

**FIRST AMENDMENT TO THE
DEVELOPMENT AGREEMENT
BY AND BETWEEN
KIAWAH RESORT ASSOCIATES, L.P., ET AL AND
THE TOWN OF KIAWAH ISLAND**

WHEREAS, the Town of Kiawah Island and Kiawah Resort Associates, L.P. (respectively referred to as "Town" and "Property Owner"), entered a Development Agreement on October 12, 2005 (hereinafter the "Agreement"), effective that same date recorded in the RMC Office for Charleston County at Book Z558, Page 004; and

WHEREAS the Property Owner and Town entered a prior Development Agreement effective September 26, 1994, that is recorded in the RMC Office for Charleston County at Book J248, Page 001, as amended (hereinafter the "Initial Agreement"); and,

WHEREAS, the Property Owner and the Town desire to amend the Agreement as further described below: and

WHEREAS, the Agreement provides in Section 22 that the Agreement may be amended;

NOW, THEREFORE, in return for the mutual promises herein and other valuable consideration, the Town and Property Owner agree to, and hereby amend, the Agreement as follows:

1. Section 10(b) is amended to add after its second paragraph the following paragraph:

Further, vested rights for the Developed Lands as defined in the Initial Agreement with regard to setback standards that are described in Section 13.C. of the Initial Agreement and in Exhibit 13.11 and the First Amendment thereto recorded in Book L271, page 790, in said R.M.C. Office, shall continue

and remain vested until January 1, 2008. The purpose and intent are that vested rights created under the Initial Agreement for such setbacks were continually vested from the effective date of the Initial Agreement and shall remain, and have remained, continuously vested through January 1, 2008, without lapse of such rights.

2. Attached hereto as Exhibit 1 is a copy of the schedule of conveyances required by paragraph 2 of Section 10(b) of the Agreement, which is hereby incorporated as part of Section 10 (b) of the Agreement.

All other terms, conditions, and provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this first amendment to the Agreement has been enacted this 13th day of December, 2005.

SIGNED, SEALED, AND DELIVERED
IN THE PRESENCE OF:

TOWN OF KIAWAH ISLAND (Town)
(SEAL)

Allen B. Harvey
Ham Anders

By: William Wert
William Wert, Mayor
Attest: Pat Wallis
Pat Wallis, Clerk of Council

SIGNED, SEALED, AND DELIVERED
IN THE PRESENCE OF:

KIAWAH RESORT ASSOCIATES, L.P.
(Property Owner) (Seal)

(CORP. SEAL)

By: D&W Investments, Inc.,
(a South Carolina corporation)

2 North Adger's Wharf
Charleston, SC 29401
Its: General Partner

Allin B. Hawley
Jan D. Jones

By: [Signature]
Charles P. Darby, III
Its: President

AND

(CORP. SEAL)

By: TWD Investments, LLC
(a South Carolina limited liability
company)

2 North Adger's Wharf
Charleston, SC 29401
Its: General Partner

Allin B. Hawley
Jan D. Jones

By: [Signature]
Charles P. Darby, III
Its: Manager

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT
(TOWN)

THE FOREGOING INSTRUMENT was acknowledged before me by the TOWN OF KIAWAH ISLAND, by William Wert, its Mayor, and Pat Wallis, its Clerk of Council, this 13th day of December, 2005.

Allen B. Hawy (SEAL)
Notary Public for South Carolina
My Commission Expires: 3-18-2014



STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT
(Property Owner - D&W)

THE FOREGOING INSTRUMENT was acknowledged before me by KIAWAH RESORT ASSOCIATES, L.P., by D&W Investments, Inc., (a South Carolina corporation), its General Partner, by Charles P. Darby, III, its President, this 13 day December, 2005.

CPD (SEAL)
Notary Public for South Carolina
My Commission Expires: 4/17/13

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT
(Property Owner - TWD)

THE FOREGOING INSTRUMENT was acknowledged before me by KIAWAH RESORT ASSOCIATES, L.P., by TWD Investments, LLC, (a South Carolina limited liability company), its General Partner, by Charles P. Darby, III, its Manager, this 13 day December, 2005.

CPD (SEAL)
Notary Public for South Carolina
My Commission Expires: 4/17/13



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MEMORANDUM

DATE: November 1, 2005

TO: Trenholm Walker
Dennis Rhoad

CC: Buddy Darby
Leonard Long
Don McIver

FROM: Mark Permar

RE: Listing of 3rd Party Properties – (REVISED December 13, 2005)

Per the commitment to the Town of Kiawah Island please find below a summary listing of properties sold to 3rd party owners on Kiawah Island, since commencement of the original Development Agreement, September 26, 1994. It is my understanding this listing is critical to identify properties that will retain entitlements as outlined in the original Development Agreement, which then expire as of January 1, 2008.

Every effort was made to prepare an accurate listing based upon information provided by the KRA/KDP legal department. Should it be determined that a property was not listed, but should have been, I will work with the appropriate representative from the Town to evaluate inclusion on a revised listing.

Summary Listing**Tracts:**

1. Mingo Point (Parcel 1) - 46 D.U./*
2. Beachwalker Office Park (Parcel 9) - 10 D.U./19,000 Sq. Ft. Commercial
3. Strawmarket (Parcel 14) - 0 D.U./*
4. Heron Park Grille (Parcel 19) - 0 D.U./*
5. East Beach Ocean (Parcel 20) - 37 D.U./32 Rooms/5,200 Sq. Ft. Commercial
6. Willet Island (Part of Parcel 43) - 20 D.U./0 Commercial
7. Tract Adjacent to Ocean Course Maintenance (Part of Parcel 43) - 3 D.U./ 0 Commercial

* Total Commercial – 66,000 Sq. Ft.

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Subdivisions/Lots:

1. 1A, 1B Eugenia Avenue
2. The Settlement
 - Green Meadow Lane 10-21, 27
 - Kiawah Club Drive 22-26, 32-53, 55, 57-66, 152-165, 167
3. Rhett's Bluff
 - Captain Maynards (Parcel 18)
 - Schoolbred Court 40, 100-101
 - Rhett's Bluff Road 95
 - New Settlement/River Marsh 41, 51-69, 73-75, 78-79
4. Ocean Green
 - Ocean Green Drive 1-18
5. Vanderhorst Plantation
 - Marsh Edge Lane 28
 - Sweet Grass Lane 16
 - Sanderling Court 193,197
 - Belted Kingfisher 185
 - Horned Grebe 206
 - Yellow Throat 181, 182, 208, 209, 216, 218
 - Fish Hawk 221-226, 229, 230, 233, 234
 - Piping Plover 586-595, 597-602
 - Whimbrell Road 566-568, 573, 575-581, 583-585
 - Bufflehead Drive 564-565
 - Goldeneye Drive 90, 91, 97
 - Marsh Cove Rd. 285-303
 - Snowy Egret Lane 401, 406, 408-411, 413-420, 422, 424
 - Virginia Rail Road 728-730
 - Governor's Drive 335, 193, 194

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6. The Preserve:

- Terrapin Island 1-15
- Cedar Wax Wing 1-4
- Oyster Shell Rd. 2, 3, 5, 7, 9, 11, 12, 14
- Blue Heron Pond Rd. 2, 4, 6, 8, 9, 10, 12, 14, 17, 18, 19,
20-26, 30, 32, 34, 42, 44, 46, 48, 50-59,
61, 63, 65, 66, 68, 70, 72, 74, 76, 78-81,
83, 85, 101, 102, 104, 106, 108-117,
119, 121, 123, 125, 127-130, 132,
134-150, 152, 154, 156, 158, 160
- Grey Widgeon 1, 3, 301, 303, 305, 307, 308, 309, 311,
313-319, 321
- Bull Thistle Lane 171, 173, 175, 179, 181, 183, 185, 187,
189, 190
- Chinaberry Lane 200-208, 210, 212, 214, 216, 218, 220
- Eagle Point Rd. 222, 224, 226, 228, 230, 232, 234, 236,
238, 240, 241, 243-246, 248

7. Falcon Point:

- Falcon Point Road 1-7, 11-20B, 65-67
- Marsh Wren Court 21-26
- Salt Cedar Lane 29, 34, 36, 38-42, 45, 48, 51-64
- Summer Islands 1-31

8. Down Island

- Club Cottage Lane 2-6, 10, 11
- Governor's Drive 19
- Marsh Cottage Lane 20, 23, 24, 26, 28-30
- Osprey Cottage Lane 800-805
- Ocean Oaks 300-312, 400-413
- Sand Fiddler Court 205-208
- Ocean Marsh Road 212, 221, 222, 224

9. Otter Island:

- Ocean Course Drive 13, 15-37, 41, 42, 44, 45, 47-49, 51, 58
- Otter Island Road 65-90
- Bass Creek Lane 91-101

EXHIBIT 18.1

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STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON) LIMITED WAIVER UNDER
) DECLARATION OF KIAWAH ISLAND
) COMMUNITY ASSOCIATION, INC.

WHEREAS, a Declaration of Covenants and Restrictions of the Kiawah Island Community Association, Inc. ("KICA") was recorded in the RMC Office for Charleston County in Book M 114 AT Page 407, which has been amended and supplemented by amendments and addenda thereto and including, but not limited to, those recorded at Book O 125 at Page 163, Book K 139 at Page 58, Book R 210 at Page 748, Book W 243 at Page 271, Book W 243 at Page 258, Book S 287 at Page 404, Book H348 at Page 383, Book W 444 at Page 552, and Book F 491 at Page 517 (said Declaration and all amendments and addenda thereto being referred to collectively herein as the "KICA Covenants"); and

WHEREAS, by virtue of certain assignments recorded in Book Z175, page 561, and Book N215, page 11 in the RMC Office for Charleston County Kiawah Resort Associates, LP, a Delaware Limited Partnership, is the Company under the KICA Covenants; and

WHEREAS, Article III, Section 4 of the KICA Covenants provides, in part, that the Company shall have the right to elect no less than a majority of the board of directors of KICA "until such time as 80% of the cumulative maximum number of authorized lots and dwelling units have been sold to Type A Members" (said numerical trigger being referred to herein as "Transition"); and

WHEREAS, Article VIII, Section 2, of the KICA Covenants provides, in part, that "so long as the Company, as the Type E Member, is entitled to elect a majority of the

members of the Board of Directors of the Association, no amendment of this Declaration shall be made without consent of the Company"; and

WHEREAS, Kiawah Resort Associates, LP, entered a Development Agreement with the Town of Kiawah Island recorded at Book J 248, Page 1 in the RMC Office for Charleston County (this Development Agreement and nine amendments thereto hereinafter collectively referenced as the "Initial Agreement"); and

WHEREAS, under the terms of the Initial Agreement, Kiawah Resort Associates, LP, as the Company under the KICA Covenants agreed to temporarily refrain from exercising its right to elect a majority of the board of directors of KICA as further set forth in the Section 18 of the Initial Agreement; and,

WHEREAS, Kiawah Resort Associates, LP and the Town of Kiawah Island have entered a new Development Agreement on or about October 12, 2005, recorded in the RMC Office for Charleston County at Book 2558, Page 004 (hereinafter the "Development Agreement") and

WHEREAS, Section 21 of the Development Agreement provides, in part, that the Initial Agreement is terminated except for those rights, obligations, and provisions expressly preserved by the Development Agreement;

NOW, THEREFORE, in return for the mutual promises and other consideration set forth in the Development Agreement, Kiawah Resort Associates, LP, does for itself, its successors, and assigns, in its capacity as the Company under the KICA Covenants, hereby permanently and irrevocably waive its right to appoint a majority of the board of directors of KICA under Article III, Sections 2 and 4 of the KICA Covenants on the terms and conditions described herein:

1. Kiawah Resort Associates, LP retains and expressly reserves its right under Article VIII, Section 2 of the KICA Covenants that the consent of the Company must be obtained for all amendments to the KICA Covenants. Kiawah Resort Associates, LP, hereby ratifies and reaffirms its prior consents to all prior amendments and addenda to the KICA Covenants recorded in the RMC Office for Charleston County before the date of this Limited Waiver.
2. Kiawah Resort Associates, LP retains the right to appoint one member of the board of directors of KICA.
3. Kiawah Resort Associates, LP retains the right to require that the following action shall require the dual approval of both (1) the director appointed by the Company under the KICA Covenants and (2) the remaining directors of KICA: The replacement of G. Trenholm Walker and the firm of Pratt-Thomas, Epting & Walker, PA as legal counsel to KICA. This provision shall not apply if KICA legal counsel has a non-waivable conflict of interest or otherwise declines such representation for a given matter or if a majority of the board of KICA determines that there is a conflict of interest with respect to a particular matter.

These retained rights of Kiawah Resort Associates, LP, its successors and assigns shall expire upon the occurrence of Transition under the KICA Covenants, or the termination of the Development Agreement, whichever occurs first.

IN WITNESS WHEREOF, Kiawah Resort Associates, LP, by its hand and seal does execute and agree to this limited waiver of rights under the KICA Covenants.

SIGNED, SEALED, AND DELIVERED
IN THE PRESENCE OF:

KIAWAH RESORT ASSOCIATES, L.P.
(Property Owner)

(CORP. SEAL)

By: D&W Investments, Inc.,
(a South Carolina corporation)

2 North Adger's Wharf
Charleston, SC 29401
Its: General Partner

Theresa A. Cantwell
Elizabeth J. Ammer

By: CPD
Charles P. Darby, III
Its: President

AND

(CORP. SEAL)

By: TWD Investments, LLC
(a South Carolina limited liability
company)

2 North Adger's Wharf
Charleston, SC 29401
Its: General Partner

Theresa A. Cantwell
Elizabeth J. Ammer

By: CPD
Charles P. Darby, III
Its: Manager

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STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT
(Property Owner - D&W)

THE FOREGOING INSTRUMENT was acknowledged before me by KIAWAH RESORT ASSOCIATES, L.P., by D&W Investments, Inc., (a South Carolina corporation), its General Partner, by Charles P. Darby, III, its President, this 3rd day November, 2005.

Elizabeth J. Ammons (SEAL)
Notary Public for South Carolina
My Commission Expires: 1-19-11

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT
(Property Owner - TWD)

THE FOREGOING INSTRUMENT was acknowledged before me by KIAWAH RESORT ASSOCIATES, L.P., by TWD Investments, LLC, (a South Carolina limited liability company), its General Partner, by Charles P. Darby, III, its Manager, this 3rd day November, 2005.

Elizabeth J. Ammons (SEAL)
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