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RECORDED AND VERIFIED
REBECCA P. TUCKER
REGISTER OF DEEDS
NEW HANOVER CO. NC

RETURNED TO
DRAWN BY

R.C. Carter, Esq.

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STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

DECLARATION OF RESTRICTIONS
BRITTANY LAKES, SECTION 1A

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, COASTAL CAROLINA DEVELOPERS, INC., (hereinafter "CCD") and TERHANE GROUP, INC., (hereinafter "TGI"), (hereinafter CCD and TGI shall be collectively referred to as "Developer") a North Carolina corporation are the owners of all of the interest and equity in that certain tract of land known as BRITTANY LAKES, SECTION 1A, and it is the desire of the undersigned, to ensure the use of said property for attractive residential purposes only, to prevent the impairment of the attractiveness of the property, to maintain the desired tone of the community, and thereby to secure to each lot owner the full benefit and enjoyment of his home with no greater restriction upon the free and undisturbed use of his lot than is necessary to ensure the same advantages to the other lot owners;

NOW, THEREFORE, the undersigned do hereby covenant, agree and declare to and with all persons, firms or corporations now owning or hereafter acquiring any property in BRITTANY LAKES, SECTION 1A, that all of the lots in said subdivision as shown on a map recorded in Map Book 30 at Page 114 of the New Hanover County Registry, are hereby made subject to the following restrictions as to the use thereof, running with the land by whomsoever owned, to-wit:

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ARTICLE I
Use Restrictions

1. All lots in said Subdivision shall be known as single-family residential lots, and shall be used for residential purposes only, except that Developer reserves the right to convert any of the lots shown on map into a street right of way. Further, Developer may, in its sole discretion, convert any lot(s) in said subdivision to use for recreational purposes including facilities and/or a club house. Also, any house constructed on any lot in said subdivision may be used as a model home.

2. No improvement shall be erected, altered, placed upon, or permitted to remain on any lot other than one detached single-family dwelling subject, however, to the provisions hereof.

3. The building plans for all improvements to the lots in this subdivision must first be approved by Developer. If plans are submitted for approval to a nominee or successor to Developer and after a period of twenty days from the delivery thereof, the person or corporation so delivering the plans has not received either approval, disapproval or request for modification of the plans, then the plans shall be deemed to be approved so long as the improvements, dwelling or structure is in general conformity with the other improvements, dwellings and structures in the subdivision.

4. No dwelling shall be located on any lot nearer than 25 feet from the front street line. Further, no dwelling shall be permitted nearer than 10 feet to any side lot line, except as may be expressly permitted in writing by Developer, and which are permitted by New Hanover County zoning, subdivision or other ordinances that may from time to time exist. Provided, that in the event deviation from the side lot line distance is allowed, there must be at least 20 feet between structures. No other structure shall be permitted on any lot nearer than 5 feet to any side lot line. If the owner of two or more

adjoining lots shall elect to use them for one residence, the boundary line or lines between the lots so used shall not be regarded as side boundary lines of the lots.

On corner lots, the side having the least frontage shall be considered the front lot line.

In computing the front set back and the distances between dwellings on adjoining lots, measurements shall be from the base or ground level of the building or structure, or the base of any wraparound porch, if any dwelling has such, and neither overhang of eaves, not in excess of three feet, nor the establishment of uncovered stoops or steps within the setback area, shall be considered a violation of this covenant. In the event of unintentional violation of any of the building line restrictions herein set forth, Developer reserves the right to change such restrictions accordingly; provided, however, that such change shall not exceed ten percent (10%) of the marginal requirement of the building line restrictions existing as to such lot.

5. No dwelling erected on any of the lots shown on said map as aforesaid shall have less than 1400 square feet with attached garage for at least one (1) car, or a minimum of 1500 square feet without a garage, when measured by exterior foundation, which square footage shall be exclusive of porches, steps, walks, garages, carports, storage areas, etc. No garage shall be used as a so called "garage apartment". Detached garages and storage buildings may be permitted with the written consent of Developer, so long as the design, materials and construction are in keeping with that of the main structure on said lot.

6. Developer reserves for itself, its successors and/or assigns an easement and right at any time in the future to grant an easement or right of way under, over and along the side, rear and front property lines of each and every lot in the subdivision described herein, for the installation and maintenance of poles, lines, cables, conduits, pipes and other equipment necessary to or useful for furnishing electric power, gas, telephone service or other utilities including water and sewer service, and for drainage.

7. No culvert or pipe shall be placed in any street or road, ditch or drain unless it in all respects meets the standards set by the governmental authority having jurisdiction over the same. No drainways along any lot within the subdivision may be filled or modified except with the written permission from Developer.

8. No commercial trade or activity, or any noxious trade or activity whatsoever, shall be carried on upon any lot, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to other lot owners. In the event yards in the subdivision are not properly maintained they may be cleaned by Developer at the owner's expense. Unsightly, inoperative junk cars and like eyesores cannot be maintained on any lot or on any street in the subdivision either prior to or after the dwelling has been erected and any such automobiles may be removed by Developer at the lot owner's expense.

9. No structure of a temporary character, trailer, mobile home, tent, shack, garage apartment, barn or other outbuilding shall be used on any lot, either temporarily or permanently, either by the owners of said lot or any other persons, as living quarters.

10. All buildings, structures and their appurtenances shall be maintained in a suitable state of repair, and in the event of destruction by fire or other casualty, premises are to be cleared and debris removed within ninety (90) days from date of such casualty.

11. No animals, other than domesticated dogs, cats or other household pets, may be kept or housed on any lot. No dogs, cats or other household pets may be kept, bred or maintained for any commercial purposes; nor may they be kept in such numbers or of such nature as to be or become a nuisance to adjoining property owners or any residents of the subdivision.

12. No lot area shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste, and such materials may not be kept on any lots, except in sanitary containers. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

13. Sewerage disposal for any dwelling or other building erected on any lot shall be by septic tank if approved by the County Board of Health and all others shall be serviced by a community sewerage disposal system.

14. No lot as shown on the map of the subdivision above referred to shall be resubdivided unless each part of the subdivided lot becomes a part of another whole lot as shown on the hereinabove referred to map, except, that Developer may subdivide any lot, so long as each portion of any such resubdivided lot meets requirements for said lots established by the New Hanover County Board of Commissioners or other governmental authority having jurisdiction over the property in question.

15. No fence in excess of six (6) feet in height may be erected on any lot. No such fence may be erected nearer to the front street line than the rear corners of the house constructed on said lot. All such fences must be of wood or chain-link type composition. However, Developer may, in its sole discretion, allow the erection of split-rail, brick, wrought-iron or other decorative fencing along the sides and front lot lines of any lot, provided that any such decorative fencing shall not exceed four (4) feet in height and shall be erected only after Developer has given its consent in writing to the erection of same.

16. No signs of any type or description shall be placed on or displayed on any residential lot except signs "For Rent" or "For Sale" which signs shall not exceed six square feet in size.

17. Water to be used for human consumption by the residents of any lot in the subdivision must be obtained from the community water system serving said subdivision unless other sources are approved and authorized by the City-County Board of Health and the utility company furnishing the subdivision.

18. Invalidation of any one of these covenants by judgments or court order shall in no way affect any of the other covenants herein, which shall remain in full force and effect.

19. If the parties hereto, or any of them, or their heirs and assigns shall violate or attempt to violate any of the covenants, herein, it shall be lawful for any person or persons, owning any real property situated in said BRITTANY LAKES, SECTION 1A to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants, and either to prevent him or them from doing or to recover damages or other dues for such violation.

20. In the event that Developer shall seek to obtain approval of these covenants and the plan of development of the Properties in order that the Dwelling Units and Sites and improvements constructed thereon will be eligible for loans approved or guaranteed by the Veterans

Administration, hereinafter called "VA", or the Department of Housing and Urban Development, hereinafter called "HUD", or Federal National Mortgage Association, hereinafter called "Fannie Mae", or the Federal Home Loan Mortgage Corporation, hereinafter called "Freddie Mac", it is likely that HUD, VA, Fannie Mae or Freddie Mac will require changes in this Declaration in order to make the lots and improvements thereon eligible for VA, HUD, Fannie Mae or Freddie Mac loans. In such event, Developer, without the consent or approval of any Owner or Member shall have the right to amend this Declaration. When this Declaration, By-Laws and Articles of Incorporation have been approved by VA, HUD, Fannie Mae, and Freddie Mac, then this paragraph shall be considered null and void and Developer shall not have any further rights hereunder to amend except upon approval of Membership.

21. These restrictions are subject to being altered, modified, cancelled or changed at any time as the said subdivision as a whole or as to any subdivided lot or part thereof by written document executed by Developer, its successor and/or assigns and by the owners of not less than sixty percent (60%) of the lots of said subdivision to which these restrictions apply, and recorded in the office of the Register of Deeds of New Hanover County, North Carolina; provided, Developer shall have the right to amend said restrictions at any time prior to December 31, 1993, without consent of any such owner or owners.

22. Coastal Carolina Owners Association shall be responsible for maintaining all drainage areas and ways and easements over all lots in the subdivision. No structure, planting or other material shall be placed or permitted to remain in any drainage area, way, easement or any other easement which would interfere with the installation or maintenance of utilities or which may change the direction or flow of drainage channels in the easements.

23. Developer reserves the right to subject the real property in the subdivision to contracts with public utility companies for the installation of utility lines, mains, poles and other equipment for the provision of utility service to the lots which may require a continuing monthly payment to such utility companies by the owners of each lot.

24. All boats and recreational, travel and utility vehicles and trailers shall be stored and placed in a garage or a screened area so as not to be visible from the front or rear of any lot.

25. The erection or installation of satellite TV dishes, radio or television antennas on any lot in the subdivision is expressly prohibited.

ARTICLE II Owners Association

1. To provide for the maintenance, repair, upkeep and replacement of such amenities as may possibly be provided, such as, pool, club house, tennis facility, pier, dock, walkways, gazebo and other amenities, and common areas, TGI has formed BRITTANY LAKES CLUB AND HOMEOWNERS ASSOC., INC., a non-profit corporation organized pursuant to Chapter 55A of the General Statutes of North Carolina. The Association shall be responsible for providing any necessary liability insurance. The Articles of Incorporation for said corporation are recorded in Book _____, at Page _____ of the New Hanover County Registry. The By-Laws for said corporation are attached hereto as Exhibit "A", and are incorporated herein by reference.

Every owner of a fee simple title to a lot within the development shall be deemed to own, possess and have accepted:

(a) The membership(s) in the BRITTANY LAKES CLUB AND HOMEOWNERS ASSOCIATION appurtenant to his lot(s);

(b) An undivided equal interest with all other owners, for each membership in the Association owned, in the Association and all of its assets;

(c) An easement of enjoyment, equal to that of all other owners, in and to the common areas and amenities, subject to the right of the Association to dedicate or transfer all or any part of the common areas and amenities, for such purposes and subject to such conditions as the Association may determine, acting by and pursuant to the provisions of its duly enacted By-Laws.

(d) The duty of complying with and abiding by all of the provisions of these Articles, the By-Laws of the Association and the Rules and Regulations of the Associations, including the payment of dues and assessments as provided elsewhere herein.

2. Liens and Assessments: The Association has heretofore been given the authority to administer the operation and management of the common areas and the amenities, of the property, it being recognized that the delegation of such duties to one entity is in the best interests of the owners of all lots subject hereto to properly administer the operation and management of the common areas and amenities, the Association will incur, for the mutual benefit of all the owners of such lots, costs and expenses sometimes herein referred to as "common expenses". To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect assessments against the members of the Association and their lots. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation of, the management of, and for capital improvements to the common areas, which for the purposes of these By-Laws shall be deemed to include, but not be limited to, the common areas and amenities, and all other improvements, the following shall be operative and binding upon the owners of all lots:

(a) The owner of any lot subject hereto, with the exception of the TGI or CCD, 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 or special assessments as established by the Board of Directors of the Association, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with the interest, costs, and reasonable attorney's fees, if any, shall be a charge on the lots and shall be a continual lien upon each lot against which they are levied. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person or entity who is the owner of such lot at the time when the assessment falls due. The personal obligation for delinquent assessments shall not pass to any successor in title unless expressly assumed by him.

(iii) TGI or CCD shall not be required to pay the regular annual assessments on any lot owned by it prior to its sale.

(b) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the property in particular for the maintenance, repair and replacement of all common areas and amenities.

(c) The annual assessments for each calendar year shall be established by the Board of Directors, and may be increased by the Board of Directors for any calendar year without approval by the membership by an amount not to exceed twenty percent (20%) of the maximum annual assessment of the previous year. The maximum annual assessment for any calendar year may be increased without limit by a vote of a fifty-one percent (51%) majority of the members who are voting in person or by proxy at a meeting called for this purpose.

(d) In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement to the common areas, streets and amenities, provided that any such assessment shall have the assent of a fifty-one percent (51%) majority of the vote of the members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed to the uniform rate for all lots and may be collected on a monthly, quarterly or annual basis.

(e) Written notice of any meeting called for the purpose of taking any action authorized under (4) shall be sent to all members not less than ten (10) 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-one percent (51%) of all votes of the 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 of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(f) The annual assessments provided for herein shall be collected on a monthly, quarterly or annual basis and shall commence as to all lots within a particular subdivision on the first day of the month following recordation of the Declaration of Restrictions for said subdivision. The first annual assessment shall be adjusted (pro-rated) according to the number of months remaining in the calendar year, for each property owner as said owner acquires each lot from TGI or CCD.

(g) Any assessments not paid within thirty (30) days after the due date shall bear interest at the rate of ten percent (10%) per annum from the date until paid. The Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the lot and interest, costs, and reasonable attorney's fees of such action of foreclosure shall be added to the amount of such assessment.

(h) The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the public records of New Hanover County, North Carolina, which claim shall state the description of the lot encumbered thereby, the name of then record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall

include only assessments which are due and payable when the claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien provided for herein shall be subordinated to the lien of any first mortgage or Deed of Trust and any person, firm, corporation or other entity acquiring title to any lot by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a lot by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all owners of all lots as part of the common expenses, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

(i) Upon the sale of seventy-five percent (75%) of all the lots in BRITTANY LAKES, owned by TGI or under contract to purchase by TGI, TGI will turn over control of the Owners Association to the Board of Directors to be elected by the membership in accordance with the By-Laws of the Association. This shall occur by virtue of the collective votes possessed at that time by the homeowners. The dual class membership in the homeowners association shall continue for so long as TGI owns one or more lots in the Brittany Lakes Subdivision or has one or more such lots under contract to purchase. Until such time, however, TGI shall elect the Board of Directors of the Association.

ARTICLE III Coastal Carolina Owners Association

In addition to BRITTANY LAKES CLUB AND HOMEOWNERS ASSOC., INC. referred to herein, the Declarant has heretofore created and established COASTAL CAROLINA OWNERS ASSOCIATION for the purpose of maintaining the common areas, streets and entrances to and in COASTAL CAROLINA, and all subdivisions thereof. Every owner of any lot in BRITTANY LAKES shall automatically become a member of COASTAL CAROLINA OWNERS ASSOCIATION upon the purchase of his lot:

(a) Membership and Voting Rights. The qualifications for membership in COASTAL CAROLINA OWNERS ASSOCIATION, the manner of admission to membership in said Association, the manner of termination of such membership, and the voting rights of the members of said Association are set forth in the Articles of Incorporation of the Association, which are recorded in Book 1391, at Page 1690 of the New Hanover County Registry, the provisions of said Articles being incorporated herein by reference.

(b) Assessments, Liability, Lien and Enforcement. The authority in the Association to assess, levy and collect assessments are identical to those created and established for BRITTANY WOODS, SECTION 1, as provided for in that certain Declaration of Restrictions for BRITTANY WOODS, SECTION 1, as recorded in Book 1392, at Page 793 of

the New Hanover County Registry.

ARTICLE IV
The Owners

Every owner of a fee simple title to a lot within BRITTANY LAKES, SECTION 1A development shall be deemed to own, possess and have accepted:

(a) The membership(s) in the Associations appurtenant to his lot(s);

(b) An undivided equal interest with all other owners, for each membership in the Associations owned, in the Associations and all of their assets;

(c) An easement of enjoyment, equal to that of all other owners, in and to the common elements, subject to:

(i) the right of the Associations to charge reasonable admission and other fees for the use of any of the common elements;

(ii) the right of the Associations to suspend the voting rights and the right to the use of any of the common elements by any 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 the published Rules and Regulations of the Associations governing the use and enjoyment of the common elements;

(iii) the right of the Associations to dedicate or transfer all or any part of the common elements for such purposes and subject to such conditions as the Associations may determine, acting by and pursuant to the provisions of their duly enacted By-Laws;

(iv) the right of the Associations to enact reasonable Rules and Regulations governing the use and enjoyment of the common elements and the improvements thereto;

(v) the right of any owner to delegate in accordance with the By-Laws of the Associations, his right of enjoyment to the common elements and its facilities to members of his family, his tenants or contract purchasers who reside on the property.

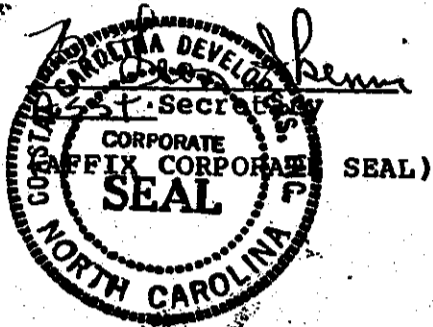
(d) The duty of complying with and abiding by all of the provisions of the Articles, By-Laws and Rules and Regulations of the Associations.

SCOPE OF RESTRICTIONS

THESE RESTRICTIONS APPLY ONLY TO SECTION 1A, BRITTANY LAKES SUBDIVISION, AS THE SAME IS SHOWN ON THE MAP REFERENCED ABOVE, AND NOTHING HEREIN IS INTENDED, NOR SHALL BE DEEMED, TO BE A REPRESENTATION, WARRANTY, COVENANT OR PROMISE THAT THESE RESTRICTIONS APPLY OR SHALL APPLY TO ANY OTHER REAL PROPERTY OWNED BY TGI OR CCD AND AS DESCRIBED IN THAT DEED RECORDED IN BOOK 1292, AT PAGE 1526 IN SAID REGISTRY. TGI or CCD FOR ITSELF, ITS SUCCESSORS AND/OR ASSIGNS, DECLARES THAT SECTION 1A, BRITTANY LAKES, IS NOT PART OF ANY OVERALL PLAN FOR THE DEVELOPMENT OF THE REAL PROPERTY DESCRIBED IN THE DEED REFERENCED HEREIN, AND THAT THE REMAINDER OF SAID PROPERTY MAY AND CAN BE USED, DEVELOPED, CONVEYED AND/OR IMPROVED FOR PURPOSES AND SUBJECT TO RESTRICTIONS OTHER THAN AS SET OUT HEREIN.

IN TESTIMONY WHEREOF, CCD and TERHANE GROUP, INC., have caused this instrument to be signed in their corporate names by their Presidents or Vice-Presidents, sealed with their corporate seals, and attested by their Secretary, or Assistant Secretary, this 31st day of May, 1990.

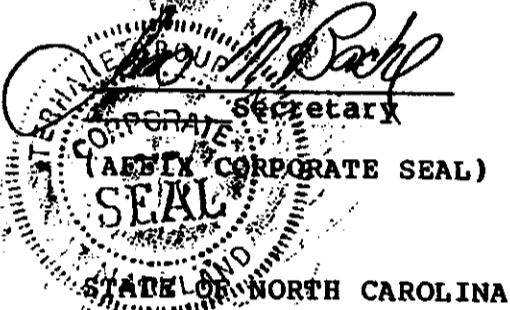
ATTEST:



COASTAL CAROLINA DEVELOPERS, INC.

By: [Signature]
President

ATTEST:



TERHANE GROUP, INC.

By: [Signature]
President

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, Jane K. Thompson, a Notary Public of said County and State, do hereby certify that B. Leon Skinner, personally came before me this day and acknowledged that he/she is Assistant Secretary of COASTAL CAROLINA DEVELOPERS, INC., and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself/herself as its Assistant Secretary.

WITNESS my hand and notarial seal this 31st day of May, 1990.

[Signature]
Notary Public

My Commission Expires:
June 25, 1994
(AFFIX NOTARIAL SEAL)



STATE OF NORTH CAROLINA

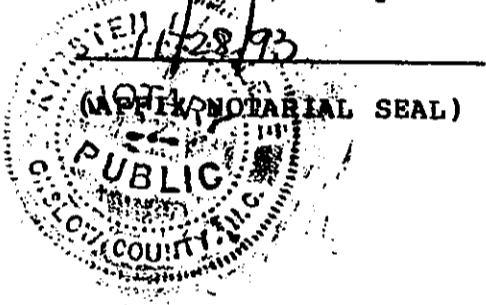
COUNTY OF NEW HANOVER

I, Kyrsten L. Salese, a Notary Public of said County and State, do hereby certify that James M. Bache, personally came before me this day and acknowledged that he/she is Secretary of TERHANE GROUP, INC., and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself/herself as its Secretary.

WITNESS my hand and notarial seal this 31st day of May, 1990.

Kyrsten L. Salese
Notary Public

My Commission Expires:



STATE OF NORTH CAROLINA

New Hanover County

The Foregoing/Annexed Certificate(s) of

Kyrsten L. Salese
& Jane K. Thompson

Notary (Notaries) Public is/are certified to be correct.

This the 1 day of June, 1990
Rebecca F. Tucker, Register of Deeds

By Rjm
Deputy/Assistant