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DECLARATION OF COVENANTS AND RESTRICTIONS FOR  
SAILWIND IN YACHT COVE SUBDIVISION AND PROVISIONS FOR  
SAILWIND OWNERS ASSOCIATION, INC.

THIS DECLARATION, made this 24<sup>th</sup> day of June, 1988,  
by WYNDEMERE CORPORATION, an Ohio corporation, doing business at  
Hilton Head Island, South Carolina, hereinafter called "Company".

W I T N E S S E T H:

WHEREAS, Company is the owner of the real property in the  
Sailwind Section of Yacht Cove Subdivision described in Article  
II of this Declaration (hereinafter referred to herein as the  
"Properties") and desires to create thereon a planned community  
known as SAILWIND with open spaces, roadways, landscaped areas,  
and similar common properties for the benefit of the said  
Community; and

WHEREAS, Company desires to provide for the preservation of  
the values and amenities in said Community and for the  
maintenance of open spaces, and Common Properties; and, to this  
end desires to subject the Property to the covenants,  
restrictions, easements, affirmative obligations, charges and  
liens hereinafter set forth (hereinafter referred to as the  
"Covenants"), each of which is hereby declared to be for the  
benefit of the Property and each owner of any part thereof; and

WHEREAS, Company has deemed it desirable, for the efficient  
preservation of the values and amenities in said Community, to  
create an agency to which should be delegated and assigned the  
authority to maintain, administer and enforce the Covenants  
governing the same and to collect and disburse all assessments  
and charges necessary for such maintenance, administration and  
enforcement, as hereinafter created; and

WHEREAS, Company has caused or will cause to be incorporated  
under the laws of the State of South Carolina, as a non-profit  
corporation, SAILWIND OWNERS ASSOCIATION for the purpose of  
exercising the functions aforesaid, and which are hereinafter  
more fully set forth.

NOW, THEREFORE, the Company declares that the Property and  
such additions thereto as may hereafter be made pursuant to  
Article II hereof are and shall be held, transferred, sold,  
conveyed, leased, occupied, and used subject to the Covenants.

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 meaning:

(a) "Association" means the Sailwind Owners Association, a South Carolina non-profit corporation.

(b) "Common Properties" means 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). Unless otherwise specifically provided, Common Properties as defined herein, shall not include common properties as defined in the Declaration of Covenants, Conditions and Restrictions Running with Certain Lands of Greenbrooke Homes Company and Provisions for Membership in Wyndemere Owners Association dated April 23, 1987, and recorded May 8, 1987, in the R.M.C. Office for Beaufort County, South Carolina in Deed Book, 476 at Page 885 (the "Wyndemere Covenants").

(c) "Company" means Wyndemere Corporation, its successors and assigns.

(d) "Dwelling Unit" means any building situated upon the Properties intended for residential use and occupancy by a single family.

(e) "Lot" means any improved or unimproved parcel of land shown upon any recorded final subdivision map of any part of the Properties with the exception of Common Properties as heretofore defined.

(f) "Member" means all those Owners who are Members of the Association as provided in Section 1 of Article III hereof.

(g) "Owner" means the record owner, whether one or more persons, firms, associations, corporation, 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 mortgage, 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.

(h) The "Properties" means the existing Property described in Article II hereof, and additions thereto, as are subjected to this Declaration or any Supplemental Declaration under the provisions of Article II hereof.

#### ARTICLE II

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, leased and occupied, subject to the Covenants, is located in Yacht Cove Subdivision, Hilton Head 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 "Existing Property." The Company intends to develop the Existing Property in accordance with a Plat of the Existing Property dated 6-9-88, 1988 and recorded 7-8-88, 1988, in the R.M.C. Office for Beaufort County, South Carolina in Plat Book 35, at Page 204. (However, the Company reserves the right to review and modify the Plat from time to time based on its continuing research and design program). Unless otherwise stated therein, the aforesaid Plat shall not bind the Company, its successors and assigns to adhere to the Plat in the development of the land shown thereon. Subject to its right to modify the Plat as stated herein, the Company will convey the Common Properties shown on the Plat to the Association as provided in Article IV, Section 2. The Company shall be free to develop such portions or sections of the lands depicted on the plat, as in the reasonable exercise of its discretion, it deems in the best interest of the entire development without regard to the relative location of such portions or sections within the overall plan. It shall not be required to follow any predetermined sequence or order of improvements and development. It may bring within the plan of the 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 shall have the right without further 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 subsection 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 the three-fourths 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 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 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 Owner fee simple interest in any Lot 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. Membership in the Association shall be in addition to Membership in the Wyndemere Owners Association.

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

CLASS "A". Class "A" Members shall be 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 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 all such persons shall be members, and the vote for such Lot 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. 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 voting 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. Until all the Lots within Sailwind shall have been sold by the Company to third party purchasers and the Company has by written agreement or amendment terminated the Class B membership, the Class "B" Member shall be entitled to one vote plus one vote for each vote held by a Class "A" Member. 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 may, at the Company's option, cease to exist upon sale of all Lots located on the Properties.

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 the title of every Lot or Dwelling Unit.

Section 2. Title to Common Properties. The Company may retain the legal title to the Common Properties, if any, until such time as it has completed improvements thereon, if any, 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 and it shall convey the Common Properties to the Association within five (5) year(s) from the time the improvements are completed. Said Common Properties may be conveyed subject to all restrictive covenants of record. Notwithstanding the above, the Company reserves the right to convey the Common Properties to the Wyndemere Owners Association.

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 Association, in accordance with its By-Laws, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said Common Properties; and

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

(c) The right of the Association, as provided in its ByLaws, to suspend the enjoyment of rights of any member for any period during which any assessment remains unpaid, and for any infraction of its published rules and regulations, for any period not to exceed thirty (30) days or until the infraction ends (whichever is longer in time). 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 of discharge of the Member's obligation to pay the assessment; and

(d) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties and/or facilities therein; and

(e) The right of the Company or the Association to dedicate or transfer to any public or private utility, utility easements on any part of the Common Properties; and

(f) 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 these covenants and the Wyndemere Covenants and subject further 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; and

(g) The right of the Association or the Company, without being a trespasser, to perform such maintenance and repairs as necessary, and to assess Owner the costs thereof as a Special Assessment against Owner with the right of liens against the Lot and improvements for the Associations' cost and expense of said repairs and maintenance and the collection of same from Owner including attorney's fees, as provided herein, together with the right of suspension of said Owner's right to use and enjoy the Common Properties, all in the event Owner fails to keep all the improvements and the landscaping on Owner's Lot in good repair in keeping with the community standards as set forth herein and by the Architectural Review Board, after notice of such failure from the Association or the Architectural Review Board.

(h) The right of the Company to develop amenities within Sailwind which may become common properties conveyed to the Association but which may also be used by other members of the Wyndemere Owners Association and their respective guests, tenants, and invitees.

(i) The right of the Company and Broad Creek Public Service District to construct, install, maintain and repair irrigation and advanced waste water spraying systems on all landscaped areas located within the Common Properties and the Lots.

#### ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner, except the Company, shall by acceptance of a deed therefor, 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 of these Covenants and to pay to the Association: (1) Annual Assessments or charges; and (2) Special Assessments for the purposes set forth in Section 4 of this Article. Such assessments shall be fixed, established and collected from time to time as hereinafter provided. Such Annual Assessments and Special Assessments may be paid in installments in the discretion of the Board of Directors. The Annual and Special Assessments together with such interest thereon and costs of collection therefor 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 reasonable attorney's fees as hereinafter provided, shall also be the personal obligation of the person who was the Owner at the time when the assessment fell due. In the case of co-ownership of a Lot, all of such Co-Owners of the Lot 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 following purposes:

(a) Improvement, maintenance, and operation of the Common Properties, including, but not limited to, payment of taxes and insurance thereon and repair, planting of trees and ground covers, replacements and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

(b) Refuse collection for each Lot and Dwelling Unit.

(c) Management fees to any manager selected by the Association.

(d) Security patrols of type and scope to be determined by the Association.

(e) Pest Control for Lots, Dwelling Units and for the Common Properties.

(f) General administrative expenses of the Association.

(g) Any other recurring expense of the Association which the Members shall approve in the manner set forth for a Special Assessment in Section 4 of this Article.

(h) Reserves for the above listed costs or possible future costs.

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

Section 3. Basis and Maximum of Annual Assessments. The annual assessment will be determined and be approved by a majority of the vote at the first Association meeting, at which time the Company will propose a budget for Association expenses. The Association may elect to apply different assessments for Lots with and without Dwelling Units on them to reflect any differences in cost to the Association for Lots with and without Dwelling Units on them. From and after January 1, 1989, the Annual Assessment may be increased each year by a percentage not to exceed the increase in the Consumer Price Index - United States City Average for Urban Wage Earners and Clerical Workers, All Items (1967 = 100) United States Department of Labor. In the event the Bureau of Labor Statistics shall cease to publish the aforesaid index in its present form or to calculate it on the present basis, a similar index or an index reflecting similar changes in the cost of living shall be chosen by a majority of the vote of the Class "A" members at the Annual Meeting. Notwithstanding the above, the Association, by two-thirds (2/3)

vote of the Class "A" members at the Annual Meeting may increase the annual assessment by a greater amount. Such restriction on increase shall not apply to increases in assessments based on additional services and capital improvements provided by the Association and approved by the Board of Directors and a majority of the Membership of the Association at a duly called meeting.

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 additions to the Common Properties, provided that any such assessment shall have the assent of two-thirds (2/3) 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. Notwithstanding the foregoing, the Association may without special meeting or vote of the membership, levy a special assessment against any Owner who fails to repair and maintain his lot and all improvements including all landscaping and exterior maintenance all as provided in Article IV (3)(g) and Article VI (6) for the costs incurred by the Association or the Company in exercising their rights to repair and maintain said Owners's Dwelling Unit, landscaping and other improvements.

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 change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under Article II, Section 2, 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 a majority 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.