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FOR REGISTRATION REGISTER OF DEEDS
REBECCA T CHRISTIAN
NEW HANOVER COUNTY, NC
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INSTRUMENT # 2003000119

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS
FOR AZALEA TRACE

THIS DECLARATION, made the 31st day of December, 2002, by AZALEA TRACE, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant" or Developer for the purposes hereinafter stated

WITNESSETH

WHEREAS, Declarant is the owner of that certain real property in New Hanover County, North Carolina, known as Azalea Trace, which is shown on a plat recorded in the Office of the Register of Deeds of New Hanover County, North Carolina, in Map Book 43 Page 178, to which reference is made for a more particular description (the "Property"), and

NOW, THEREFORE, Declarant declares that the Property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the land and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof

ARTICLE I DEFINITIONS

SECTION 1 Additional Property shall mean and refer to any lands which are now owned or may be hereafter acquired or developed by Declarant, in addition to the above described Property, and annexed to and made a part of the Development (as hereinafter defined) pursuant to Article VII hereof.

SECTION 2 Association shall mean and refer to Azalea Trace Homeowners' Association, Inc, a North Carolina nonprofit corporation, its successors and assigns, the owners association organized for the purposes set forth in Article III hereof

SECTION 3. Assessments shall mean the Annual, Special, Insurance, Ad Valorem and Working Capital Assessments defined in Article IV hereof

SECTION 4. Common Area(s) shall mean and refer to all real property within the Development owned by the Developer or the Association for the common use and enjoyment of the Owners, including any facilities located on such real property

SECTION 5 Declarant shall be used interchangeably with Developer (which designations shall include singular, plural, masculine and neuter as required by the context) and shall mean and refer to AZALEA TRACE, LLC, its successors and assigns, if such successors or assigns should acquire undeveloped property from the Declarant for the purpose of development.

SECTION 6. Declaration shall mean this instrument as it may be from time to time amended or supplemented.

RETURNED TO ALLEN, MACDONALD
AND DAVIS, PLLC

SECTION 7 Development shall mean the Property plus any Additional Property

SECTION 8 Limited Common Area(s) shall mean areas and facilities within any Lot which are for the exclusive use of the Lot Owner but which the Association is obligated to maintain pursuant to the terms of this Declaration. There shall be no Limited Common Area on any Lot unless the same is specifically shown on the Subdivision Map for Azalea Trace.

SECTION 9. Lot(s) shall mean and refer to any numbered lot within the Development

SECTION 10 Owner shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation

SECTION 11 Property shall mean the Property as defined in the preamble to this Declaration.

SECTION 12. Member(s) shall mean and refer to every person or entity who has a Membership in the Association

SECTION 13. Membership shall mean and refer to the rights, privileges, benefits, duties and obligations, which shall inure to the benefit of and burden each Member of the Association

ARTICLE II.

EASEMENTS

SECTION 1 Owners' Easement of Enjoyment. Every Owner shall have and is hereby granted a right and easement of enjoyment in and to the Common Area, if any, which shall be appurtenant to and shall pass with the title to every Lot, subject to the provisions of Article III hereof

SECTION 2. Easements in Favor of Declarant. The following easements are reserved to Declarant, Declarant's successors and assigns.

(a) easements as necessary in the lands constituting the Development for the installation and maintenance of utilities and drainage facilities; including, specifically, the right to grant a 10 foot wide easement over and adjacent to the front property line of each and every Lot and including the right of Declarant to go upon the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone lines, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in or over each Lot and such other areas as are shown on the plat of the Property or any Additional Property recorded or to be recorded in the office of the Register of Deeds of New Hanover County, the right to cut drain ways for surface water whenever such action may appear to the Developer to be necessary in order to maintain reasonable standards of health, safety and appearance, the right to cut any trees, bushes or shrubbery; the right to make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance; the right to locate wells, pumping stations, and tanks within residential areas, or upon any Lot with the permission of the owner of such Lot; and the right to subject the Property and any Additional Property to a contract with Carolina Power and Light Company for the installation of street lighting, which contract requires a continuing monthly payment to Carolina Power and Light Company by each resident customer for street lighting service (such rights may be exercised by any licensee of the Declarant, but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility or service)

(b) easements over all private streets, if any, access easements, and Common Areas within the Development as necessary to provide access, ingress and egress, to any Additional Property

(c) an easement of unobstructed access over, on, upon, through and across each Lot and the Limited Common Area located thereon, if any, at all, reasonable times to perform any maintenance and repair to the Limited Common Areas required by this Declaration. This easement shall also run in favor of the Association and the Association's agents, employees, successors and assigns.

SECTION 3 Other Easements The following easements are granted by Declarant to others

(a) an easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon all Lots and Common Area in the performance of their duties

(b) in case of any emergency originating in or threatening any Lot or Common Areas, regardless of whether any Lot Owner is present at the time of such emergency, the Association or any other person authorized by it, shall have the right to enter any Lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot Owners, and such right of entry shall be immediate

(c) the Association is granted an easement over each Lot for the purposes of exercising its rights under Article VI, Section 5, of this Declaration

SECTION 4. Nature of Easements All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the undersigned, its successors and assigns, and any Owner, purchaser, mortgagee and other person having an interest in the Property or any Additional Property, or any part or portion thereof, regardless of whether or not reference is made in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration.

ARTICLE III HOMEOWNERS' ASSOCIATION

SECTION 1. Formation of Association Azalea Trace Homeowners' Association, Inc. is a nonprofit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association for the Owners of Lots to operate and maintain the Common Areas and to provide any other services provided in this Declaration or agreed to by a majority of the Members.

SECTION 2 Membership. Every Lot Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Lot ownership.

SECTION 3. Voting Rights. Each Member shall be entitled to one vote in the affairs of the Association for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

SECTION 4 Powers, Privileges, Rights and Obligations. In addition to the rights and powers granted to the Association in its charter and to the rights and powers with regard to assessments set forth in Article IV of this Declaration, the Association shall have and possess and shall perform and exercise the following powers, privileges, rights and duties, subject, however, to the rights of the Declarant contained in Article V hereof

(a) The Association shall be entitled to make and amend reasonable rules and regulations governing use of the Common Areas by the Owners;

(b) The Association shall be responsible for the operation, upkeep, maintenance, protection, preservation, repairs, reconstruction and/or replacement of (i) the Common Areas and improvements and additions thereto, and (ii) the Limited Common Areas, if any; provided, however,

that in the event that any of the above activities are necessitated by the willful act or active or passive negligence of any Owner, his family, guests, invitees or tenants, or is caused by fire, wind, rain, blowing water, lightening, smoke or other hazard or casualty, and the cost of such maintenance, repair or other activity is not fully covered by insurance, then, at the sole discretion of the Board of Directors of the Association, the cost of the same shall be the personal obligation of the Owner and if not paid to the Association upon demand, may be added to the annual assessment levied against said Owner's Lot,

(c) The Association may engage in such other activities as authorized by a majority of the Members

(d) The Association may suspend the voting rights and privileges of an Owner for any period during which any Assessments against the Owner's lot remain unpaid and for a period not to exceed 60 days for an infraction of the published rules and regulations of the Association:

(e) The Association may mortgage or convey the Common Areas, or dedicate or transfer all or part of the Common Areas, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by at least two thirds of the Members:

(f) The Board of Directors on behalf of the Association, as a common expense, may at all times keep the Common Areas and other property of the Association, if any, insured against loss or damage by fire or other hazards and Other such risks, including, but not limited to directors' liability and public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect such property, which insurance shall be payable in case of loss to the Association for all Members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. Such insurance shall be obtained without prejudice to the right of each Member to insure his personal property for his own benefit at his own expense. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by Members or their mortgagees

ARTICLE IV COVENANTS FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed for the Owner's Lot, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association the following assessments (collectively the "Assessments").

- A. Annual Assessments,
- B. Special Assessments for Capital Improvements.
- C. Insurance Assessments;
- D. Ad Valorem Tax Assessments, and
- E. Working Capital Assessments.

The Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the respective Lot against which the Assessments are made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

SECTION 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and residents of the Property and Additional Property and for the improvement and

maintenance of the Common Areas and any Limited Common Areas. The funds arising from said assessments or charges, may be used for any or all of the following purposes: operations, maintenance and improvement of the Common Areas, and any Limited Common Areas, including payment of utilities, enforcing this Declaration, paying taxes, insurance premiums, legal and accounting fees and governmental charges, establishing working capital, and in addition, doing any other things necessary or desirable in the opinion of the Association to keep the Common Areas and Limited Common Areas in good operating order and repair.

SECTION 3 Annual Assessments Annual Assessments shall be in an amount to be fixed from year to year by the Board of Directors which may establish different rates from year to year as it may deem necessary for the purposes set forth in Section 2 above. The amount of the Annual Assessment against each Lot for any given year shall be fixed at least 30 days in advance of the Annual Assessment period, provided, however, that the first Annual Assessment shall be set prior to the conveyance of the first Lot to an Owner and written notice to the Owners to be subjected thereto shall be delivered to the Owners at or prior to the closing of their Lots. Written notice of each Annual Assessment thereafter shall be sent to every Owner subject thereto. The due date shall be established by the Board of Directors and the Board of Directors shall have the authority to require the assessments to be paid in pro rata periodic installments, as the Board may in its discretion determine. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

A. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the Annual Assessment may be increased each year not more than ten percent (10%) above the Annual Assessment for the previous year without a vote of the Members, except as herein provided.

B. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the Annual Assessment may be increased above ten percent (10%) by a vote of a majority of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

C. The Board of Directors may increase the amount of the Annual Assessment to \$150.00 per Lot notwithstanding the provisions of subparagraphs A and B above, and thereafter the limitations set forth in said subparagraphs shall apply to any annual increase.

SECTION 4 Special Assessments for Capital Improvements In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the 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 Areas and any Limited Common Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

SECTION 5 Insurance Assessment All premiums on insurance policies purchased by the Board of Directors or its designee pursuant to Article III and any deductibles payable by the Association upon loss shall be a common expense, and the Association may in any assessment year levy against the Owners equally an "Insurance Assessment", in addition to the Annual Assessments provided for under Section 3 above, which shall be in an amount sufficient to pay the annual cost of all such deductibles and insurance premiums not included as a component of the Annual Assessment. Such assessment shall not be subject to the 10% limitation set out in Section 3. A. and B. of this Article IV.

SECTION 6. Ad Valorem Tax Assessments All ad valorem taxes levied against the Common Areas, if any, shall be a common expense, and the Association may in any assessment year levy against the Owners equally an "Ad Valorem Tax Assessment", in addition to the Annual Assessments provided for under Section 3 above, which shall be in an amount sufficient to pay such ad valorem taxes in such year not included as a component of the Annual Assessment. Such

assessment shall not be subject to the 10% limitation set out in Section 3 A. and B. of this Article IV.

SECTION 7 Working Capital Assessments At the time title to a Lot is conveyed to an Owner by Declarant, the Owner shall pay to the Association as working capital an amount equal to two months' assessments. Such funds shall be used solely for initial operating and capital expenses of the Association such as prepaid insurance, supplies, and furnishings, fixtures and equipment for the Common Areas, etc. Amounts paid into the working capital fund are not to be considered as advance payment of the Annual or any other assessments. Any working capital funds remaining after the last Lot has been sold by Declarant shall be transferred to and become part of the general funds of the Association, in the discretion of the Board of Directors.

SECTION 8. 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 Section 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 of proxies entitled to cast fifty percent (50%) of all votes of each class of Membership shall constitute a quorum. 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 preceding meeting.

SECTION 9 Uniform Rate of Assessment. The Assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

SECTION 10. Commencement of Assessments Assessments for each Lot shall commence upon the date of acceptance by an Owner of a deed from Declarant.

SECTION 11 Effect of Nonpayment of Assessments and Remedies of the Association. Any Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot in the same manner as a deed of trust under power of sale as allowed under North Carolina Law. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot. All unpaid installment payments of Assessments shall become Immediately due and payable if an Owner fails to pay any installment within the time permitted.

SECTION 12 Subordination Of The Lien To Mortgage The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

ARTICLE V RIGHTS OF DEVELOPER/DEVELOPER CONTROL

The Declarant shall have and there is hereby reserved to the Declarant, the following rights, powers and privileges which shall be in addition to any other rights, powers and privileges reserved to the Declarant herein:

SECTION 1 The Association/Period of Declaration Control All the powers and duties of the Board of Directors of the Association may be exercised by the Declarant, and the Developer shall appoint all members of the Board of Directors, until such time as ninety percent (90%) of the Lots within the Development have been sold or conveyed by; the Declarant to purchasers (the "Developer Control Period") Management and control can be voluntarily transferred by Declarant to the Owners at any time.

SECTION 2. The Architectural Control Committee All duties and responsibilities conferred upon the Architectural Control Committee by this Declaration or the By-laws of the Association shall be exercised and performed by the Declarant or its designee, so long as Declarant shall own any Lot within the Property or any Additional Property. Thereafter, the Architectural Committee shall be as designated in Article VI, Section 1

SECTION 3. Plan of Development The right to change, alter or redesignate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Development (so long as the Declarant retains title to said lands) including, but not limited to, the right to change, alter or redesignate road, utility and drainage facilities and easements and to change, alter or redesignate such other present and proposed amenities or facilities as may in the sole judgment and discretion of Declarant be necessary or desirable. The Declarant hereby expressly reserves unto itself, its successors and assigns, the right to re-plat any one (1) or more Lots shown on the plat of any subdivision of the Property or Additional Property in order to create one or more modified Lots, to further subdivide tracts shown on any such subdivision plat into two or more Lots; to recombine one or more tracts or Lots or a tract and Lots to create a larger tract; to eliminate from this Declaration Lots that are not otherwise buildable or are needed for access or are needed for use as private roads or access areas, and to take such steps as are reasonably necessary to make such re-platted Lots or tracts suitable and fit as a building site or access area or roadway

SECTION 4. Amendment of Declaration by the Declarant. This Declaration may be amended by the Declarant, or the Board of the Association, as the case may be, as follows

- A In any respect, prior to the sale of the first Lot
- B To the extent this Declaration applies to Additional Property
- C To correct any obvious error or inconsistency in drafting, typing or reproduction
- D To qualify the Association or the Property and Additional Property, or any portion thereof, for tax exempt status.
- E To include any platting change as permitted herein
- F To conform this Declaration to the requirements of any law or governmental agency having legal jurisdiction over the Property or any Additional Property or to qualify the Property or any Additional Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding purchase or sale of such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration, U. S Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion Notwithstanding anything else herein to the contrary, only the Declarant, during the Developer Control Period, shall be entitled to amend this Declaration pursuant to this Section 4, F

ARTICLE VI USE RESTRICTIONS AND ARCHITECTURAL CONTROL

SECTION 1 Building and Site Improvement No dwelling, wall or other structure, including fences, shall be commenced, erected, or maintained upon any Lot, nor shall any exterior addition to or change in or alteration therein (including painting or repainting of exterior surfaces) be made

until the plans and specifications showing the nature, kind, shape, heights, materials, colors 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, or its designee, or, after the sale of all Lots by Declarant, by the Board of Directors of the Association, or by an Architectural Control Committee composed of three (3) or more representatives appointed by the Board. In the event the Declarant, or its designee, or, if applicable, the Board, or the Architectural Control Committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Refusal or approval of any such plans, location or specification may be based upon any ground, including purely aesthetic and environmental considerations, that in the sole and uncontrolled discretion of the Declarant, the Board, or Architectural Control Committee shall be deemed sufficient. One copy of all plans and related data shall be furnished to the Declarant, the Board, or Architectural Control Committee, as the case may be, for its records. Neither the Declarant, the Board, nor the Architectural Control Committee shall be responsible for any structural or other defects in plans and specifications submitted to it or any structure erected according to such plans and specifications.

SECTION 2. Approval of Plans. No house plans will be approved unless the proposed house shall have a minimum of 1000 square feet of enclosed, heated dwelling area. The term "enclosed, heated dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling which is heated by a common heating system; provided, however, that such term does not include garages, terraces, decks, open porches, and like areas.

B. Since the establishment of inflexible building setback lines for location of houses on lots tends to force construction of houses directly to the side of other homes with detrimental effects on privacy, view, preservation of important trees and other vegetation, ecological and related considerations, no specific setback lines shall be established by this Declaration. In order to assure, however, that the foregoing considerations are given maximum effect, the site and location of any house or dwelling or other structure upon any lot shall be controlled by and must be approved absolutely by the Declarant, the Board, or the Architectural Control Committee, as the case may be.

C. The exterior of all houses and other structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder, due to strikes, fires, national emergency or natural calamities.

D. No structure shall be erected, altered, placed or permitted to remain on any Lot, except one single family dwelling not to exceed two and one-half stories in height. No garage apartments are allowed.

E. All service utilities, fuel tanks, and wood piles are to be enclosed within a wall or plant screen of a type and size approved by the Declarant, the Board or the Architectural Control Committee, so as to preclude the same from causing an unsightly view from any highway, street or way within the subdivision, or from any other residence within the subdivision. All mail and newspaper boxes shall be uniform in design. Design for mail and newspaper boxes shall be furnished by Declarant. Fences shall be permitted on any Lot, provided, however, that the design and materials of any fence are approved by the Declarant, the Board, or the Architectural Control Committee, as the case may be, and provided further, that no fence shall be over six feet in height or forward of a point located fifteen feet to the rear of the front elevation of the dwelling on the Lot. Clothes lines are not permitted on any Lot.

F. Of f street parking for not less than two (2) passenger automobiles must be provided on each Lot prior to the occupancy of any dwelling constructed on said Lot which parking areas and the driveways thereto shall be constructed of concrete, brick, asphalt, or turf stone, or any other material approved by Declarant, the Board or Architectural Control Committee.

SECTION 3. Land Use and Building Type. No Lot shall be used for any purpose except for residential purposes. All numbered Lots are restricted for construction of single family dwellings.

only Different and amended land use restrictions and architectural control guidelines may be established for Additional Property added to the Development by Declarant, provided, however, that no Lot may be used for other than single family dwellings except pursuant to approval of the Members in accordance with this Declaration.

SECTION 4 Nuisances No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or other nature as may diminish or destroy the enjoyment of other Lots by the Owners thereof. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept condition of buildings or grounds on the Owner's Lot which would tend to substantially decrease the beauty of the neighborhood as a whole or the specific area.

SECTION 5 Lot Maintenance. Each Lot Owner shall keep his Lot free from weeds, underbrush or refuse piles, or unsightly growth or objects. In the event the Owner fails to do so, then, after thirty days notice from the Architectural Control Committee, the Association or its designee may enter upon the Lot and remove the same at the expense of the Owner, and such entry shall not be deemed a trespass, and in such event a lien shall arise and be created in favor of the Association for the full amount of the cost thereof chargeable to such Lot, including collection costs and such amounts shall be due and payable within thirty (30) days after the Owner is billed therefor. Such lien shall be enforceable by Court proceedings as provided by law for enforcement of liens.

SECTION 6. Temporary Structures No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot any time as a residence either temporarily or permanently without the written consent of the Association or its designee, provided, however, that this shall not prevent the Declarant, its designees or assigns from maintaining a construction trailer or office on any part of the Development until the construction of dwellings on all Lots is completed.

SECTION 7 Vehicles/Boats. No boat, motor boat, camper, trailer, motor or mobile homes, tractor/trailer, or similar type vehicle, shall be permitted to remain on any Lot or on any street at any time, without the written consent of the Association or its designee. No inoperable vehicle or vehicle without current registration and insurance, will be permitted on any Lot, street or Common Area. The Association shall have the right to have all such vehicles towed away at the owner's expense. No repairs to any vehicle may be made on streets or in driveways but only in garages or other areas and not visible from the street.

SECTION 8. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and provided further that they are not allowed to run free, are at all times kept properly leashed or under the rule of their owner and do not become a nuisance to the neighborhood.

SECTION 9. Statuary, Television Satellite Dishes and Antennas No yard statuary or TV satellite signal receiving dishes are permitted on any Lot and no outside radio or television antennas shall be erected on any Lot or dwelling unit unless and until permission for the same has been granted by the Board of Directors of the Association or its Architectural Control Committee.

SECTION 10. Exterior Lights All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot for the purpose of illumination shall be clear, white or non-frost lights or bulbs.

SECTION 11 Landscaping. Prior to initial occupancy of the residence constructed on each Lot, the front yard area of such Lot must be sodded; provided, however, that any areas to be used as planting beds for trees and shrubs need not be sodded so long as such beds are planted prior to initial occupancy of the Lot. The Declarant, the Board or the Architectural Control Committee, as the case may be, may on account of adverse weather conditions or for other good cause shown

permit such landscaping to be done within a period of six months after initial occupancy of the residence.

SECTION 12 Signs. No signs shall be permitted on any Lot or in the Common Areas without permission of the Board of Directors, except that a sign conforming to any applicable governmental sign ordinance may be displayed by the owner of any Lot for the purpose of advertising that said Lot is for sale, provided the sign shall not be larger than 2X3 feet

SECTION 13 Alterations. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Areas except the direction or with the express written consent of the Association.

SECTION 15. Subdividing Subject to the provisions of Article V hereof, no Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant during the period of Declarant control of the Association and thereafter by the Board of Directors of the Association

ARTICLE VII. ANNEXATION OF ADDITIONAL PROPERTY

SECTION 1 Declarant may annex to and make a part of the Development any other real property which Declarant now owns or which Declarant may hereafter acquire or develop (the "Additional Property"), as follows

A Except as provided in subparagraph B, below, annexation of Additional Property to the Development shall require the assent of a majority of the Members who are voting in person or by proxy at a meeting called for this purpose, written notice of which shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting

B Additional Property may be annexed to the Development without the assent of the Members so long as the Additional Property can be used only for residential purposes and related facilities usually appurtenant to residential developments, recreational facilities and Common Areas.

SECTION 2. Annexation of Additional Property shall occur upon the recording, in the Office of the Register of Deeds for the county where the Additional Property is located, of (i) a subdivision plat for the Additional Property and (ii) a supplemental declaration stating that the Additional Property is made a part of the Development and is subject to this Declaration Upon recording of such plat and supplemental declaration, the Additional Property shall become fully subject to the terms of this Declaration, except to the extent that pursuant to Article V, Section 4 hereof, the Declarant amends the applicability of this Declaration to the Additional Property

SECTION 3 Nothing herein shall prevent Declarant from using the name "Azalea Trace" in conjunction with the development of other real property which is not made part of the Development and subject to this Declaration.

ARTICLE VIII. GENERAL PROVISIONS

SECTION 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 2 Enforcement of Storm Water Runoff Regulations. No more than 2,800 square feet of any Lot shall be covered by structures and/or paved surfaces, including walkways or patios of brick, stone, slate or similar materials (the "Built Upon Area"). All Lots shall be graded so that two thirds of the Lot area drains to the abutting street(s) The covenants contained in this section are

intended to insure continued compliance with storm water runoff rules adopted by the State of North Carolina and, therefore, may be enforced by the State of North Carolina. Any Owner may in accordance with applicable governmental regulations borrow from another Owner any Built Upon Area which is not being utilized by the other Owner. Such transaction need not be approved by any Owners, other than those involved in the transaction, by the Declarant or by the Association.

A. Swales shall not be filled in, piped, or altered except as necessary to provide driveway crossings

B Built-upon area in excess of the permitted amount requires state stormwater management permit modification prior to construction

C. All permitted runoff from out parcels or future development shall be directed into the permitted stormwater control system These connections to the stormwater control system shall perform in a manner that maintains the integrity and performance of the system as permitted.

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 Lots Subject to Declaration All present and future Owners, tenants and occupants of Lots and their guests or Invitees, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such Owner, tenant or occupant. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns, and shall run with and bind the land and shall bind any person having at any time any interest or estate in any Lot, as though such provisions were made a part of each and every deed of conveyance or lease, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

SECTION 5 Amendment of Declaration. Except as provided elsewhere herein, the covenants and restrictions of this Declaration may be amended only by an instrument duly recorded in the Office of the Register of Deeds of the county where the Development is located, executed by the duly authorized officers of the Association upon the vote of not less than a majority of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements, as herein provided, or affect any lien for the payment thereof established herein. In no event may the Declaration be amended so as to deprive the Declarant of any rights herein granted or reserved unto Declarant

IN WITNESS WHEREOF, the parties hereto, have caused this Declaration to be executed in their corporate name and the corporate seal affixed by its duly authorized officers this the 31st day of December, 2002

AZALEA TRACE, LLC

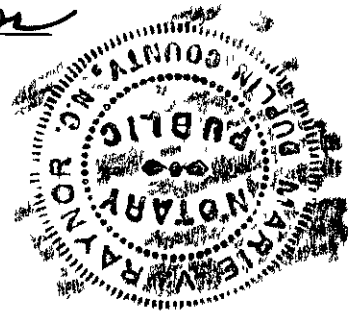
BY: William Keith Andrews (SEAL)
W Keith Andrews, Manager

STATE OF NORTH CAROLINA
COUNTY OF New Hanover

I, Marie V. Raynor, a Notary Public in and for said County and State, do hereby certify that W. Keith Andrews personally came before me this day and acknowledged that he is a manager of Azalea Trace, LLC, a limited liability company which is a the limited liability company described in and which executed the foregoing instrument, that he executed said instrument in the limited liability company name by subscribing his name thereto

WITNESS my hand and notarial seal, this the 31st day of December, 2002

Marie V. Raynor
Notary Public





REBECCA T CHRISTIAN
REGISTER OF DEEDS, NEW HANOVER
JUDICIAL BUILDING
316 PRINCESS STREET
WILMINGTON, NC 28401

Filed For Registration: 01/02/2003 12:43:09 PM
Book: RE 3589 Page: 334-346
Document No. 2003000119
DECL 13 PGS \$47 00

Recorder: MARVIS ANN STORER

State of North Carolina, County of New Hanover

The foregoing certificate of MARIE V RAYNOR Notary is certified to be correct. This 2 ND of January 2003
REBECCA T. CHRISTIAN , REGISTER OF DEEDS

By: Marvis Ann Storer
Deputy/Assistant Register of Deeds

YELLOW PROBATE SHEET IS A VITAL PART OF YOUR RECORDED DOCUMENT.
PLEASE RETAIN WITH ORIGINAL DOCUMENT AND SUBMIT FOR RE-RECORDING.

2003000119

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