

to these covenants, is located in the Town of Mount Pleasant, Charleston County, South Carolina, and is more fully particularly described in Exhibit A attached hereto and by reference incorporated herein.

Section 2.2 Merger or Consolidation. Upon a merger or consolidation of the Association with another association as provided for in the ByLaws of the Association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated corporation association may administer the Covenants and Restrictions established by this Declaration within the Properties as herein provided.

### Article III

#### THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 3.1 The Association. The Developer has established, or will establish, the Association for the purpose of exercising powers of owning, repairing, maintaining and administering the Common Areas and common facilities including the two bulkheads and providing common services, administering and enforcing covenants, conditions and restrictions contained herein, and levying, collecting and disbursing assessments and charges herein created. All Common Areas shall be conveyed by the Developer to the Association and owned by said Association as provided herein. Further, the Developer reserves the right to accept any or all of its rights and obligations set forth herein. The Association shall be authorized but not required to provided the following services:

- (a) Clean-up, maintenance, landscaping of all open spaces, lagoons, marshlands, wetlands, and/or open spaces within the Subdivision, or in a reasonable proximity to the Subdivision such that their deterioration would affect the appearance of the Subdivision as a whole.
- (b) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the State and local governments.
- (c) To take any and all actions necessary to enforce all covenants and restrictions affecting the Subdivision and to perform any of the functions or services delegated to the Association in any

covenants or restrictions applicable to the Subdivision.

- (d) To provide architectural review services as provided herein.
- (e) To construct improvements on open spaces and Common Areas.
- (f) To provide administrative services including, but not limited to, legal, accounting, financial and communication services informing members of activities, notice of meetings, referendums, etc., incident to the above listed services.
- (g) To provide liability and hazard insurance covering improvements and activities on the open spaces and the Common Areas, independently or in collaboration with the Developer.
- (h) To provide directors and officers liability insurance for the Association and its duly elected Directors and Officers.
- (i) To own, repair and maintain the two bulkheads located immediately adjacent to the Property.
- (j) Landscaping of roads and parkways, sidewalks and walking paths within the Subdivision and any common properties or open spaces located therein.
- (k) To take any and all actions necessary to enforce all covenants and restrictions affecting the Subdivision and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Subdivision.
- (l) To provide any and all services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligation and business under the terms of this Declaration.

Section 3.2 Rules and Regulations. The Association may adopt from time to time additional reasonable rules and regulations governing the use of Common Areas and Lots.

Section 3.3 Membership. Every person or entity who is an Owner of any Lot which is subjected to this Declaration shall be a member of the Association. Membership shall be appurtenant to

and may not be separated from ownership of any Lot which is subject to assessments.

Section 3.4 Voting Rights. Each Member shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The one (1) vote for such Lot shall be exercised as they, among themselves, shall determine, but in no event shall more or less than one (1) vote be cast with respect to any such Lot. The Developer in addition to having one (1) vote for each Lot owned by said Developer, shall be entitled to one (1) vote for each vote held by the other Members of the Association. This additional voting right of the Developer shall cease when the Developer has conveyed to others all of the Lots in the Subdivision, or on December 31, 1999, whichever shall first occur. [The Members of the Association shall have the right to vote for the election and removal of Directors and upon such other matters with respect to which a vote of the Members is required under the Declaration or the ByLaws. Members shall cast their votes as set forth in the Declaration and the ByLaws.

Section 3.5 Board of Directors. The Association shall be governed by and the business and affairs of the Association shall be managed by a Board of Directors as more particularly set forth in the ByLaws of the Association.

Section 3.6 Referendum. Any action which may be taken at a duly called meeting of the Association may also be taken by a referendum of the Members of the Association. In the event fifty one percent (51%), or more, of the votes actually returned to the Association within the specified time shall be in favor of such action, the referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance.

#### Article IV

##### PROPERTY RIGHTS IN THE COMMON AREAS

Section 4.1 Owners' Easements of Enjoyment. Subject to the provisions of these covenants and the rules and regulations of the Association, every Owner shall have a non-exclusive right and easement of enjoyment in and to the dedicated Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 4.2 Title to Common Areas. The Developer hereby covenants for itself, its successors and assigns, that it will convey to the Association by limited warranty deed or deeds fee simple title to the Common Areas, free and clear of all liens