

owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that real property hereinabove described, and such additions thereto as may hereinafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to all real property (including the improvements thereon) and personal property now or hereafter owned by the Association for the common and exclusive use and enjoyment of the owners and others entitled to the use thereof or designated by the Developer as Common Areas.

Section 5. "Lot" shall mean and refer to: (1) any parcel of property within the subdivision intended for use as a single-family lot; or (2) any plot of land shown upon any recorded subdivision plat of the Properties as a lot, together with the improvements thereon, with the exception of the roads and common area as herein defined.

Section 6. "Member" shall mean and refer to every person who is a member of the Association.

Section 7. "Declarant" shall mean and refer to DON GALLOWAY HOMES, INC., or any person or entity who succeeds to the title of Declarant to any portion of the Properties by sale or assignment of all of the interests of the Declarant in the Properties, if the instrument of sale or assignment expressly so provides, or by exercise of a right of foreclosure of a mortgage given by the Declarant or a deed in lieu thereof. Any such person or entity shall be entitled to exercise all rights and powers conferred upon Declarant by this Declaration, the Articles of Incorporation or Bylaws of the Association.

Section 8. "Declaration" shall mean this Declaration, together with all supplements and amendments to this Declaration as filed in the office of the RMC for Charleston County.

ARTICLE II Property Rights

Section 1. Owners Easements of Enjoyment. Every Owner shall have the right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to formulate, publish and enforce rules and regulations regarding the use of

the Common Area and to charge reasonable admission and other fees for the use of any recreational facilities located thereon;

(b) The right of the Association to suspend the voting rights and right to the use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations; and

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by at least two-thirds (2/3) of each class of members has been recorded.

(d) The right of specific lot owners to construct docks for their exclusive use in areas adjacent to their lots as approved by the Office of Ocean and Coastal Resource Management.

Section 2. Delegation of Use. Any Owner may delegate in accordance with the Bylaws of the Association, his rights of enjoyment of the Common Area and facilities to members of his family, his tenants, or contract purchasers, provided, however, that each such delegee shall reside upon a Lot of such Owner.

Section 3. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area described herein to the Association, by limited warranty deed or deeds, free and clear of all liens and encumbrances, at the time of or prior to the conveyance of the first Lot, subject only to the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, and utility and drainage easements specifically reserved or indicated on any recorded plat, including but not limited to easements for docks across the marsh areas, the location of which will be finally determined by the Office of Ocean and Coastal Resource Management.

Section 4. Transfer or Mortgage of the Common Area. Unless the Association shall receive the prior written approval of at least two-thirds (2/3) of the lot owners (exclusive of the Declarant), the Association shall not be entitled to, by act or omission, abandon, partition, subdivide, sell, mortgage or transfer all or any portion of the Common Area, except detention ponds and drainage ways may be transferred to appropriate governmental entities which will maintain the same.

No portion of the common area may be sold or transferred to any other party for any other use than is set forth in this document and no subdivision of the common area may occur unless such property is brought into compliance with the then existing subdivision regulations of the City of Mt. Pleasant regarding lots for other than support facilities.

ARTICLE III
Membership and Voting Rights

Section 1. Membership. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant and may not be separated from ownership of any Lot which is subject to assessment.

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

(a) Class A. Class A members shall be all Owners, with the exception of the Declarant, and each shall be entitled to one (1) vote for each Lot owned. If more than one person owns an interest in any Lot, all such persons shall be members, and the vote for such Lot shall be exercised as they may determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B member shall be the Declarant and it shall be entitled to three (3) votes for each Lot owned. The Class B membership shall terminate and be converted to Class A membership upon the happening of either of the following:

(i) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, or

(ii) when Declarant executes and records an instrument forfeiting its Class B membership; or,

(iii) On December 31, 2001.

ARTICLE IV
Covenants for Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(i) Annual assessments or charges, and

(ii) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, costs and reasonable attorneys fees, shall be a charge on the land and shall be a continuing lien upon the Lot and improvements against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the recreation, health, safety and welfare of the residents of the Properties, and in particular for the maintenance of the Common Area, the payment of any taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Bylaws, the establishment of an adequate reserve for the maintenance, repair and replacement of the improvements in the Common Area, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Amount of Annual Assessments. The maximum annual assessment for each Lot in the Properties shall be payable monthly, in advance, and the amount thereof shall be determined as follows:

(a) Up to and including December 31, 1995, the maximum annual assessment shall be One Hundred Eight and No/100 Dollars (\$108.00) per Lot.

(b) The maximum annual assessment for the calendar year beginning January 1, 1996, and for each calendar year thereafter, shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed Five Percent (5%) of the maximum annual assessment of the previous year.

(c) The maximum annual assessment may be increased without limit by the affirmative vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) The Board of Directors may fix the annual assessments at an amount not in excess of the maximum. When the Board of Directors fixes the annual assessments for each calendar year, the Board shall, at the same time and in connection therewith prepare, or cause to be prepared, an annual budget showing the services furnished by the Association and the cost thereof per lot.

Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related hereto, Provided that any such assessment shall have the assent of Two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 5. Notice and Quorum for any Action Authorized under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast Sixty Percent (60%) of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be One-Half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the date set for the preceding meeting.

Section 6. Uniform Rate of Assessments. Both annual and special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or annual basis in advance, or on any other basis approved by the Board of Directors.

Section 7. Date of Commencement of Annual Assessments:

The annual assessments provided for herein shall commence as to each lot on the first day of the month following the conveyance of the lot by Declarant to any person or entity other than a sale of all of Declarant's interest in all of the properties. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment, the Board of Directors shall fix the amount of the annual assessment and give every owner subject thereto written notice of each assessment. Due

dates shall be established by the Board of Directors. The Association, upon demand at any time and for a reasonable charge, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any annual assessment not paid within thirty (30) days after the due date shall bear interest from the due date at that rate which is equal to the rate of interest chargeable by law in the State of South Carolina on money judgements. The Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property in like manner as a mortgage of real property, and, in either event, interest, costs and a reasonable attorneys fee shall be added to the amount of such assessment. Upon exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of the annual assessment due and payable and collect the same through foreclosure. In the event of any such foreclosure, the Owner shall be required to pay a reasonable rental for the Lot after commencement of the foreclosure action; the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or by abandonment of his Lot.

Section 9. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to (1) the lien of any first mortgage, and (2) the lien of any unpaid ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure or any proceeding in lieu of foreclosure shall extinguish the lien of such assessments as to the payments which became due prior to such sale or transfer. No such sale or transfer shall release such Lot from liability for any assessments thereafter becoming due or from the lien thereof. Nothing herein shall be deemed to require any Mortgagee to be responsible for the collection of assessments.

ARTICLE V
ARCHITECTURAL CONTROL

No building, fence, dock, wall, mailbox or other structure, and no change in topography, landscaping, grading, filling or any other item, shall be commenced, erected or maintained upon any portion of the Property or any Lot, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in

relation to surrounding structures and topography by the Declarant, so long as Declarant owns any lot in the Subdivision or until such time as Declarant relinquishes such rights in writing, and thereafter, by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event approval or disapproval is not given within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and compliance with this Article will be deemed to have been completed.

ARTICLE VI
Use Restrictions

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Area. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors shall be recorded in a book of resolutions, which shall be maintained in a place convenient to the owners and available to them for inspection during normal business hours.

Section 2. Use of Property. The Properties shall be for the following uses and subject to the following restrictions, and, in addition, to those set forth in the Bylaws and other applicable restrictions of record:

a. No structure shall be erected on any Lot in the subdivision other than one permanent single-family dwelling and detached or attached garage of similar design, and no use shall be made of the Property or of any right or privilege appurtenant thereto, other than for private residential purposes of a single family; Provided, however, the Declarant reserves to itself, as well as the right to assign to builders during construction, the right to use one or more such dwellings as a temporary office, information center and real estate sales office, provided further that no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities and drainage facilities within the areas provided hereinafter. Any temporary construction used as administrative, information or real estate sales office shall be promptly removed when it shall come to be used for such purposes. No other temporary structure or apartment shall be erected upon any Lot.

b. No Lot in the subdivision shall be subdivided or reduced in size without the written consent of the Declarant, provided, however, that no Lot in the subdivision shall be subdivided or reduced in size so as to have a total area less than the smallest Lot shown on the above referenced plat, nor

shall any Lot so subdivided leave a residual lot with a total area less than the smallest Lot shown on said plat.

c. Any consequence of alteration to the natural grade of any Lot shall be the responsibility of the Purchaser of said Lot. Said Purchaser shall also be responsible for the channeling of any surface water in accordance with the approved grading Plan of the subdivision.

d. No residence containing less than One Thousand Six Hundred (1,600) square feet of heated space shall be erected on any lot.

e. All sewage disposal shall be by central sewer service approved by appropriate governmental utility authorities, or by public utility at such rates as shall be established by governmental authority or approved by the South Carolina Public Service Commission.

f. No fences shall be allowed which obstruct the view of the marsh when viewed from inside any lot adjacent to the marsh.

g. Each dwelling which shall be erected on any Lot shall be situated on such lot in accordance with the building and setback codes of the Town of Mount Pleasant, South Carolina. However, in each case individual front, rear and side setback lines must be approved by Declarant, or the Architectural Review Board (ARB) for its aesthetic value and the Declarant or ARB may require more stringent setback lines. Declarant or ARB shall have the authority to promulgate and publish setback requirements for each lot. In certain cases, Declarant or ARB may require an Owner to seek a variance from the Town of Mount Pleasant, South Carolina, if necessary to protect important trees or vistas or to preserve aesthetic value.

h. No noxious or offensive activity or other thing shall be had or done upon any Lot in the subdivision, and nothing shall be had or done thereon which constitutes or becomes an annoyance or nuisance to the neighborhood, or constitutes an unsanitary condition. No hogs, goats, poultry, cows, horses or other such animals shall be allowed or kept on any lot in the subdivision. Nothing shall be done or allowed, and no conditions or situation shall be permitted on any such Lot which shall constitute, cause or become a nuisance or otherwise detract from the desirability of the neighborhood as a residential section.

i. No radio or television transmission or reception towers, antennas, or discs shall be erected on a Lot other than customary antenna which shall not extend ten (10) feet above the top roof line ridge of the house. In no event shall

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freestanding transmission or receiving towers or discs or dishes be permitted.

j. No tent, shack, trailer, bus, boat or other watercraft, camper or motor home or temporary structure of any kind shall be erected, kept, had or allowed at any time on any Lot or parked on the street or road adjacent thereto; provided, however, that a boat or other watercraft, camper or motor home may be parked in an enclosed garage where such recreational vehicle is not visible from the street, or adjoining homes, and also provided such garage meets all requirements for buildings and improvements contained elsewhere in these restrictions. All garage doors, if garage doors are required, shall remain closed except for ingress and egress. No clothesline may be erected or maintained on any Lot other than clotheslines located directly behind the residence. All rubbish, garbage and trash shall be kept in closed cans, or other suitable containers, which shall be placed and kept in such manner as to be out of sight from the street, or neighbor's house. The Lot, property and premises shall be kept clean at all times.

k. Water, sanitary sewer, drainage and public utility easements are reserved over each Lot in the subdivision along the side five (5) feet and front and rear ten (10) feet and such others as are shown on the recorded plat referred to in these restrictions. Within these easements, no structure, 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. The Declarant hereby reserves the right to create and impose additional easements or rights-of-way over unsold Lots or for street, drainage and utility installation purposes by the recording of appropriate instruments, and such shall not be construed to invalidate any of these covenants. Declarant may grant written easements to specific utility providers within the easement areas described herein as reserved for utilities, and such easements shall be effective whether recorded before or after the sale of a lot affected thereby.

l. No sign of any kind shall be displayed to the public view on any Lot except one (1) sign of not more than five (5) square feet advertising the property for sale or rent, or signs approved by Declarant and used by a builder to advertise the property during construction and sales period. During the initial period of construction on the vacant Lots, no sign shall be placed on any Lot unless the style and design thereof shall have been approved in writing by the Declarant, its successors or assigns. Provided, however that nothing contained in this paragraph shall prohibit Declarant from approving a sign or signs larger than provided in this

paragraph for use at model home sites or at the entrance to the development.

m. These restrictions shall run with the land and be binding upon all parties, persons, firms or corporations claiming under them until January 1, 2025. Thereafter said restrictions shall automatically be extended for successive periods of ten (10) years unless changed in part or in whole by written instrument signed by a majority of then record owners of the Lots.

n. If any person shall violate, or attempt to violate, any of these restrictions, any person who shall own real property in the subdivision may enforce these restrictions by proceedings at law or in equity, to either recover damages or restrain such violation. All costs and expenses incurred in the successful enforcement of any restriction, including a reasonable attorney's fee, shall thereupon become due and payable by the losing party.

o. In the event of the unintentional violation of any of the building line restrictions or minimum Lot residence square foot requirements as set forth herein, Declarant reserves the right, by and with the mutual written consent of the owner or owners for the time being of such Lot, to change the building line restriction set forth in this instrument; provided, however, that such change shall not be in violation of any provisions of the zoning provisions of the Town of Mount Pleasant or the County of Charleston, South Carolina.

p. Use of Common Area. No person shall undertake, cause or allow any alteration or construction in or upon any portion of the Common Area or facilities except under the direction of and with the express consent of the Association. The Common Area and facilities shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the residences, subject to any rules and regulations that may be adopted by the Association pursuant to its Bylaws. Plants and trees now or hereafter located on the Common Area shall be maintained by the Association and may not be removed except by permission of the Board of Directors. No additional plants, trees or shrubs may be planted upon the Common Area without the written approval of the Board of Directors.

q. OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT JURISDICTION. NOTICE IS HEREBY GIVEN OF THE RESTRICTION THAT AS TO ANY PORTION OF ANY LOT WITHIN THE SUBDIVISION WHICH MAY CONTAIN SUBMERGED LAND OR OTHER CRITICAL AREAS, ALL ACTIVITIES ON OR OVER AND ALL USES OF SUCH LAND OR OTHER CRITICAL AREAS ARE SUBJECT TO THE JURISDICTION OF THE OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT. ANY OWNER IS LIABLE TO THE EXTENT

OF SUCH OWNER'S OWNERSHIP FOR ANY DAMAGES TO, ANY INAPPROPRIATE OR UNPERMITTED USES OF, AND ANY DUTIES OR RESPONSIBILITIES CONCERNING ANY SUBMERGED LAND, COASTAL WATERS OR OTHER CRITICAL AREAS.

r. Wetlands. Declarant, on behalf of itself and its successors and assigns, and on behalf of each subsequent Owner of any lot located within the Property, covenants that no alteration, including, but not limited to, clearing, filling, excavation, burning, construction activity (to include utility construction, the construction of fences or other permanent or temporary structures), and that no cultivation of gardens and lawns shall be allowed within the preserved wetlands and buffer areas, except for the following:

- (i) Removal of dead or dying trees determined by a registered landscape architect or registered forester to be diseased or to be a hazard, such removal to be with the prior written consent of the Association.
- (ii) Implanting of native shrubbery and trees so long it complies with all other terms of these covenants.

Furthermore, the perimeter of the buffer areas will be posted with permanent signs stating "CONSERVATION AREA - DO NOT DISTURB".

The preserved wetlands and buffer areas referenced herein are depicted on the plat of the Property recorded in the office of the RMC for Charleston County in Plat Book EA page 134#133.

Any encroachment into the wetlands buffer areas by any Property Owner shall be considered a violation of the Coastal Zone Management Act and Section 404 of the Federal Clean Water Act and shall be subject to all appropriate fines and assessments.

The provisions contained in this article run with the property and are binding on all subsequent property owners.

s. Ponds, Lakes and Lagoons. The ponds, lakes and lagoons within the subdivision are not designated for boating, swimming or bathing purposes and all such activity is prohibited. No docks, landings, or other structures may be located in or adjacent to any pond, lake or lagoon without the prior written consent of the Town of Mount Pleasant and Declarant, its successors and assigns. Fishing shall be permitted within the ponds, lakes and lagoons so long as all regulations of the South Carolina Wildlife and Marine Resources Department, as adopted and amended from time to time, as well as all rules and regulations adopted from time

to time by the Association are strictly observed. No water may be withdrawn from any pond, lake or lagoon for any reason by any Owner. All property owners adjacent to any pond, lake or lagoon shall be prohibited from using insecticides, pesticides and other hazardous materials within twenty-five (25') feet of such pond, lake or lagoon.

t. Additional Restrictions for Lots Fronting Ponds, Lakes, Lagoons, Wetlands and Marshes.

(i) No foliage or vegetation or marsh shall be removed or altered without the permission of the Declarant, its successors and assigns.

(ii) The Owner of a lot adjacent to a pond, lake, lagoon, wetland or marsh shall maintain the area between the Lot line and the pond, lake, lagoon or marsh in a clean, cut (except where cutting is prohibited by the U. S. Army Corps of Engineers or any other agency having control over wetlands and marshes) condition, even though such area may be owned by the Association or others.

(iii) No dock, pier, or wharf shall be constructed on any pond, lake, lagoon or marsh without first obtaining the approval of the Town of Mount Pleasant. After obtaining the approval of the Town of Mount Pleasant, no such dock, pier or wharf shall be constructed without the written approval of Declarant, its successors and assigns. In order to obtain such approval of Declarant, its successors and assigns, it will be necessary to submit plans specifying the location, color, height, finish and other details of such facility. Declarant also reserves the right to require uniformity of design and to submit to Owners approved designs for docks, piers or wharfs. Declarant has the right to disapprove such plans on any grounds, including, but not limited to, aesthetic considerations. Any approved dock, pier, or wharf must be well maintained by the Owner and, if not maintained as required, then this requirement may be enforced in the same manner as any other violation of these covenants.

(iv) The Association will have the authority, subject to the approval of Declarant, its successors and assigns, to build bridges and walkways around the ponds, lakes or lagoons or on common property.

(v) No water vehicles shall be permitted in the ponds, lakes or lagoons without the approval of the Board of Directors of the Association.

(vi) No waste, garbage or waste water are to be discharged, dumped or otherwise placed in the lakes or lagoons.

(vii) Fishing will be allowed only in accordance with rules and regulations established from time to time by the Association.

(viii) The Association shall have the authority from time to time to establish fines and regulations governing the use of the ponds, lakes, lagoons, marshes and other common areas.

u. Additional restrictions Regulating the Construction and Maintenance of Docks in Marsh Areas: Construction of docks in the marsh areas is subject to the following requirements and conditions:

(i) It shall be the responsibility of the owner of each lot to apply to the Office of Ocean and Coastal Resource Management (OCRM) for a permit to construct the dock. No representation is made by Declarant that a permit will be approved. Designation of a Dock Location corridor on any plat of the property does not guarantee that a dock will be allowed by the OCRM in that corridor or in any other area adjacent to any lot.

(ii) Docks may be constructed only in designated Dock Corridor Locations approved by the OCRM. Dock Corridor locations shown on any plat of the Property are not absolute and may vary with final approval by OCRM.

(iii) All dock construction shall comply with OCRM guidelines for preparation of Dock Master Plans dated March 15, 1991, and any amendments thereto.

(iv) Architectural approval for all docks must be obtained prior to construction in the same manner as any other improvements as set forth in these covenants.

ARTICLE VII Easements

Section 1. Reservation. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plats for use by Declarant, utility companies and public agencies in connection with this development. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which obstruct or retard the flow of water through drainage channels and the easements. The use of such easement areas by the Association for access, ingress and egress to and from common areas and the public streets is hereby specifically granted.

Section 2. Common Areas. Declarant hereby reserves unto

itself, its successors and assigns, easements to cross the Common Area with pipes, utilities, power lines, gas lines, drainage and other usual and customary subdivision service facilities. The Association shall have the power and authority to grant and establish in, over, upon and across any Common Area conveyed to it such further easements as may be requisite for the convenient use and enjoyment of the property.

ARTICLE VIII
Rights of First Mortgages

The following provisions, in addition to the provisions set forth elsewhere in this Declaration, shall be applicable to the holders, guarantors or insurers of first mortgages upon Lots subject to this Declaration and any Amendments hereto:

Section 1. Planned Unit Development. This Declaration and other constituent documents create a planned unit development hereinafter referred to as a "PUD."

Section 2. Assessment. Any first mortgagee who obtains title to a Lot pursuant to the remedies provided in its mortgage shall not be liable for unpaid assessments which accrued prior to the acquisition of title to such Lot by the mortgagee.

Section 3. Material Changes. Unless the Association shall receive the prior written approval of at least two-thirds (2/3) of the first mortgagees (who have informed the Association of their addresses in writing and requested to participate in such decisions), the Association shall not be entitled to do any of the following:

(a) By act or omission, seek to abandon, partition or subdivide, sell or transfer the Common Area owned, directly or indirectly, provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area, shall not be deemed a transfer within the meaning of this clause;

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against any Lot or the Owner thereof;

(c) By act or omission, change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance residential dwellings, the maintenance of party walls or common fences and driveways, or the upkeep of lawns, plantings and improvements located in or on the Common Area;

(d) Use hazard insurance proceeds for loss to any Common Area improvements for other than the repair, replacement or reconstruction of such improvements.

Section 4. Taxes and Other Charges. First mortgagees of Lots subject hereto may, jointly and severally, pay taxes or other charges which are in default and which may, or have become, a charge against any of the Common Area, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of such policies for such Common Area, and first mortgagees making such payments shall be immediately reimbursed therefor by the Association.

Section 5. Rights in Insurance Proceeds and Condemnation Award. No provision of the PUD constituent documents gives an Owner or any other party priority over any of the rights of any first Mortgagee contained in its mortgage, in or to a distribution to such owner of insurance proceeds or condemnation award or losses to or a taking of the Common Area or any part thereof.

Section 6. Notice to Mortgagee. A first mortgagee, upon request, is entitled to written notification from the association of the following: (a) any default in the performance by its borrower of any obligations under the PUD constituent documents which is not cured within sixty (60) days; (b) any condemnation loss or any casualty loss which affects a material portion of the Properties or any of such mortgagee's security; (c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, and (d) any proposed action which would require the consent of a specified percentage of the mortgage holders.

Section 7. Further Rights of Mortgagees. The Association shall make this Declaration, any bylaws or other rules pertaining to the Properties, as well as all books, records and financial statements, available for inspection by any mortgagee during normal business hours or under other reasonable circumstances. Any mortgagees, upon its request, shall be entitled to a financial statement for the immediately preceding fiscal year.

Section 8. Contract Services. No agreement or lease, entered into on behalf of the Association prior to the termination of Class B membership, as provided in Section 2(b) Article III, shall be binding on the Association, unless the agreement or lease shall permit termination by either party without cause and without payment of a termination fee upon written notice of ninety (90) days or less.

ARTICLE IX
Annexation and Further Development

Section 1. Other Residential Property. Additional

residential property and common area may be annexed to the Properties at any time, with the consent of the Owners of two-thirds (2/3) of the lots. Any land within the description contained in the deed found in Book M-237 at page 151, in the Office of the Register of Meane Conveyances for Charleston County may be annexed by the Declarant without the consent of members.

Section 2. Common Areas. Title to any common areas located within such portions of land annexed by the Declarant as provided in Section 1 may be conveyed to the Association without its consent, or the consent of the Owners, and shall be held, improved and administered in the same manner and for the same purposes, as the land described in Article I, Section 4, hereof.

Section 3. Effect of Annexation. Additional properties and improvements, including common area, so annexed shall be merged with the Properties described herein and with any previously annexed property, and shall be subject to the provisions of this Declaration, the Articles of Incorporation and the Bylaws of the Association. Annexation as provided in this Article may increase or decrease the benefits which each Owner expects to derive from the Common Area, and may increase or decrease the cost of maintenance and operation thereof; any increase or decrease in such costs may require the Association to change the annual assessments levied in accordance with this Declaration.

ARTICLE X
General Provisions

Section 1. Application. All Owners, employees of Owner and tenants or any other persons who may, in any manner, use the Properties or any portion thereof shall be subject to the provisions hereof and to the provisions of the Articles of Incorporation and the Bylaws of the Association.

Section 2. Enforcement. The Association or any Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens or charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so.

The provisions of this declaration relating to the use and maintenance of the common area, as well as the payment of assessments for such maintenance, are specifically enforceable by the City of Mount Pleasant.

Section 3. Severability. Invalidation of any one of these covenants or restrictions, by judgment or court order, shall in no wise affect any other provisions which shall remain in full force and effect.

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with the land and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall automatically be extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by the Owners of not less than two-thirds (2/3rds) of the lots; provided, however, that the Board of Directors may amend this Declaration without the consent of Owners to correct any obvious errors or inconsistencies in drafting, typing or reproduction or to make any changes required for FHA, VA or Conventional loan approval, and further provided that any amendments affecting the rights of the City of Mt. Pleasant must be approved by the City of Mt. Pleasant. All Amendments shall forthwith be recorded in any public office where this Declaration may be recorded and shall be effective upon such recordation.

Section 5. Lease of Residence. No residence shall be leased for transient or hotel purposes, nor may any Owner lease less than his entire residence. Any lease must be in writing and provide that the terms of the lease and occupancy of the dwelling shall be subject in all respects to the provisions of this Declaration and of the Bylaws and Articles of Incorporation, and that any failure by any lessee to comply with the terms of such documents shall be in default of such lease.

Section 6. Liability Insurance. The Association shall obtain and maintain a broad form public liability insurance policy covering all of the Common Area and all damage or injury caused by the negligence of the Association or any of its agents, officers or employees in an amount of not less than One Million and No/100 (\$1,000,000.00) Dollars for each occurrence, and such policies shall contain a waiver of the right of subrogation against the Association, its members, officers, agents or employees.

Section 7. Fidelity Bonds. The Association may maintain, as a common expense of the Association, blanket fidelity bond coverage against dishonest acts by officers directors, agents and employees and all other persons handling or responsible for funds of or administered by the Association. Such fidelity bonds shall:

- (a) Name the Association as an obligee;
- (b) Be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual budget of the Association, including reserves;
- (c) Contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expressions; and

(d) Provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premiums) without at least ten (10) days, prior written notice to the Association.

Similar bonds may be required covering any management agent employed by the association for such agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

Section 8. Waiver. No provision hereof shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may occur.

Section 9. Conflicts. In the event of irreconcilable conflicts between this Declaration and the Bylaws or Articles of Incorporation, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between the Articles of Incorporation of the Association and the Bylaws of the Association, the provisions of the Articles of Incorporation shall control.

Section 10. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and nonpersonal entities, as well as the singular and plural wherever the context provides or permits.

Section 11. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration.

IN WITNESS WHEREOF, Don Galloway Homes, Inc. has caused this Declaration to be executed on this the 1st day of September, 1994.

WITNESSES:

[Signature]
Michelle L. Small

DON GALLOWAY HOMES, INC. (SEAL)

By: *Don A. Galloway*
Its: *President*

STATE OF North Carolina)
COUNTY OF Mecklenburg)

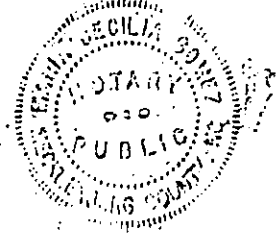
PROBATE

PERSONALLY appeared before me the undersigned witness who, on oath, says that (s)he saw the within-named DON GALLOWAY HOMES, INC., by its duly authorized officer, sign the within Declaration of Covenants, Conditions and Restrictions, and, as its act and deed, deliver the same, and that (s)he with the other witness subscribed above, witnessed the execution thereof.

[Handwritten Signature]

SWORN to before me this 1st
day of September, 1994.

Maria Cecilia Gomez
Notary Public for North Carolina
My Commission Expires: 11/23/98



Galloway Land, Inc

11231 Carmel Commons Blvd

Charlotte, N.C. 28224

ATT: Brad Samuel

9/8/94
ASV

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ROBERT H. KING
REGISTER
CHARLESTON COUNTY SC

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STATE OF SOUTH CAROLINA) SUPPLEMENTARY DECLARATION OF
) COVENANTS AND RESTRICTIONS-
COUNTY OF CHARLESTON) HORLBECK CREEK

This Supplementary Declaration made this 16 day of Sep-
tember, 1994, by DON GALLOWAY HOMES, INC. (hereinafter referred to
as "Declarant").

WHEREAS, DON GALLOWAY HOMES, INC. imposed certain covenants,
conditions, restrictions, reservations, grants and easements on
certain lots owned by it in Horlbeck Creek Subdivision - Phase 1 by
Covenants, Conditions and Restrictions (hereinafter "Declaration")
dated September 1, 1994, recorded in Book N-247 at Page 356; and

WHEREAS, in Article IX, Section 1 Declarant reserved the right
to subject additional lands to the Declaration provided that the
additional lands are contained within the description of property
found in Deed recorded in Book M-237 page 151 and the below de-
scribed lots are contained in that deed.

NOW THEREFORE, Declarant hereby declares that all of the
property described in Exhibit "A" attached hereto shall be held,
sold and conveyed subject to the Covenants, Conditions and Restric-
tions, dated September 1, 1994, and recorded in Book N-247 at Page
356 as if they had been originally a part thereof and that said
Declaration shall run with the property and be binding on all
parties having any right, title or interest in the properties or
any part thereof, their heirs, successors and assigns.

IN WITNESS WHEREOF, the undersigned, being the Declarant
herein, has hereunto set its Hand and Seal the date above written.

WITNESS:

DON GALLOWAY HOMES, INC.

Dorcas F. Rogers
Lashlee M. Fine

By: Don Galloway
Its: President

STATE OF NORTH CAROLINA)
COUNTY OF MECKLENBURG)

PROBATE

PERSONALLY appeared before me the undersigned witness, and
made oath that (s)he saw the within named DON GALLOWAY HOMES, INC.,
by its duly authorized officer, sign, seal and as its act and deed,
deliver the within written instrument for the uses and purposes
therein mentioned, and that (s)he, with the other witness sub-
scribed above witnessed the execution thereof.

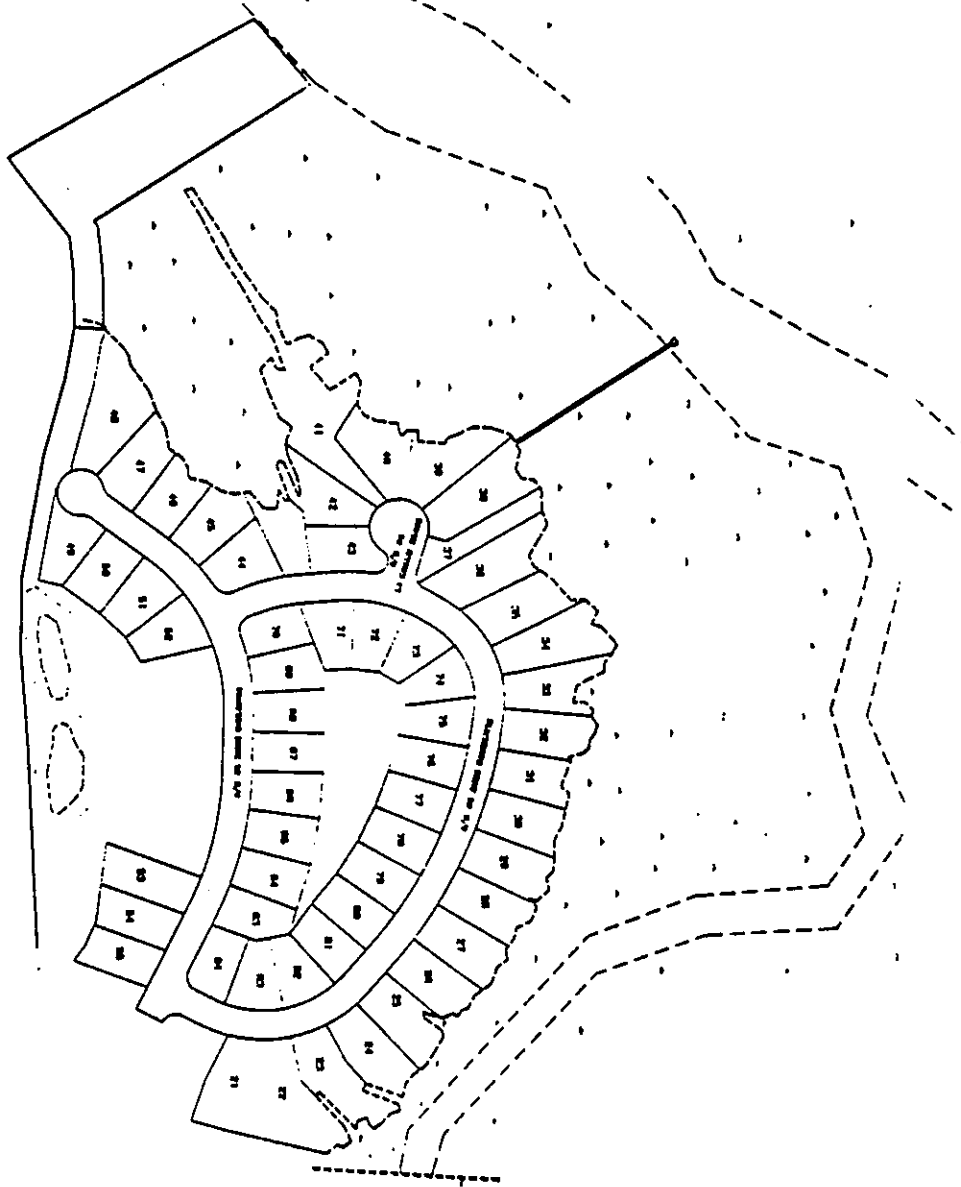
SWORN to before me this 16th
day of September, 1994.

Dorcas F. Rogers

Mario Celesio Jimenez [L.S.]
Notary Public of North Carolina
My Commission Expires: 11/23/98

BK X247PG616

EXHIBIT "A"
HORLBECK CREEK SUBDIVISION (PHASE 2)



BK X247PG617

Donald Jones
753 Johnnie Dodds Blvd
Mt. Pleasant, SC 29464

10.00
1.30

10.50 B

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WAV

FILED

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ROBERT N. KING
REGISTER
CHARLESTON COUNTY SC

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

MODIFICATION OF RESTRICTIONS

WHEREAS, by instrument recorded in the Office of the RMC for Charleston County in Deed Book N247 page 356, Don Galloway Homes, Inc. imposed certain Covenants, Conditions and Restrictions upon certain lots or parcels of land in Horlbeck Creek Subdivision; and,

WHEREAS, Article X, Section 4, provides that the Declaration may be amended by an instrument signed by the Owners of not less than two-thirds (2/3rds) of the lots and Don Galloway Homes, Inc. is the owner of at least two-thirds (2/3rds) of the lots; and,

WHEREAS, a portion of a Pond, designated as "H.O.A. Existing Pond", is located on the rear of Lots 58, 59, and 60 as shown on a subdivision plat entitled "A Final Plat of Phase I - Horlbeck Creek Subdivision", owned by Don Galloway Homes, Inc. by Southeastern Surveying, Inc., dated April 26, 1994, and recorded in the Office of the RMC for Charleston County in Plat Book EA pages 133 and 134; and

WHEREAS, Declarant is the owner of said Lots 58, 59, and 60 and it is the intention of the Declarant that the portion of Lots 58, 59, and 60 located below the high water mark of said Pond be maintained by Horlbeck Creek Property Owners Association, Inc.;

NOW, THEREFORE, Don Galloway Homes, Inc. does hereby modify the Covenants, Conditions and Restrictions as follows:

1. The following paragraph shall be added to Article VI, Section 2 (e):

That portion of Lots 58, 59, and 60 located below the high water mark of the Pond as shown on a plat entitled "A Final Plat of Phase I - Horlbeck Creek Subdivision", owned by Don Galloway Homes, Inc. by Southeastern Surveying, Inc., dated April 26, 1994, and recorded in the Office of the RMC for Charleston County in Plat Book EA pages 133 and 134, shall be maintained by the Association in the same manner as if it were Common Area as defined under Article I, Section 4 of the original Covenants; provided, however, that fee simple title to that portion of the lots located below the high water mark of the Pond will not be conveyed to the Association, but shall remain a portion of the each of the lots; and provided further, that the Association shall have no rights to that portion of the lots located below the high water mark of the Pond except as set forth herein.

2. The following paragraph shall be added to Article VII:

Section 3. Reservation of Easements - Lots 58, 59, and 60.
Declarant hereby reserves unto itself, its successors and assigns, an easement to cross Lots 58, 59, and 60, Horlbeck

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Creek - Phase I, for the purpose of maintaining the Pond located thereon. Declarant also reserves unto itself, its successors and assigns, an easement over that portion of Lots 58, 59, and 60 located below the high water mark of the Pond for all permitted uses of the Pond contained in this Declaration by Declarant and by others who would be entitled to the use and enjoyment of the Pond if the Pond were Common Area. Owners rights of enjoyment as set out in Article II shall not apply except as set forth herein.

3. Said restrictions will remain otherwise in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand and seal this 11th day of May, 1995.

Signed, Sealed and Delivered in the Presence of:

Don Galloway Homes, Inc.

Deborah L. Bowler
Christy Barber

By: Don A. Galloway
Its: President

STATE OF South Carolina)
COUNTY OF Charleston)

PROBATE

PERSONALLY appeared before me the undersigned witness, who being duly sworn, deposes and says that (s)he saw the within-named Don Galloway Homes, Inc., by its duly authorized officer, sign, seal and as its act and deed deliver the within Modification of Restrictions and that (s)he with the other witness subscribed above witnessed the execution thereof.

SWORN to before me this 11th day of May, 1995.

Deborah L. Bowler

Brenda Beaver [L.S.]
Notary Public for South Carolina
My Commission Expires: 2/6/96

SOTTILE & HOPKINS

BK J 255Pg218

10.008

*File
LV*

FILED

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CHARLIE C. LYBRAND
REGISTER
CHARLESTON COUNTY SC