall be made to use this easement so as not to disturb the uses of Owners, the Association, and the Declarant to the extent possible to secure such drainage work properly and expeditiously and to restore any area affected by such work to a slightly and useable condition as not be considered an obligation for the Declarant to provide or maintain such drainage easement

RULES AND REGULATIONS – SUPPLEMENT

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1. GENERAL

Each Owner is responsible for the proper conduct of members of his/her family, guests and service personnel. He/she should be certain they understand and observe all Rules and Regulations.

2. RENTING

Owners are responsible for their tenant's compliance with the Rules and Regulations of the Association. Any violation of these Rules and Regulations will be the responsibility of the property owner.

3. STAFF

Only the Managing Agent is authorized by the Board of Directors to give instructions to the maintenance staff.

4. SECURITY

Security is the responsibility of each and every one of us. Depending upon the nature of the situation, Owners are requested to notify either the Police or the Managing Agent

situation, Owners are requested to notify either the Police or the Managing Agent of any suspicious people, trespassing and/or unusual activities in the area.

5. PETIn no event shall pets be permitted in any portion of the public portions of the area unless carried or on a leash and under the direct supervision of the Owner. The Owner shall indemnify the Association and hold it harmless against any loss or liability of any kind or character whatsoever arising from or growing out of having any animal in the community. Excessive barking of a pet or other annoyance to residents may

be cause for an order by the Association to remove the pet from the subdivision. **NOTE-See Update of County Animal Control Ordinance #2005-79 .**

6. TRASH

All residents are expected to share in the responsibility for maintaining clean lots throughout the area. General debris, toy, etc. should not be left exposed in yards, since this detracts from the overall attractiveness of the area.

7. SPEEDING

Exceeding the 25 mile per hour speed limit is strictly prohibited throughout the subdivision.

RULES AND REGULATIONS – SUPPLEMENT (continued)

8. VEHICULAR TRAFIC

Parking on grass or landscaped area is strictly prohibited.

9. FIRE PROCEDURES

If you discover a fire in your dwelling please do the following:

A. Immediately call the fire department

B. Without further delay, leave your dwelling and be sure to close the door behind, leaving it unlock

10. PROHIBITION OF OPEN BURNING

Open burning is prohibited except as provided in Regulation No. 62.2 South Carolina Department of Health and Environmental Control. **NOTE- Open burning of leaves and brush is permissible by state law but you must get a permit by calling the Forestry Commission at 1-800-986-5256 and notify Midway Fire Department at 527-6763.**

11. HAZARDS

The discharge of fireworks and/or any other type of noisemaking or explosive device is expressly prohibited on any part of the residential property.

12. WATER RIGHT – RE. LAKES

The Association reserves any water rights it may have in any lakes, and this conveyance, anything to the contrary notwithstanding, shall not grant a property line closer than the mean high water mark of any lake, the lot Owner shall have the privilege of fishing, swimming or boating in such lakes subject to the following conditions:

(a) the use of said lakes, as aforesaid shall be entirely at the risk of the Owner, heirs and assigns, and the purity or cleanliness of the water of the aforesaid lakes or for substance therein;

(b) that the use of such lakes shall be subject at all times to reasonable rules and regulations of the Association;

(c) the lot Owner may not withdraw water from the lakes without written permission of the Association;

(d) the Association shall not be held responsible for any damage caused the Owner by reason of the flooding of the lot through cause beyond the control of the Association. The

Association similarly shall not be held responsible for damage by reason of breaks in the dam of such lakes causing the water therein to subside.

(e) the Association shall not be responsible for the silting or filling by accretion or erosion or other natural causes of the lake.

(f) the Association may withdraw water from the lakes for the purpose of irrigation.

RULES AND REGULATIONS – SUPPLEMENT (continued)

13. REMEDY FOR VIOLATION OF BOTH GENERAL RESTRICTRIONS PER. ARTICLE III OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND RULES AND REGULATIONS – SUPPLEMENT.

These Rules and Regulations are designed to make living for you and your neighbors pleasant and comfortable. The restrictions that we impose on ourselves are for the mutual benefit of all. Violations of these Rules and Regulations are to be reported to the Managing Agent, who will call the matter to the attention of the violating Owner, lessee, or guest for corrective action. Any disagreement over the violation will be reported to the Board of Directors for subsequent judgment.

14. ADMINISTRATIVE PROCEDURE

Consistent with the power of enforcement detailed in ARTICLE VII Section 1. (a) and (b) (RE. POWERS AND DUTIES OF DIRECTIORS of the BY-LAWS OF PAWLEYS RETREAT PROPERTY OWNERS ASSOCIATION), the following procedure is hereby set in place.

(1) A letter will be directed to the Owner or lessee, pointing out the infraction(s), requesting that corrective measures be taken.

(2) If no action is evident after a period of twenty-one days, Owner or lessee will be advised in writing that starting with day thirty (30), an assessment will be levied at the rate of twenty-five (\$25.) per day for each day that the infraction (s) are not corrected, not to exceed ten (10) days. **NOTE- Amended April 2008, effective May 15, 2008 “an assessment will be levied at the rate of twenty-five (\$25) per day for each day that the infraction (s) are not corrected”. Deleting not to exceed ten (10) days.**

(3) If by day forty-one (41) the infraction (s) are not corrected, and the assessment not paid, a lien will be filled against the property consistent with the laws of this State.

15. The Directors of the Association reserve the right to change or revoke the rules and regulations contained in this SUPPLEMENT, from time to time, as in their opinion shall be necessary or desirable for the safety and protection of the residential property and its occupants, and to promote cleanliness and good order of the property and to assure the comfort and convenience of the members.

MEMBERSHIP AND VOTING RIGHTS

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(Per. Article IV of Covenants, Conditions and Restrictions)

Section 1. Every Owner of a Lot or Cluster Unit Tract which is subject to assessment shall

be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Cluster Unit Tract which is subject to assessment.

Section 2. The Association shall have two classes of voting membership.

Class A: Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such persons shall be exercised as they determine, but in no event shall more than determine, but in no event shall more than one vote be cast with respect to any lot.

Class B: Class B member (s) shall be the Declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Call A membership equal the total votes outstanding in the Class B membership, or
- (b) on May 25, 1993

(NOTE: IN THE ANNUAL PROPERTY OWNERS ASSOCIATION MEETING HELD NOV. 21, 1991, OPTION (a) WAS RECOGNIZED, AS OF THAT DATE, THERE EXISTS ONLY ONE CLASS OF VOTE – IE. CLASS A.)

Section 3. A Cluster Unit tract shall be treated for voting purposes as five (5) separate lots.

Section 4. In the event additional land is annexed by Declarant as provided in Article X, Section 4 hereof, after the occurrence of either of the events recited in Section 2(a) and 2(b), membership shall revert to the two (2) classes referred to in this Article; provided, that thereafter the Class B membership shall cease and be converted to Call A membership on the happening of either of the following events, whichever occurs earlier;

- (a) when the total votes outstanding in Class A membership equal the total votes outstanding in the Class B membership, or
- (b) ten (10) years from the date of the filling of the document whereby Declarant elects to subject its property to this Declaration.

This process shall be repeated each time Declarant shall annex additional land.

COVENANT FOR MAINTENANCE ASSESSMENTS

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(Per. ARTICLE V of Covenants, Conditions and Restrictions)

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant,

of each lot owned within the Properties, hereby covenants and each Owner of any lot by acceptance of a deed therefore, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments together with interest, costs and

reasonable attorney's fees, shall be a charge on the land and shall be continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. A Cluster Unit Tract which has not been subdivided shall be assessed as if it were five (5) lots.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment shall be Ten and no/100 (\$10.00) Dollars per lot.

(a) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased each year not more than five (5%) per cent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased above five (5%) per cent by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at any amount not in excess of the maximum

not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action Authorized under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members entitled to cast sixty (60) per cent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days

following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A property executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments not paid within thirty (30) days after the due date shall bear interest from the due date of the legal rate of interest allowed on judgments in this State. The Association may bring an action at Law or in equity against the Owner personally obligated to pay the same, or foreclose the lien against the property in the manner provided for the foreclosure of mortgages in this State. No Owner may by non-use of the Common Area or abandonment of his lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provide for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due from the lien thereof.

MAINTENANCE ASSESSMENTS
CLUSTER UNIT OWNERS

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(Per ARTICLE VI of Covenants, Conditions and Restriction)

Section 1. Creation of the Lien and Personal Obligation of Assessments. In addition to the assessments provided for in Article V, each Owner of any Lot derived from the subdivision of a Cluster Unit Tract by acceptance of a deed therefore, is deemed to covenant and agree to pay to Pawley's Retreat Cluster Unit Owners' Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as

hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be continuing such assessments, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of

the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless

expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the improvement and maintenance of the Common Area.

Section 3. Special Assessments for Capital Improvement. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessments shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4 Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members entitled to cast sixty (60%) per cent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and required quorum at the subsequent meeting shall be one-half(1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Uniforms Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis.

MAINTENACE ASSESSMENTS – CLUSTER UNIT OWNERS – (Continued)

Section 6. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for therein shall commence as to all lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date of the legal rate of interest allowed on judgments in this State. The Association may bring an action at law or in equity against the owner personally obligated to pay the same, or foreclose the lien against the property in the manner provided for the foreclosure of mortgages in this State. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

EXTERIOR MAINTENANCE

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(Per. ARTICLE VII of Conditions and Restrictions)

In the event an Owner of any lot or Cluster Unit Tract in the Properties shall fail to maintain the premises and/or the improvements situated thereon in a manner satisfactory to the board of

the premises and/or the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, after approval by two-thirds (2/3) vote of the Board of Directors, the Association shall have the right, through its agents and employees to enter upon said parcel and to repair, maintain, and restore the lot and/or the exterior of the building and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such lot or Cluster Unit Tract is subject.

PARTY WALLS

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(Per ARTICLE VIII of Covenants, Conditions and Restrictions)

Section 1. General Rules of Law Apply. It is anticipated that not more than five (5) or less than four (4) Cluster Units will be built on each of the Cluster Unit Tracts which are subject to this Declaration and that the tract will be subdivided into an equal number lots. Each wall which is built as a part of the original construction of the Cluster Units upon the lots resulting from a subdivision of the Cluster Unit Tract and placed on the dividing line between the lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it; and if the Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice; however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omission.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

CREATION OF ARCHITECTURAL REVIEW BOARD

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(Per. ARTICLE IX of Covenants, Conditions and Restrictions)

No fence, wall, mailbox building or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Director of the Association, or by an Architectural Committee composed of three (3) or more (ARC) representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with.

GENERAL PROVISIONS

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(Per. ARTICLE X of Covenants, Conditions and Restrictions)

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) years period by an instrument signed by not less than ninety (90%) per cent of the lot Owners, and thereafter by an instrument signed by not less than seventy-five (75%) per cent of the lot Owners. Any amendment must be recorded.

Section 4. Annexation. Additional land within the area described in Deed Book 186 at Page 126 of the land records of Georgetown County, South Carolina, may be annexed by the Declarant without the consent of members within fifteen (15) years of the date of this instrument provide that the FHA and the VA determine that the annexation is in accord with the general plan heretofore approved by them.

Section 5. FHS/VA Approval. As long as there is a class B membership, the following actions will require the approval of the Federal Housing Administration or the Veterans Administration; Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

