

EXHIBIT "C"

Initial Rules and Regulations

The following rules, regulations and restrictions shall apply to Oyster Bluff until such time as they are amended, modified, repealed, or limited pursuant to Article IV of the Declaration.

1. Residential Purposes. The Community shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for Declarant to assist in the sale of property described in Exhibits "A" or "B," offices for any property manager retained by the Association, and business offices for Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities and Prohibited Conditions. The following activities and/or conditions are prohibited within the Community *unless expressly authorized in writing by the Board*, and then, subject to such conditions as the Board may impose:

(a) Exterior Additions or Alterations. Construction, erection, placement, or modification of any structure or thing, permanently or temporarily, on the outside portion of a Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article V of the Declaration. This shall include, without limitation, conversion of any carport or garage to finished space for habitable use, modification of any landscaped or grassed areas, removal of trees, signs, swing sets, trampolines, and similar sports and play equipment; clotheslines, garbage cans, woodpiles, in-ground swimming pools (above ground pools being expressly prohibited), docks, piers, and similar structures, hedges, walls, animal runs, animal pens, or fences of any kind. Under no circumstances shall the ARC approve the replacement of all or a majority of the grassed area of a Unit with mulch or stone. Additionally, under no circumstances shall the ARC approve the erection or construction of a fence that does not meet the following minimum requirements: (i) fences must be constructed of natural treated wood; and (ii) fences must be six feet (6.0') privacy fences to extend from the rear corner of the dwelling to the rear property line, except that some adjustment may be made to allow for side entry garages or doors subject to ARC approval.

(b) Vehicles. Parking any vehicles on streets, thoroughfares or Areas of Common Responsibility (with exception of designated parking areas) and parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, snowmobiles, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, however, (1) construction, service, and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or Area of Common Responsibility; and (2) parking and storage of boats shall be subject to the additional provisions set forth below. Light commercial vehicles (i.e.,

commercial carrier vehicle with a gross vehicle weight of not more than 3.5 tons) and trucks bearing USDOT Classifications 1 – 4 (but not greater) will be allowed, provided they are parked in a garage where possible, and not on lawns or in back yards, or on streets except for limited durations while maintenance is performed, and provided further that such vehicles do not contain truck mounted ladder racks unless otherwise approved by the Association. No overflow car, boat or trailer parking, or any overflow parking, will be allowed at the amenity center or other Common Areas.

(c) Motorized Vehicles. Operation of motorized vehicles with exception of those designed for use by handicapped persons, including, without limitation, any golf carts, electric or gas powered scooters, four-wheelers, go-carts, or similar vehicles, on any walking or jogging trails, sidewalks or other pathways intended for pedestrian traffic.

(d) Animals. Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets (the combined number of such animals not to exceed three (3)) may be permitted in a Unit; however, those pets which are permitted to roam free, or, in the Board's sole discretion, make objectionable noise or odors, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units, shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Animals shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Owners shall clean up behind any Pet while walking such Pet on any Common Property. Pets shall be registered, licensed, and inoculated as required by law. Without limiting the foregoing, chickens, livestock, or poultry of any kind shall not be considered usual and common household pets, and shall be prohibited within the Community.

(e) Nuisance or Offensive Activities. Any noxious or offensive activity which, in the reasonable determination of the Board, tends to cause embarrassment, discomfort, annoyance, or nuisance to the occupants of other Units or persons using the Area of Common Responsibility or other conditions which tend to disturb the peace of or threaten the safety of the occupants of other Units or persons using the Area of Common Responsibility. Without limiting the generality of the foregoing, any activity which emits foul or obnoxious odors outside the Unit, barking dogs, or the use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units (except alarm devices used exclusively for security purposes) are prohibited.

(f) Illegal Activities. Any activity which violates local, state, or federal laws or regulations.

(g) Unsanitary Activities. Any activities which tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit, including, without limitation, accumulation of rubbish, trash, or garbage except between

regular garbage pick-ups, and then only in approved containers. Such containers shall be either kept behind the home and not seen from street, or kept inside, except as reasonably necessary for garbage pick-ups;

(h) Burning. Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit;

(i) Firearms/Fireworks. Discharge of firearms, firecrackers, fireworks or other explosive devices.

(j) Dumping. Dumping grass clippings, leaves, or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Common Areas of the Community, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and Declarant and builders may dump and bury rocks and trees removed from a building site on such building site;

(k) Storage. On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and for operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Article V;

(l) Wildlife. Capturing, trapping, or killing of wildlife within the Community, except in circumstances posing an imminent threat to the safety of persons using the Community.

(m) Environment. Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Community.

(n) Drainage. Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(o) Irrigation Systems. Installation of any sprinkler or irrigation systems or wells of any type, other than those initially installed by Declarant or a Declarant approved builder, which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Community, except that Declarant and the Association shall be permitted and shall have the exclusive right and easement to draw water from such sources within the Community for purposes of irrigation and such other purposes as Declarant or the Association shall deem desirable;

(p) Bodies of Water The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes ponds, streams, or other bodies of water within or adjacent to the Community.

(q) Time-Sharing. Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years.

(r) Business or Trade. Any business, trade or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Community; (iii) the business activity does not involve door-to-door solicitation of residents of the Community; (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked within the Community which is noticeable greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents within the Community, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether; (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a builder approved by Declarant with respect to its development and sale of the Community or its use of any Units which it owns within the Community.

(s) Subdivision of Property. Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit, after a subdivision plat including such Unit has been approved and Recorded, except that Declarant shall be permitted to subdivide or replat Units which it owns.

(t) General. Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community;

(u) Unightly Structures. Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair;

(v) Exterior Antennas. Satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind, except that (i) satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; and (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively, are referred to herein as "Permitted Devices") shall be permitted; however, any such Permitted Device must be placed in the least conspicuous location on the Unit at which an acceptable quality signal can be received and is not visible from the street, Common Area, or neighboring property, or is screened from the view of adjacent Units in a manner consistent with the Community-Wide Standard and the Architectural Guidelines, as reviewed and approved by the ARC pursuant to Article V. Notwithstanding anything contained herein to the contrary, Declarant and the Association shall have the right, without obligation, to erect or install and maintain satellite dishes, antennas, or similar devices for the benefit of all or a portion of the Community

(w) Exterior Decorative Items. Installation, display, or presence of exterior decorative items, including, but not limited to, statuary, wishing balls and fountains, but not including flags.

(x) Boats. Boats and other watercraft shall not be stored on the driveway or in the front yard of any Unit, but may be stored in the Unit's back yard or side yard, provided that the same is screened by a six feet (6.0') privacy fence constructed of natural treated wood, running the length of the side and back yards, and provided, further, that the ARB approves such storage in advance.

3. Leasing of Units. "Leasing," for purpose of this Paragraph, is defined as regular exclusive occupancy of a Unit by any person, other than the Owner, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term; however, in no case shall such term be shorter than twelve months. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Governing Document.