

## ARTICLE I

### DEFINITIONS

Section 1. The following words and terms when used in this Declaration, or any-supplemental Declaration (Unless the context clearly shall indicate otherwise) shall have the following meanings:

(a) "Association" shall mean and refer to the NAUTICAL WATCH OWNERS' ASSOCIATION, INC., a South Carolina non-profit corporation.

(b) The "Properties" shall mean and refer to. the Existing Property described in Article II hereof. and additions thereto. as the provisions of Article II hereof.

(c) "Common Properties" shall mean and refer to those areas of land with any improvements thereon which are deeded to the Association and designated in said deed as "Common Properties" .The term "Common Properties" shall include any personal property acquired by the Association if said property is designated as "Common Property". All Common Properties are to be devoted to and intended for the common use and enjoyment of the owners of the Properties. (subject to any fee schedules and operating rules adopted by the Association).

(d) "Lot" shall mean and refer to any improved or unimproved parcel of land intended for the construction of an attached single-family dwelling shown upon any recorded final subdivision map of any part of the Properties with the exception of Common Properties as heretofore defined.

(e) "Dwelling Unit" shall mean and refer to any building situated upon the Properties intended for use and occupancy by a single family.

(f) "Owner" shall mean and refer to the record owner, whether one or more persons. firms, associations, corporations or other legal entities, of the fee simple title to any lot or Dwelling Unit situated upon the Properties but. notwithstanding any applicable theory of a mortgagee, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure proceedings or any proceeding in lieu of foreclosure; nor shall the term "owner" mean or refer to any lessee or tenant of an Owner.

(g) "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Section 1 of Article III hereof.

(h) "Company" shall mean NAUTICAL WATCH, INC., a North Carolina Corporation, its successors and assigns.

(i) "HIDCO" shall mean Harbor Island Development Company, a South Carolina limited Partnership, its successors and assigns.

## ARTICLE II

Section I. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants, is located on Harbor Island, Beaufort County, South Carolina, and is more-particularly described in Exhibit A hereto attached and by reference incorporated herein. All of the real property hereinabove described shall hereinafter be referred to as the "Existing Property". The Company intends to develop the Property in accordance with its Master Plan approved by The Beaufort County Joint Planning Commission. However, the Company reserves the right to review and modify the Master Plan from time to time based on its continuing research and design program.

Unless otherwise stated therein, the Master Plan shall not bind the Company, its successors and assigns to adhere to the Master Plan in the development of the land shown thereon. Subject to its right to modify the Master Plan as stated herein the Company will convey the Common Properties shown on the Master Plan to the Association as provided in Article IV, Section 2. It also shall be understood that the Company shall be free to develop such portions or sections of the lands depicted in the Master Plan, as in the reasonable exercise of its discretion, it deems in the best interest on the entire development without regard to the relative location of such portions or sections within the overall plan, that it shall not be required to follow any predetermined sequence or order of improvement and development; and that it may bring within the plan of these covenants additional lands, and develop the same before completing the development of the existing property.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. The Company, its successors and assigns, shall have the right without consent of the Association, to bring within the plan and operation of this Declaration, additional properties in future stages of the development. The additions authorized under this and the succeeding sub-section shall be made by filing of record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the Plan of this Declaration.

(b) Other Additions. Upon approval in writing of the Association pursuant to three-fourths (3/4) of the vote at a duly called meeting, the owner of any property other than the Company who desires to add it to the plan of these covenants and to subject it to the jurisdiction of the Association, may file of record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the Plan of this Declaration.

(c) Mergers. Upon a merger or consolidation of the Association with another association as provided for in the By-Laws 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 association may administer the covenants and restrictions established by this Declaration within the Existing Property, as herein provided.

### ARTICLE III

#### MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. The Company and every person or entity who is a record owner of a fee simple or undivided fee simple interest in any Lot or Dwelling Unit Which is subject by the Covenants to assessment by the Association shall be a member of the-Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a member of the Association.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership.

CLASS "A". Class "A" Members shall be all those owners as defined in Section One (1) with the exception of the Company. Class "A" Members shall be entitled to one vote for each Lot or Dwelling Unit in which they hold the interest required for membership by Section One (1). When more than one person holds such interest or interests in any Lot or Dwelling Unit all such persons shall be members, and the vote for such Lot or Dwelling Unit 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 or Dwelling Unit. A Member casting a vote representing a Dwelling Unit owned by such Member shall not be entitled to cast an additional vote for the Lot upon which said Dwelling Unit is situated. In the event a single Dwelling Unit is sold in fee with a Lot, the vote with respect thereto shall thereafter be cast on the basis of the Dwelling Unit only. When one or more co-owners sign a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in a writing delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, the vote shall be split equally among the co-owners.

CLASS "B". The Class "B" Member shall be the Company. The Class "B" Member shall be entitled to one vote plus one vote for each held by a Class "A" Member. One vote of the Class "A" Membership shall be equivalent to one vote of Class "B" Membership. The total vote of the Association shall consist of the sum of the votes of Class "A" Members and of the votes of Class "B" Members. The Class "B" Membership shall cease to exist upon completion of the dwelling units and the improvements to the Common Properties and the sale by the Company of not less than thirty-four (34) dwelling units.

#### ARTICLE IV

##### PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Member's Easements of Enjoyment. Subject to the provisions of these covenants and the rules and regulations of the Association, every Member 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 title of every Lot or Dwelling Unit.

Section 2. Title to Common Properties. The Company may retain the legal title to the 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, for itself, its successors and assigns that it shall convey the Common Properties to the Association within one hundred and eighty (180) days of the time they are completed, but in no event shall such conveyance be later than September 1, 1982. Said Common Properties may be conveyed subject to all restrictive covenants of record.

Section. 3. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Company and of the Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Properties and in aid thereof the mortgage of said properties.

(b) The right of the Association to take such steps as are reasonably necessary to protect the above described properties against foreclosures; and

(c) The right of the Association, as provided in its By-Laws, to suspend the enjoyment of rights of any member of any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations, 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 Member's obligation to pay the assessment, and

(d) The right of the Company to dedicate or transfer to any public or private utility, utility easements on any part of the Common Properties.

(e) The right of the Association to give or sell all or any part of the Common Properties including leasehold interest to any public agency, authority, or 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 determination as to the purposes or as to the, conditions thereof shall be effective unless such dedications, transfer and determination as to purpose and conditions shall be authorized by the vote of three-fourths (3/4) of the vote at a duly called meeting and unless written notice of the proposed agreement and action thereunder is sent to every Member-at least thirty (30) days in advance of any action taken. A true copy of such resolution together with a certificate of the result of the vote taken thereon shall be made and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer affecting the Common Properties, prior to the recording thereof. Such certificate shall be conclusive evidence of authorization by the membership.

(f) The right of the Association to establish reasonable rules and regulations through the bylaws and to charge reasonable admission or other fees for the use of the Common Properties.

Section 4. Delegation of Use. Any Member may delegate his right of enjoyment to the Common Properties to the members of his family, tenants, and to his house guests subject to such general rules and regulations as may be established from time to time by the Association, and included within the Rules of Conduct.

Section 5. Damage or Destruction by Member. In the event any Common Property is damaged or destroyed by a Member, or any of his guests, or tenants, or a member of his family, such Member hereby authorizes the Association to repair such damaged area in a good and workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association in the discretion of the Association. The amount necessary for such repairs shall become a Special Assessment upon the lot of which the Member is an Owner and subject to payment collection as such.

## ARTICLE V

### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the lien and Personal Obligation of Assessments. The Company for each Dwelling Unit owned by it within the Properties hereby covenants and each Owner of any Lot or Dwelling Unit shall by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant and agree to all the terms and provisions of these covenants and to pay to the Association:  
(1) Annual Assessments or charges: (2) Special

Assessments as provided in Section 5 of Article IV and for the purposes set forth in Section 4 of this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments together with such interest thereon and costs of collection therefore as hereinafter provided, shall be a charge and continuing lien on the land and all the improvements thereon against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. In the case of co-ownership of a Lot or Dwelling Unit, all of such co-owners of the Lot or Dwelling Unit shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the mowing and maintenance of the unfenced yards of the Members and improvement, maintenance, and operation of roads and paths not dedicated to Harbor Island Development Company or Harbor Island Owners Association. Common areas, amenities and other Common Properties, including but not limited to the payment of taxes and insurance thereon and repair, replacement and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

The Special Assessments shall be used for the purposes set forth in Section 4 of this Article and Section 5 of Article IV.

Section 3. Basis and Maximum of Annual Assessments. The annual assessment will be determined and approved by three-fourths (3/4) of the vote at the first Association meeting in an amount which in any event shall not be less than four hundred eighty (\$480.00) dollars per dwelling unit, at which time the Company will propose a budget for Association's improvements, maintenance and operation of lagoons, roads, Common forest, Common parking and other Common properties. The annual assessment may be increased each year by five percent (5%) of the-maximum authorized assessment for the preceding year unless three-fourths (3/4) of the vote at the annual meeting votes against said increase or votes to increase said annual assessment by a greater amount or to decrease the annual assessment.

The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment for any year at a lesser amount, but such action shall not constitute a Waiver by the Association of its right to revert to the full assessment for the remaining year or years of the then current period fixed as provided in the preceding paragraph.

Section 4. Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto or addition to the Common Properties, provided

that any such assessment shall have the assent of three-fourths (3/4) of the vote at a duly called meeting of Members, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5. Change in Basis and Maximum of Annual Assessments Upon Merger or Consolidation. The Limitations of Section 3 hereof shall not apply to any changes in the Maximum and basis of the assessments, under taken as an incident to a merger or consolidation in which the Association is authorized to participate under Article II, hereof, and under the By-Laws of the Association.

Section 6. Quorum for any Action Authorized. The presence at the meeting of Members, or of proxies, entitled to cast sixty percent (60%) of the total vote of the membership shall constitute a quorum. If the required quorum is not forthcoming at a meeting, another meeting may be called subject to the notice requirement set forth in Section 4.

Section 7. Date of Commencement of Annual Assessments. Due Dates. The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement.

The first annual assessments shall be made for the balance of the fiscal year and shall become due and payable on the day fixed for commence. The Assessments for any fiscal year, after the first year, shall become due and payable the first day of June of said year.

The amount of the annual assessment which may be levied for the, balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof, as the remaining number of months in that year bear to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against such Lot or Dwelling Unit for each assessment period and shall, at that time 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 Owner.

Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessment: The personal obligation of the Owner: The Lien Remedies of Association. If the assessments are not paid on the date when due (being the dates specified in Section 7 hereof), then such assessment shall become delinquent and shall (together with interest thereon at the rate of eight percent (8%) per annum from the due date and cost of collection as hereinafter provided) become a charge and continuing lien on the land and all improvements thereon, against which each such assessment is made. The personal obligation of the Owner at the time of the assessment to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass as a personal obligation to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the due date, 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 complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and reasonable attorney's fee to be fixed by the court together with the costs of the action.

No member may waive or otherwise divest himself of the obligation of the assessment by the lack or failure to use any Common Property or the abandonment of his Lot or entity of ownership.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

Section 11. Exempt Property. The following property, individuals, partnerships or corporations, subject to this Declaration, shall be exempted from the assessment, charge and lien created herein:

(a) The grantee in conveyances made for the purpose of granting utility easements;

(b) All properties to the extent of any easement therein other than a utility easement dedicated and accepted by the local public authority and voted to public use which does not adversely affect the owner's use of the property;

(c.) All Common Properties as defined in Article I, Section 1(c), hereof;

(d) All properties exempted from taxation by the laws of the State of South Carolina, upon the terms and to the extent of such legal exemptions;

(e) Properties owned by the Company used for recreation facilities, open space and roads. Only land within the Existing Property which has been subdivided into Lots, and the plats thereof filed for public record in the Beaufort County Court House and upon which has been constructed a Dwelling Unit shall constitute a Lot for purposes of these assessments. Projected locations for future platted lots shown on the Master Plan will not be subject to assessment;

(f) All properties owned by mortgagee as a result of foreclosure or a proceeding in lieu of foreclosure;

(g) All Lots and Dwelling Units owned by the Company.

Section 12. Harbor Island Assessment. In addition to the assessments created for the Property as set forth in Article V above, HIDCO, its successors or assigns, shall have the right to collect an annual assessment from each Owner to provide for a permanent fund to build, construct, maintain, landscape, and repair private streets, roads, bridges, bicycle and exercise paths, parks, walkways, beach access ways and lagoons and like community facilities and services, including security and pest control, (except as located on a privately owned lot) for purposes of providing transportation, maintaining reasonable standards of health, safety, appearance and aesthetics, and to generally provide those services and facilities important to the development and preservation of the entire community of Harbor Island residents and the geographical area known as Harbor Island. This shall be known as the "Harbor Island Assessment" and shall be payable to HIDCO, its successors or assigns, until such time as a public service district or association of owners specifically assumes such functions. The funds shall be placed in a separate bank account to be used exclusively for the purposes set forth herein. HIDCO assumes the obligation for these facilities and services only to the extent that such may be provided from the fund collected for such purposes and shall have the discretion to pay such of these facilities and services as it deems appropriate. This assessment shall be in addition to and exclusive of the Annual and Special Assessments levied under these Articles.

ARTICLE VI

COMMON PROPERTIES

Section 1. Roads, Parking Spaces, Pathways, and Amenities.

(a) All roads, parking spaces and pathways of NAUTICAL WATCH shall be maintained in a manner which will promote blending with the surrounding area and will not unnecessarily distract from the natural beauty of the area.

(b) No loud vehicles shall be allowed on the roads of NAUTICAL WATCH and motor bikes having a horsepower in excess of one horsepower shall be prohibited.

(c) No exterior high intensity lighting will be allowed in NAUTICAL WATCH and the roads shall be lighted by low intensity lighting only.

(d) The swimming pool for the use and enjoyment of the Members and their guests shall be operated and maintained by the Association in accordance with rules and regulations established by it.

(e) If the Company shall elect to erect a pier for crabbing and other recreational use, it shall not be used for the docking of boats.

Section 2. Individual Lots and Dwelling Units.

(a) In order that the Residential Lots of NAUTICAL WATCH SUBDIVISION be preserved and maintained as nearly as possible in their natural state, no large trees measuring four inches or more in diameter at ground level may be removed without the written permission of the Company.

(b) The dwelling units have been designed to blend pleasingly with the area surrounding each home. No changes to the exterior design or color of any unit may be made until the proposed changes shall have been approved in writing by the Company, its successors or assigns. Refusal of approval of plans, located or specifications may be based by the Company upon any grounds, including purely aesthetic conditions, which in the sole and uncontrolled discretion of the Company shall seem sufficient.

(c) Each lot shall be mowed and maintained to within three feet of each dwelling by the Association so long as the Owner does not plant or erect fences, structures or shrubbery which will interfere with or impede the operation of large power mowers.

ARTICLE VII

RESTRICTIONS

Section 1. Fire Codes and Regulations. Nothing contained in these Articles shall be construed to permit the erection of any structure, whether temporary or permanent, within six and one half (6 ½') feet of

a common property line between Dwelling Units, if such common property line is established, or within six and one-half (6 1/2') feet of an assumed property line equidistant between Dwelling Units, if such common property line is not so established, this restriction being required for compliance with applicable fire codes and regulations.

Section 2. Change in Lot Size. Any lot Owner may petition the Association for a change in the size or shape of his lot which would require an approval and conveyance by the Association of a portion of the real property that would be a Common Property. It is possible that such may take place in the event the owner of a one bedroom dwelling may desire to expand such to a two or three bedroom dwelling, or by the addition of a sun deck, or such other additions or changes to the dwelling as to require a change in the lot. Such requests may be granted by the approval of two-thirds (2/3rds) of the Members of the Association at meeting duly called for such purpose. The lot owner making such request shall pay the Association the fair market value of the Common Property to be acquired. An appraisal of such property shall be paid for by the Owner requesting the conveyance with the appraiser being selected jointly by the Owner and the Board.

Section 3. Change in Dwelling Unit. In the event of fire or destruction to a Dwelling Unit or voluntary change in any exterior portion thereof, such changes or amendments must be made in accordance with the published rules and regulations of the Architectural Review Board of the Harbor Island Development Company, its successors or assigns. The written approval of the Board must be first obtained.

Section 4. Residential Purposes. All Lots and Dwelling Units and the Common Properties shall be, and the same hereby are, restricted exclusively to residential use or that use which is supportive thereof. No structures of a temporary character, trailer, basement, tent, sfack, carport, garage, barn or other outbuilding shall be used on any portion of the property at any time.

Section 5. Construction and Sale Period. Anything contained herein to the contrary notwithstanding, it shall be permissible for the Company to maintain, during the period of construction and sale of the Dwelling Units, upon such portion of the Property as the Company may deem necessary, such facilities as in the sole opinion of the Company may be reasonably required, convenient or incidental to the construction and sale of the Dwelling Units, including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

Section 6. Signs, Business Activities and Nuisances. No advertising signs, billboards, unsightly objects, nor nuisances of any nature shall be erected, placed or permitted to remain or conducted on the Property, nor shall the Property be used in any way or for any purpose which may

endanger the health or unreasonably disturb the Owner of any Dwelling Unit or any resident thereof. No business activities of any kind whatever shall be conducted in any Dwelling Unit or in any portion of the Common Elements; provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards of the Company, its agents or assigns, for sales purposes.

Section 7. Clotheslines, Garbage Cans, Etc. No outside clotheslines or display of clothes shall be permitted. All garbage and similar items shall be disposed of and contained within aesthetically pleasing and landscaped receptacles.

Section 8. Landscaping and Pest Control. In order to maintain and implement aesthetically pleasing yards and grounds and to control mosquitoes and other such insects upon the real property of an Owner that surround the improvements thereon, the Board acting for the Association, its successors and assigns and authorized agents, shall give the Owner fifteen (15) days written notice of those matters that need correcting in this regard. Upon the failure of the Owner to correct such matters, the Board has the right to enter upon any lot for the purposes of mowing grass and removing, clearing, pruning, cutting underbrush, weeds, or unsightly growth or trash and garbage which detracts from the overall beauty and safety of the Property. The cost of such control shall be paid by the Owner of such real property in the same fashion as a Special Assessment and upon the nonpayment of such by the Owner all rights of Special Assessments shall accrue to the Association. In the event of the invocation of this right it shall not be deemed a trespass.

Section 9. Other Covenants and Restrictions. The terms and conditions as relate to HIDCO shall apply to all Lots, Dwelling Units and the Common Properties as set forth in Declaration of Covenants and Restrictions for Harbor Island Subdivision dated August 28, 1980, recorded in the office of the Clerk of Court of Beaufort County, South Carolina in deed book 306 at page 623, as amended.

## ARTICLE VIII

### GENERAL PROVISIONS

Section 1. Duration and Amendments. The covenants and restrictions of this Declaration 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 land subject to this Declaration, their respective legal representative, heirs, successors, and assigns, for a term of twenty (20) years, from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless three-fourths (3/4) of the vote at a duly called meeting of the Association approves the change. Provided, however, that no such agreement to change shall be effective unless made and recorded sixty (60) days in advance of the effective date of such change, and

unless written notice of the proposed agreement is sent to every Owner of a Lot and the Company at least thirty (30) days in advance of any action taken. During the period ending one year from the date these covenants are recorded the Company may amend or add to these covenants, without the consent of the membership, to clarify or make provision for any items which the Company in its sole discretion considers necessary or desirable. The Company shall not, by reason of the power herein reserved, have the right to alter the amount, or method of making, annual or special assessments.

Section 2. Notices. 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, and notice thereby given, 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. Notice to one or two or more co-owners of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address.

Section 3. Enforcement. 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 or circumvent any covenants or restriction, either to restrain violation or to recover damage, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner or the Company to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 4. Severability. Should any covenant or restriction herein contained, or any Article, Section, Sub-section, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other trlbunal having jurisdiction over the parties hereto and the subject matter hereof, the remainder of this agreement, which is hereby declared to be severable, shall remain in, full force and effect.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed the day and year first above written, by its president and attested by its secretary, and the corporate seal affixed.

WITNESSES:

NAUTICAL WATCH, INC.

Francis S. Jernigan

Wm. F. Knight

By [Signature]  
President

Attest: [Signature]  
Secretary

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF BEAUFORT

PERSONALLY appeared before me Francis S. Jenigan, who on oath says that s/he saw the within named NAUTICAL WATCH, INC. by Charles O. Davis, Jr. its President and C. Brecken Stealy, Jr. its Secretary, sign the within instrument, and that said Corporation, by said officers, seal said instrument, and as its act and deed, deliver the same, and that s/he with Lee S. Hight witnessed the execution thereof.

Francis S. Jenigan

SWORN to before me  
 this 21<sup>st</sup> day of November, 1981



Lee S. Hight (SEAL)  
 Notary Public for South Carolina  
 My Commission Expires: 5/25/82

STATE OF SOUTH CAROLINA ) AMENDMENT TO COVENANTS AND  
 ) RESTRICTIONS FOR NAUTICAL WATCH  
COUNTY OF BEAUFORT ) HARBOR ISLAND, SOUTH CAROLINA

WHEREAS, a declaration of covenants and restrictions for Nautical Watch, Harbor Island and provisions for Nautical Watch Owners Association, Inc. were dated November 24, 1981, and recorded in Record Book 337 at Page 1234 in the Office of the Register of Deeds of Beaufort County, SC; and

WHEREAS, the membership, at a special meeting of the Association held on December 15, 2001, after proper notice and with a quorum being present, voted on and approved changes and amendments to these covenants and restrictions;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the following changes and amendments to the covenants and restrictions were approved and adopted by the membership of Nautical Watch Owners Association, Inc. and made effective and binding upon all lots in Nautical Watch, Harbor Island, in Beaufort County, SC;

I. Article VI, Section 2 is amended by the addition of anew subparagraph ( d) as follows:

"Each lot owner shall have a right of access for ingress and egress across the common property of the Association to the right of way of Nautical Watch Way by means of a driveway of dimensions an-a-size to be individually approved by the Board of Directors of the Association. At the time a lot owner submits building plans for approval by the Board of Directors of the Association and by the Architectural Control Committee of the Harbor Island Owners Association, a driveway for ingress and egress shall be located and approved for the lot."

2. Article VII, Section I is deleted, and anew Article VII, Section I is substituted as follows:

"Fixed setback lines are eliminated for all lots in Nautical Watch. Standard and inflexible building setback lines cause occasional detrimental effects on privacy, views of the ocean, marsh, and Hunting Island. In order to assure that the location of houses will be staggered where practical and appropriate so that maximum views, privacy, and breezes will be available to each house, the location and siting of houses, steps and decks, and ancillary appurtenances will be determined solely by the Board of Directors of the Association. A lot owner seeking to construct a dwelling house on a lot will be

afforded the opportunity to recommend a specific siting of the house, its decks and stairs, and any ancillary appurtenances. The Board of Directors of the Association will take into consideration the desires of the requesting lot owner, shape and size of the lot, the location of trees, vegetation, the site and location of other houses and neighboring houses and lots as well as aesthetic and environmental considerations. The decision of the Board of Directors of the Association as to the siting of the house, stairs and decks, and ancillary appurtenances shall be conclusive and final and binding on the lot owner.

"All existing houses constructed on lots in Nautical Watch for which Certificates of Occupancy have heretofore been issued by Beaufort County, SC, are deemed in compliance with this section. Any additions to or changes to such existing houses which would enlarge or change the area occupied by the house, its decks and stairs, and

ancillary appurtenances must be approved by the Board of Directors of the Association before any such additions or changes are made. The decision of the Board of Directors of the Association whether or not to permit the additions or changes shall be final and conclusive and binding on the lot owner seeking the change or addition."

Nautical Watch Owners Association, Inc.

By: John DiStefano, (Vice President)

Attest: Van Stryk, (Secretary)

WITNESSES:

Kevin L. Higgins

William P. Hendricks

IN WITNESS WHEREOF, the Nautical Watch Owners Association, Inc. Harbor Island, SC, has caused this instrument to be executed this 15<sup>th</sup> day of December, 2001, by its proper officers.

