STATE OF SOUTH CAROLINA) DECLARATION OF COVENANTS, CONDITIONS.

) EASEMENTS AND RESTRICTIONS

COUNTY OF CHARLESTON) APPLICABLE TO WATER'S EDGE SUBDIVISION

WHEREAS, MHC2, A South Carolina Partnership, hereinafter referred to as the DEVELOPER, is the owner of certain lands located in Mt. Pleasant, Charleston County, South Carolina, known as WATER'S EDGE Subdivision, and is creating therein a neighborhood of residential homes known as WATER'S EDGE, and

WHEREAS, the Developer wishes to declare certain easements, restrictions, covenants and conditions for the purpose of protecting the value and desirability of certain lands known as WATER'S EDGE.

NOW, THEREFORE, the Developer, in consideration of the premises and other good and valuable consideration, does hereby declare that these covenants contained herein shall be covenants running with the land and shall apply to that real property described herein, and said property shall be held, transferred, sold, conveyed, given, donated, leased occupied and used, subject among others, to the covenants, restrictions, conditions and easements hereinafter referred to as the covenants, as set forth herein.

1. PROPERTY SUBJECT TO THESE COVENANTS

The real property, known as Water's Edge Subdivision, located in Mt. Pleasant, Charleston County, South Carolina, shall be held, transferred, sold, conveyed leased, and occupied, subject to the covenants as shown on a certain plat entitled: Final Plat of Water's Edge Subdivision, Town of Mt. Pleasant, Charleston County, Phase A, Section I Plat showing lots lA - 9A, llA - 2OA and 64A - 67A, Dated May 5, 1992 and recorded in the Charleston County RMC Office in Book CH Page 176.

2. WATER'S EDGE HOMEOWNERS ASSOCIATION, INC.

The Developer has caused to be incorporated under the laws of the State of South Carolina, a non-profit corporation, Water's Edge Homeowner's Association, Inc. (hereinafter referred as to the Association) for the purpose of providing a vehicle for the orderly development and preservation of values of Water's Edge. The Developer, for each lot owned by it within Water's Edge Subdivision, hereby covenants and each owner of any lot shall, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other conveyance, be deemed to covenant and agree to all terms, conditions and provisions of the declaration of covenants, conditions, restrictions, charges and liens for Water's Edge Homeowners Association, Inc. As set forth in the RMC Office for Charleston County. (Also see Paragraph 41).

3. DEFINITIONS

"LOT" shall mean any residential building lot as shown on the plat of Water's Edge Subdivision and shall include any dwelling thereon when the context requires such construction. "OWNER" shall mean and refer to the record owner, whether one or more persons, firms, associations, corporations, partnerships or other legal entities of the fee simple title to any lot, but not withstanding any applicable theory of a mortgage, shall not mean or refer to the Mortgagee unless or until such Mortgagee has acquired title pursuant to foreclosure proceedings or any proceedings in lieu of foreclosure, nor shall the term "Owner" mean or refer to any Lessee or Tenant of an Owner.

4. RESIDENTIAL USE OF PROPERTY

All lots shall be used for residential purposes only, and no structure shall be erected, placed, altered or permitted to remain on any lot other than on e single family dwelling, and any accessory structures customarily incident to the residential use of such lots, saving and excepting any such lot acquired by the developer or Homeowners Association and which may be developed for a specific purpose.

The Town of Mt. Pleasant's minimum setback lines shall apply. The Architectural Review Board shall be and shall remain as a standing arm or committee of the Water's Edge Homeowners Association, Inc. No building or other structure, of any type, shall be located on any residential building lot without the prior written approval of the Architectural Review Board of the Water's Edge Homeowners Association, Inc. No house, porch, deck or other structure, above or below grade, may be constructed within 15 feet of the edge of any lake. Edge of lake to be deemed the top of lake bank.

6. SWIMMING POOLS, WALLS AND FENCES

Swimming pools shll not be located nearer than ten feet to any lot line (and must be located in their entirety to the rear of the main dwelling) and shall not project with their coping more than two feet above the established grade of the lot. Boundary hedges may be grown, but not higher than three feet from the street right-of-way to the rear building line. Fences, boundary walls and hedges shall not exceed five feet in height from the rear building line to the rear property line. All fences must be approved, in writing, by the Architectural Review Board as to materials, size and location prior to construction.

7. SUBDIVISION OF LOTS

No portion of any lot shall be sold or conveyed except in the case of a vacant lot, the same may be divided in any manner between the owners of the lots abutting each side of the same. Also, two contiguous lots, when owned by the same party, may be combined to form a single building lot. Nothing herein shall be construed to allow any portion of any lot so sold or conveyed to be sued as a separate building lot if subdivided. No lot shall be split, divided or subdivided for sale, re-sale, gifts, transfer, or otherwise without the prior written consent of the Architectural Review Board except as provided in this section.

8. CORNER LOTS

On all corner lots, the front line of any corner line shall be construed as the shorter of the two property lines along the intersecting two streets. Building must be situated diagnolly on a lot with specific approval by ARB as to as to precise location and any necessary boundary planting required. Exceptions must be approved by the Water's Edge Homeowner's Association, Inc. in writing prior to any construction which deviates from this requirement.

9. EXTERIORS

No dwelling or other structure shall be erected in Water's Edge having an exterior finish of asbestos shingles or concrete blocks unless said blocks are designed and finished in a manner acceptable to the Architectural Review Board. The same materials utilized for the exterior and roof of the residence shall be used for the garage and any other structures erected on the premises.

10. ENCLOSED DWELLING AREA REQUIREMENTS

No residence or dwelling shall be erected on any of the lots unless said residence or dwelling be constructed with a minimum of twelve hundred (1200) square feet of total heated and cooled enclosed dwelling area. Window heating or air-conditioning units are not permitted and will not be allowed to remain on any dwelling. The term "enclosed dwelling area" as used in these minimum size requirements does not include garages, terraces, decks, porches, patios, and like area. If the finished room over the garage is used in calculating the minimum square footage or if one and one-half story dwellings are used, all measurements will be taken in areas with a minimum ceiling height of six feet. No resident motor vehicle shall be parked or located in or on any street in the subdivision. All garage doors shall be closed except when entering or exiting garage.

11. ARCHITECTURAL CONTROL

No construction, reconstruction, remodeling, alteration, or addition to the exterior of any structures, building, fence, wall, drive or improvements of any nature shall be commenced without first obtaining the written approval of the Architectural Review Baord (hereinafter referred to as "ARB") of the Association as to the location, plans and specifications. As a prerequisite to consideration for approval, and prior to the beginning of the contemplated work, a complete set of the building plans and specifications must be submitted to the AB in such form and include such content as specified in the Association Declaration and Architectural Guidelines. The ARB shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic consideration. Upon given approval, construction shall be started and prosecuted to completion, promptly, and in strict conformity with such plans. the Developer, or Owners, shall be entitled to stop construction in violation of these covenants in accordance with one or more of the clauses below.

12. COMPLETION OF CONSTRUCTION



All homes and other structures must be completed within six months after the date of the construction of same shall have commenced unless otherwise extended, in writing, by the ARB where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamity. This does not preclude a builder of speculative homes from leaving floors, walls, or countertops unfinished until sold.

13. OBSTRUCTION TO VIEW AT INTERSECTION AND DELIVERY RECEPTACLES

The lower branches of trees or other vegetation in sight line approaches to any street intersections shall not be permitted to obstruct the view of same. No receptacle or construction of any container for the receipt of mail, newspapers or similar delivered materials, shall be erected or permitted to remain between the front street line and the applicable front building line unless the same shall have been approved prior to construction by the ARB. It shall be required that all mailboxes, mailbox posts, etc. be of uniform shape, size, height, color and design. Case by case exceptions may be permitted by the ARB only after submission of a detailed rendering or photograph of such proposed deviaiton. No owner may plant or allow to remain on the street right—of—way between the front street line and the owners lot line any vegetation which in any way overhangs any portion of the street itself, saving except trees existing prior to June 30, 1991.

14. USE OF OUTBUILDINGS AND SIMILAR STRUCTURES

No structure of a temporary nature shall be erected or allowed to remain on any lot and no trailer, shack, tent garage, barn or other structure of a similar nature shall be used, either temporarily or permanently as a residence, provided that this paragraph shall not be construed to prevent the use of sheds or other temporary structures during construction as may be approved by the ARB.

15. SIGN BOARDS

No sign boards shall be displaced except "For Sale" or "For Rent" which signs shall not exceed 2 x 3 feet in size. No more than two such signs shall be displayed on any one lot at the same time. No sign or any part thereof shall be placed at a height of more than four feet above the established grade.

16. ANTENNA

No radio or television transmission towers or antenna shall be erected or permitted to remain within the restricted property which can be seen from the street and only customary receiving antenna which shall not exceed ten (10') feet in height above the roof ridge line of any house shall be allowed. There shall not be located on any lot any type of free standing antenna. Satellite or other type dish antennas shall be allowed on a lot with approval by the ARB in writing providing it is not visible from the front or side street; the ARB may require screening prior to approval.

17. MINING

No lot or portion thereof shall be used for any minim, boring, quarrying, drilling, removal of or any other exploitation of subsurface natural resources, with the sole exception of subsurface water. This clause does not limit mining by the developer to create lake area as a part of development.

18. AIR AND WATER POLLUTION

No use of anylot (other than normal use of residential fireplace and residential chimneys) shall be permitted which emits pollutants into the atmosphere, or discharges liquid or solid wastes or other harmful matter into any waterway in excess of environmental standards applicable thereto, to be established by the ARB, which standards shall at a minimum meet requirements of federal and state law and any regulations thereunder applicable to the property. No waste or any substance or materials of any kind shall be discharged into the lake or marshes within Water's Edge Subdivision or adjacent thereto. No person shall dump any garbage, trash or other refuse into any of the waterways on or immediately adjacent to the property.

19. DISPOSITION OF TRASH AND OTHER DEBRIS

Trash, garbage or other waste shall be kept only in sanitary, covered containers. No Owner shall permit or cause any trash or refuse to be kept on any portion of a lot. Such closed, sanitary trash containers shall always be stored in such a manner that they cannot be seen from adjacent or surrounding property. No lumber, metals, bulk materials, refuse or trash shall be kept, stored or allowed to accumulate on any lot, except building materials during the course of construction for a period not to exceed six months commencing from the first day of delivery of such materials for any approved structure, unless such materials are screened from view in a manner approved by the ARB. During the course of construction, sites are to be kept free of unsightly accumulation or rubbish and scrap materials which shall not be allowed to blow in the wind. Trailers, shacks and the like are to be kept in a neat and orderly manner. No burning of any trash, leaves, grass, wood or other debris or litter shall be permitted on any lot. All trees taken down will be removed within one week, except hard wood cut for firewood.



20. AESTHETICS, NATURAL, GROWTH, FENCES SCREENING, UNDERGROUND UTILITIES SERVICE

Garbage cans, equipment, wood storage piles, etc. shall be walled in or otherwise screened to conceal them from the view of neighborhood lots or streets. All residential utility service and lines to residences shall be underground. All fuel tanks must be buried or walled from view. Air conditioning units must be shielded from street view by planting.

21. ANIMALS

No animals, reptiles, worms, rodents, birds, fish, livestock or poultry shall be raised, bred or maintained on any lot with the exception that domestic dogs, cats, fish and birds inside bird cages, may be kept as household pets within any structure upon a lot, bred or raised therein for commercial purposes or in unreasonable quantities. As used in these covenants "unreasonable quantities" shall be deemed to limit the total number of all dogs and cats to two (2) per lot. Each person bringing or keeping a pet upon any lands described on the plat of Water's Edge Subdivision shall be absolutely liable to each and all Owners, their family members, invitees, lessees, renters and contract purchasers, and their respective family members, guests or invitees for any damage to persons or property caused by such pet. All pets must be secured by a leash or lead at any time they are permitted off the owner's premises. Any dog owner shall be required to use s "pooper scooper" to clean up after his animal if said animal is defecating off the owner's property. Any property owner seeing a loose dog will be expected to call the City Dog Catcher to effect removal of same.

22. PROHIBITION OF COMMERCIAL USE OR NUISANCE

No trade or business of any kind or character nor the practice of any profession, nor any building or structures designed or intended for any purpose connected with any trade, business or profession shall be permitted upon any lot.

23. MINOR AGRICULTURAL PURSUITS

Minor agricultural pursuits incidental to residential use shall be permitted provided such pursuits may not include the raising of crops intended for marketing or sale to others. Additionally, no garden, for sole consumption, may exceed one hundred (100 square feet in size, and no garden or portion thereof shall be planted or allowed to remain in front of the rear corners of any house on any lot or be visible from the street.

24. CHANGING ELEVATIONS AND WELLS

No elevation changed shall be permitted which materially affects the surface grade of surrounding lots. No individual water supply system shall be permitted except for irrigation, swimming pools other non-domestic use. All house and garage floor surfaces shall be constructed at a minimum elevation of 13.5 feet mean sea level.

25. EASEMENTS

In addition to those easements shown on the said on the said plat, and not as any limitations thereof, an easement on each lot is hereby reserved by the Developer for itself and its agents, designees, successors and assigns, along, over, under and upon a strip of land ten (10') feet in width, paralled and contiguous with each side lot line. The purpose of these easements shall be to provide, install, maintain, construct and operate drainage facilities, now or in the future, and utility service lines to, from or for each lot. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities, or which may change the direction or flow of drainage channels in such The easement area of such lot and all improvements in it shall be maintained continuously by the Owner, except for those improvements which a public authority or utility company is responsible. For the purpose of this covenant, the Developer reserves the right to modify or extinguish the easement, herein reserved, along any lot lines when in its sole discretion, adequate reserved easements are otherwise available for the installation of drainage facilities or untilities service lines. For the duration of these restrictions, no such utilities shall be permitted to occupy or otherwise encroach upon any of the easement areas reserved, without first obtaining the prior written consent of the Developer, provided, however, local service from utilities within easement areas to residences constructed upon any lots may be established without first obtaining separate consents therefor from the Developer.

26. LAWN AND OTHER MAINTENANCE REQUIRED BY OWNER

Each owner shall keep all lots owned by him and all improvements therein or thereon, in good order and repair, including but not by way of limitations, the seeding, watering and mowing of all lawns and ground, the pruning and cutting of all trees and shrubbery and the painting (or other appropriate external care) of all buildings and other improvements, all in a manner and with such frequency as is consistent with safety and good property management. Additionally, no lawns, grass, weeds or underbrush shall be allowed to grow to a height exceeding six (6") inches on any lot at any time. Lots shall specifically include all easement on each lot.

27. USE OF SAMPLE HOUSES

The Developer or other speculative builder, during such time as it shall continue to be the Owner of any lot shown upon the plat of Waters Edge, may use its lots or lots for the purpose of building thereon a sample house or sample houses and/or sales information centers which may be exhibited to the public and to which the Developer or other speculative builder shall be entitled to invite the public to inspect the said sample house or houses. The Developer or other speculative builder may disseminate sales information to the public in Waters Edge. Such activities shall not be construed as a violation of the residential provisions of these covenants.

28. OUTSIDE DRYING

No clothing or other household fabrics shall be hung in the open on any lot unless the same be hung from an umbrella or retractable clothes hanging device which is removed from view when no in use and the same shall never be permitted to remain in use overnight.

29. LANDSCAPE RESTRICTIONS

No tree having a diameter of six (6") inches or more (measured from a point two feet above the ground level) shall be removed from any lot without the express written authorization of the ARB. The ARB shall further have the authority to require any Owner removing a tree in violation of this clause to replace such tree with one of comparable size and of the same variety at his cost. This does not preclude the owner from removing any tree within five feet of dwelling.

30. PROHIBITION AGAINST OFFENSIVE CONDUCT OR NUISANCE

No noxious or offensive activity shall be carried on upon any lot or other property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood or other Owners. There shall not be maintained any plants or animals or any device or thing of any sort whose normal activities or existence will in any way diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. No nuisance shall be permitted or maintained upon any portion of the property. Regularly barking dogs shall be construed as a nuisance; further, continuous barking for five or more minutes shall be considered an "insurance".

31. PARKING RESTRICTIONS, USE OF GARAGES AND YARD SALES

No resident motor vehicle shall be parked or left on any street overnight or on any property shown on the plat of Waters Edge Subdivision, other than on a driveway. No more than two resident vehicles may be simultaneously parked in any drivewy. Garage doors shall remain closed at all times except when entering or exiting.

32. OTHER VEHICLE AND TRAILER PARKING

No trailer, trailer house, recreational vehicle, mobile home, motor home, or habitable motor vehicle of any kind, boat or boat trailer, school bus, truck (other than vans or pickups of three-quarter ton capacity or less) or any type of commercial vehicle shall be brought upon or parking, whether on any street, or on any lct (enclosed garages excepted) or on any other property within Waters Edge Subdivision unless such area has been specifically designated for such purpose by Waters Edge

Subdivision Homeowners Association Inc. shall be obligated to supply such storage or parking areas. This clause shall not be construed to prohibit a mere temporary standing or parking of a trailer, boat or a trailer house, recreational vehicle or motor home for short periods preparatory to taking same to some other location for use or storage. No such vehicle shall be openly stored in any area other than that designated by the Association for the purpose of storage. Nothing contained herein shall be construed to prohibit the use of a portable or temporary building or trailer as a field office by a contractor during actual construction in Waters Edge Subdivision.

33. LAKES

The lakes are private and for the exclusive use of Waters Edge Homeowners and their guests. All guests wishing to fish or utilize the lake must be accompanied by a Waters Edge property owner or a member of the property owner's family. All lots on the lake will have a perpetual easement from the water's edge to their back property line to allow the unobstructed use of the waterways by Waters Edge Homeowners. Water, via underground pipes, may be withdrawn from the lake to operate water source heat pumps, provided the water is returned to the lake via underground pipes and shall be appropriately cooled prior to discharge by a method approved, in writing, by the Waters Edge Homeowners Association, Inc. and shall restore and replant the sloping banks after such intrusion.

All lots on the lake will also have a perpetual easement extending 10 feet from the water's edge and extending to the rear of the lot owners property line for the benefit of the Waters Edge Homeowners Association for the purposes of maintaining and controlling the use of said waterways.

34. MOTORCYCLES, DIRT BIKES, ALL TERRAIN VEHICLES MOPEDS, BICYCLES AND GOLF CARTS

No all terrain vehicles, regardless of whether or not the same shall have three, four, six or more wheels or "dirt bikes" shall operate on any of the lots, common areas or streets within Waters Edge Subdivision. Mopeds are defined by the State of South Carolina. Bicycles, motorized bicycles and scooters shall be allowed. Electric or gasoline golf carts may be used within the subdivision. Gasoline powered go-carts and skateboards are prohibited. No motorcycle may operate within the subdivision unless the same be fully street licensed including, but not to, muffler, brakes, lights, license plates, insurnace, registration and/or other requirements of the State of South Carolina. Complaints by two or more lot owners, as to engine noise of any motorcycles will also require a review and opinion from the Waters Edge Homeowers Association, Inc. as to the ability of such motorcycle to further operate within the subdivision.

35. DOCUMENTS

All papers and instruments required to be filed with or submitted to the Developer, the Association or the ARB, shall be sent by certified mail to MHC II, A South Carolina Partnership or its designee, at its office located at P. O. Box 1788, Mt. Pleasant, SC 29464 or such other address as the Developer or the Association may hereinafter specify.

36. BASKETBALL GOALS, VOLLEYBALL NETS

No basketball goals, volleyball nets, badminton nets, or similar additions may be permanently installed between the front street line and the front building line of any lot: further, no such net, goal or other assembly should be allowed to remain overnight.

37. VIOLATION

If any person, firm or corporation shall violate or attempt to violate any provision of these covenants, it shall be lawful for any person, firm or corporation owning any of the lots or having any interest therein to prosecute any proceeding law or in equity against the person, firm or corporation violating or attempting to vilate the same, and either to prevent it or them from so doing or to recover damages or other dues for such vilation. The party enforcing the covenants shall be entitled to recover attorney fees, court costs and out of pocket expenses if he prevails. Also, in addition to the rights and remedies herinabove enumerated and not by way of limitation, if the Association Board determines that any provision of these covenants has been violated, the Association Board, may, at its discretation, seek appropriate relief at law or in equity to assure that the purposes of these covenants are fulfilled.

The Developer or Waters Edge Homeowners Association, Inc. after having given fifteen (15) days written notice to the Owner of any lot involved setting forth the specific violation or breach of these covenants and the action required to be taken by the Owner to remedy such violation or breach, and if at the end of such time reasonable steps to accomplish such action have not been taken by the Owner, then the Developer or Waters Edge Homeowners Association, Inc. can enforce these covenants by entering upon a lot to abate or remove any violation, and such entry shall not be deemed a trespass. Failure to enforce any one or more of these covenants shall in no way effect the validity or enforceability of the other covenants, which shall remain in full force and effect.

38. COMPULSORY MEMBERSHIP IN ASSOCIATION

Every lot owner is required to remain a member of Water's Edge Homeowners Association, Inc. (see Paragraph 2). Said Association shall be an eleemonsynary corporation chartered with the Secretary of State of South Carolina whose function shall be the collection of compulsory annual assessments, the same for each lot, as a vehicle to assure that Water's Edge Subdivision shall be maintained in an attractive, sighly condition and to provide for such other benefits as defined by the ByLaws of the Association. The annual assessment shall be paid not later than December 31, 1992 for the calendar year 1993 on all lots owned by anyone other than the Developer. During 1992, whenever a lot is sold, the assessments will be collected at closing for the pro-rated balance of 1992.

The ByLaws of the Association shall be provided to each lot owner upon request. The Association shall be governed by its ByLaws which may be changed from time to time. In the event of conflict between the ByLaws of the Association and these Covenants and Restriction, these Covenants and Restrictions shall control.

39. VACATION OR TIME SHARING PROHIBITED

No dwelling on any lot may be used for any vacation or time sharing plan as contemplated in Section 27-32-10 et sea. of the Code Laws of South Carolina, 1976, as amended.

40. RELOCATION OF STREETS AND REVISION OF PLAT

The Developer reserves the right unto itself, its successors and assigns, the right to revise, resubdivide, and change the size, shape, dimension and locations of lots owned by the Developer and these restrictions shall be applicable to the resulting lots; provided, however, that no such revision shall adversely affect the overall subdivision plan and that not lot shall have any area less than the smallest lot shown on the recorded subdivision plat.

41. DURATION AND AMENDMENT

These covenants shall bind all persons claiming any interest in the land and shall run with the land for a period of sixty (60) years from the date of recording, after which time they shall automatically be extended for successive period of ten (10) years unless an instrument signed by seventy-five (75%) of Owners (multiple owners of a single lot shall have one vote among them) of lots has been recorded terminating or modifying the covenants.

Amendment shall be written instrument, signed by seventy-five percent of the Owners, (multiple owners of a single lot shall have one vote among them and the Developer shall have one vote for each lot it owns), provided, however, that the proposed Amendment shall first be approved by a majority of the Board of Directors of the Association. Upon proper execution, the instrument shall be filed in the RMC Office for Charleston County.

Page 13

IN WITNESS WHEREOF, MHC2, A these presents to be executed by its	SOUTH CAROLINA PARTNERSHIP has caused duly authorized Officer this
SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:	MHC2 , A SOUTH CAROLINA PARTNERSHIP
Appron a Papie	BY: Man ACC

STATE	OF	SOUTH	CAROLINA	,
COUNTY	? OE	CHARI	ESTON)

PERSONNALLY APPEARED before me, the undersigned witness, who on		
oath, says that (s)he saw the within named MHC2, A SOUTH CAROLINA Partner		
PARTNERSHIP, by its officer, sign the within Covenants, attest the same,		
and as its act and deed, deliver the same and that (s)he with		
subscribed witnessed the execution thereof.		

SWORN TO BEFORE ME THIS

27th day of	July	. 1992
Urginia NOTARY PUBLIC	B / FOR SOUTH	Jele CAROLINA

My Commission Expires 2/09/2000