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TELEPHONE NUMBER (843) 881-3700
TELEFAX NUMBER (843) 881-2511

February 16, 2007

Community Management Group
349 Folly Road, Suite 2-B
Charleston, SC 29412

Attention: Steve Peck

**RE: *The Elms Homeowners Association, Inc.,
A South Carolina Non-Profit Organization***

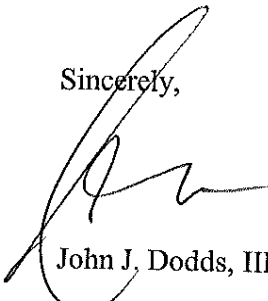
Dear Steve:

Enclosed please find clocked copy of First Amendment to Second Amended and Restated Declaration of Covenants, Restrictions and Easements for The Elms of Charleston, as well as a clocked copy of the Second Amendment to the Amended and Restated By-Laws of The Elms Homeowners Association, Inc., which said documents were recorded in the RMC Office for Charleston County on February 15, 2007. These documents became effective as of February 15, 2007. Please rest assured I will forward you the original Amendments upon receipt from the RMC Office. Meanwhile, should you have any questions or in the event I may provide you with any further information, please do not hesitate to contact me.

Finally, I enclose herewith our billing for services rendered.

With kind regards, I am

Sincerely,



John J. Dodds, III

JJD,III:sss
Enclosure(s)

STATE OF SOUTH CAROLINA)
)
 COUNTY OF CHARLESTON) FIRST AMENDMENT TO SECOND AMENDED
 AND RESTATED DECLARATION OF COVENANTS,
 RESTRICTIONS AND EASEMENTS FOR THE
 ELMS OF CHARLESTON

THIS FIRST AMENDMENT to Second Amended and Restated Declaration of Covenants, Restrictions and Easements for The Elms of Charleston ("First Amendment") is made by The Elms Homeowners Association, a South Carolina nonprofit corporation ("Association").

WITNESSETH:

WHEREAS, on February 19, 1988, The Elms of Charleston, Inc. filed a Declaration of Covenants and Restrictions which was recorded in the RMC Office for Charleston County, South Carolina in Book R-172, Page 568, et seq. ("Original Declaration"); and

WHEREAS, the Original Declaration was subsequently amended by an Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements which was recorded in the RMC Office for Charleston County, South Carolina in Book R-478, at page 291, et seq. ("Amended and Restated Declaration"); and

WHEREAS, the Amended and Restated Declaration was subsequently amended by Amendment to Amended and Restated Declaration which was recorded in the RMC Office for Charleston County, South Carolina in Book X-516, at page 458, et seq. ("First Amended and Restated Declaration"); and

WHEREAS, the First Amended and Restated Declaration was subsequently amended by Second Amended and Restated Declaration which was recorded in the RMC Office for Charleston County, South Carolina, in Book, L-571, at Page 61, et seq. ("Existing Declaration"); and

WHEREAS, Article XII, Section 1 of the Existing Declaration provides, in part, that the Declaration may only be amended with the approval of Owners entitled to cast at least two-thirds (2/3) of the total eligible votes in the Association, which approval may be obtained at a meeting of the Members or by written consent, or by any combination of votes and written consents; and

WHEREAS, Owners entitled to cast at least two-third (2/3) of the total eligible votes in the Association have approved at a special meeting of the Members or by written consent, or by any combination of votes and written consents, certain amendments to the Existing Declaration as hereinafter more specifically set forth.

REC'D. PAYMENT 2/15/07
 PER CLERK
 RMC OFFICE
 CHARLESTON COUNTY, SC

CISA & DODDS, LLP
 ATTORNEYS AT LAW
 622 JOHNNIE DODDS BLVD.
 MT. PLEASANT, SC 29404

NOW, THEREFORE, after approval by at least two-thirds (2/3) of the total eligible votes in the Association at a special meeting of the Members or by written consent, or by any combination of votes and written consents, the Existing Declaration is amended as follows:

By adding Section 11 to Article V of the Existing Declaration as follows:

Section 11. Capital Contribution Fee.

There shall be assessed by the Association and collected at closing from the purchaser of each Dwelling Unit, Lot or Property in Elms of Charleston, Charleston County, South Carolina (hereinafter the "Property") a capital contribution fee equal which shall be paid to the Association at the time of purchase of such Property, and to be paid into the reserve fund. The amount of the capital contribution fee shall be equal to two times (2x) the monthly assessment at the time of purchase. In the event the capital contribution fee is not received in full by the Association within ten (10) days of the date of purchase, the amount unpaid shall bear interest and shall be collectible as an assessment as set forth in Article V, Section 8 of the Declaration . Receipt of the capital contribution fee shall mean hand delivered or sent by first class mail and postmarked within ten (10) days of the date of purchase to the Association. Notwithstanding the foregoing, the capital contribution fee shall not be applicable on any Dwelling Unit, Lot or Property in which a Contract of Sale was executed on or before February 15, 2007. In addition, the capital contribution fee shall not be applicable on any transfer or sale from Summerville Homes to an entity in which Summerville Homes has an ownership issue. For purposes of the foregoing, Summerville Homes shall include The Summerville Companies, LLC, its successors, assigns or affiliates.

- AND -

By revising Section 2(d) of Article VI of the Existing Declaration to read as follows:

(d) Exterior maintenance upon Dwelling Unit as follows: power washing of Dwelling Units and painting of only the wooden trim including windows of such Dwelling Units, as well as painting the mailbox posts. Except as hereinabove set forth, the Association shall have no responsibility for maintenance, repair or replacement of exterior siding or exterior building surfaces, roofs, screens, interior of porches, windows, heating and air conditioning units, glass surfaces, decks, fencing, patios or gutters, all of which shall be the sole responsibility of the Owner pursuant to Article II, Section 2, of the Declaration, except if caused by agents of the Association;

- AND -

By revising 3(i) of Article III of the Existing Declaration to read as follows:

- (i) Occupants may not park their vehicles on the streets in the Development except for emergencies. Visitors and guests of occupants may park their vehicles (excluding motor homes) on the street for short durations so long as they do not impede the flow of traffic, block access to any Dwelling Unit, create a safety problem, or inconvenience occupants of other Dwelling Units. No vehicle shall be regularly parked in a street overnight for any extended period of time. No vehicle shall be parked in front of any fire hydrant, in front of the club house entrance, or on any undeveloped Lot, or on any portion of the Common Property or private property other than in designated parking places or driveways.

EXCEPT AS AMENDED HEREIN, all other terms and conditions of the Existing Declaration, as it may be amended from time to time, shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned President and Secretary of The Elms Homeowners Association, Inc. have set their hands and seals this 12 day of February, 2007.

WITNESSES:

THE ELMS HOMEOWNERS
ASSOCIATION, INC.

Linda Barnett
Stacie Stuart

By:

Joann George
Joann George
Its: President

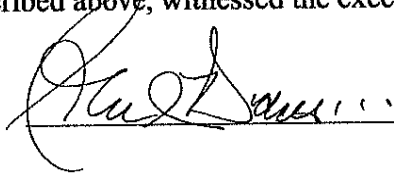
Linda Barnett
Stacie Stuart

By:


Anna W. Stephens
Anna Stephens
Its: Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me, the undersigned witness, and made oath that (s)he saw the within named THE ELMS HOMEOWNERS ASSOCIATION, INC. by Joann George, its President, and Anna Stephens, its Secretary, sign, seal and as its act and deed, deliver the within in written instrument, and that (s)he, with the other witness subscribed above, witnessed the execution thereof.



SWORN to before me this 12
day of February, 2007.



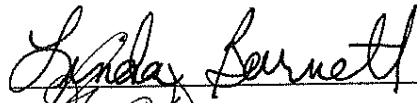
Notary Public for South Carolina
My Commission Expires: 3-17-2015

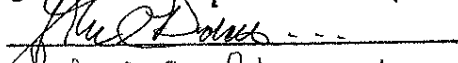
STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

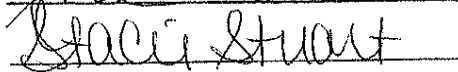
CERTIFICATION

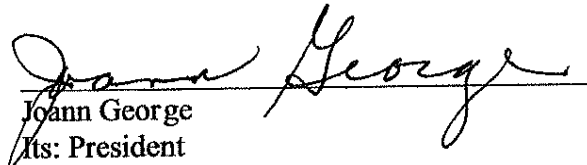
We, the undersigned Joann George, as President, and Anna Stephens, as Secretary, of The Elms Homeowners Association, Inc., respectively, do hereby certify that at least two-thirds (2/3) of the total eligible votes in the Association have approved the foregoing First Amendment by voting in favor of the said First Amendment at a special meeting of the Members or by signing a written consent to such First Amendment, or by any combination of votes and written consents.

THE ELMS HOMEOWNERS
ASSOCIATION, INC.

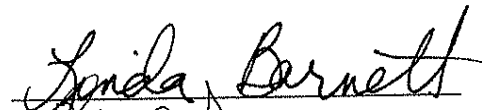


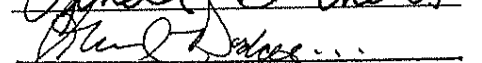


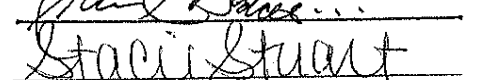


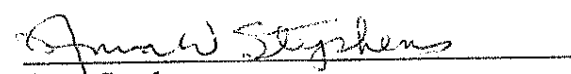
BY: 

Joann George
Its: President







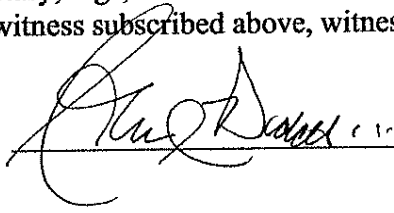
BY: 

Anna Stephens
Its: Secretary

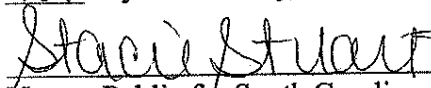
STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PROBATE

PERSONALLY appeared before me, the undersigned witness, and made oath that (s)he saw the within named THE ELMS HOMEOWNERS ASSOCIATION, INC., by and through Joann George, its President, and Anna Stephens, its Secretary, sign, seal and as its act and deed, sign the within in Certification; and that (s)he, with the other witness subscribed above, witnessed the execution thereof.



SWORN to before me this
12 day of February, 2007.



Notary Public for South Carolina
My Commission Expires: 3-17-2015

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON) **SECOND AMENDMENT TO THE AMENDED
AND RESTATED BY-LAWS OF THE ELMS
HOMEOWNERS ASSOCIATION**

WHEREAS, Amended and Restated By-Laws of The Elms Homeowners Association ("By-Laws") were approved and adopted by the requisite vote of the membership of The Elms Homeowners Association ("Association") at its annual meeting on October 20, 2005 which said Amended and Restated By-Laws were recorded in Book L-571, Page 106; and

WHEREAS, pursuant to Article X of the By-Laws, the By-Laws may be further amended by a majority of the votes represented in person or by proxy at a duly called meeting of the members; and

WHEREAS, at a duly called special meeting of the Members held on January 25, 2007, the following amendments were approved by members represented in person or by proxy and entitled to cast a majority of the votes represented at such meeting;

NOW, THEREFORE

By revising Section 1 of Article IV to read as follows:

A Board of nine (9) Directors shall manage the affairs of the Association. At a Special Meeting of the members in March 2007, four (4) additional directors shall be elected. Two of these shall be elected to serve until January 1, 2008, one (1) until January 1, 2009, and one (1) until January 1, 2010. At each annual meeting thereafter, three (3) directors shall be elected for a term of three (3) years to succeed the directors whose terms are expiring on January 1 next following such annual meeting. Directors may be elected for any number of consecutive terms.

By revising Section 8, subsection (a) of Article IV to read as follows:

- (a) **Unbudgeted Expenditures.** Except in an emergency situation, any unbudgeted expenditure that exceeds five (5%) percent of the annual operating budget shall require the approval of Members entitled to cast a majority of the votes cast in person or by proxy at a duly called meeting of the membership. Any expenditure from the Association's reserve fund for purposes of maintenance, repair or replacement of items contemplated by the Association's reserve budget shall be considered a budgeted expenditure which is not subject to this limitation, notwithstanding that the reserve study may estimate the useful life of the item to extend beyond the current year and/or may estimate the replacement cost to be less than the annual cost.

By revising Section 1 of Article V to read as follows:

The officers of the Association shall include a President, a Vice President, a Secretary, and a Treasurer. All officers shall be directors.

REC'D. PAYMENT 3/15/07
PER CLERK
RMC OFFICE
CHARLESTON COUNTY, SC

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ATTORNEYS AT LAW
622 JOHNNIE DODDS BLVD.
MT. PLEASANT, SC 29464

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

CERTIFICATION

We, the undersigned Joann George, as President, and Anna Stephens, as Secretary, of The Elms Homeowners Association, Inc., respectively, do hereby certify that a majority of the total eligible votes in the Association have approved the foregoing Second Amendment by voting in favor of the said Second Amendment at a special meeting of the Members or by signing a written consent to such Second Amendment, or by any combination of votes and written consents.

THE ELMS HOMEOWNERS
ASSOCIATION, INC.

Linda Barnett
Ann Stephens
Wendy DeWine
Linda Barnett
Ann Stephens
Wendy DeWine

BY: Joann George
Joann George
Its: President

BY: Anna Stephens
Anna Stephens
Its: Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PROBATE

PERSONALLY appeared before me, the undersigned witness, and made oath that (s)he saw the within named THE ELMS HOMEOWNERS ASSOCIATION, INC., by and through Joann George, its President, and Anna Stephens, its Secretary, sign, seal and as its act and deed, sign the within in Certification; and that (s)he, with the other witness subscribed above, witnessed the execution thereof.

SWORN to before me this
12 day of February, 2007.

[Signature]
Notary Public for South Carolina
My Commission Expires: 12-3-2011

[Signature]