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FOR REGISTRATION REGISTER OF DEEDS
JENNIFER H. MAGNEISH
NEW HANOVER COUNTY, NC
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INSTRUMENT # 2012008510

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATIONS OF COVENANTS,
CONDITIONS AND RESTRICTIONS
CAPRI PLACE SUBDIVISION

This Declaration, made this 14th day of March 2012, by **TODD LEBER**, hereinafter referred to as "Declarant, and is joined and consented to by RDR Enterprises, LLC in order to include Lot 6 within the coverage of this Declaration,

WHEREAS, Declarant is the owner of certain property in New Hanover County, North Carolina, Which is more particularly described as follows

Being all of Lots 1 through 7, inclusive, Capri Estates subdivision, as the same are shown on a map thereof recorded in Map Book 8 Page 69 in the New Hanover County Register of Deeds Office

WHEREAS, there are in existence Restrictions and Covenants in Book 798 Page 23 in the New Hanover County Register of Deeds Office which apply to the Capri Estates development in general

WHEREAS, the Declarant desires to subject the seven lots to certain covenants, conditions and restrictions as herein set forth

NOW THEREFORE, Declarant hereby declares that all of the Properties 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 Properties and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors, grantees and assigns, and shall inure to the benefit of each Owner thereof and the Capri Place Association

Some of the following Covenants are intended to insure ongoing compliance with North Carolina State Storm-water Management Permit Number SW 2012001, as issued by the Division of Water Quality under NCAN 2H 1000 The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance

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with the storm-water management permit. The covenants are to run with the land and be binding on all persons and parties claiming under them. The covenants pertaining to storm-water may not be altered or rescinded without the express written consent of the State of North Carolina Division of Water Quality. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality.

ARTICLE I DEFINITIONS

As used herein, the following terms shall mean.

Section 1. ASSOCIATION shall mean and refer to Capri Place Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns, the owners' association organized for the mutual benefit and protection of all the Properties, within Capri Place Subdivision, as expanded from time to time, herein after referred to as the Properties. All property owners of lots in CAPRI PLACE SUBDIVISION and any adjoining areas hereinafter developed and subjected to this declaration, if any, shall be members of the association, which membership shall be appurtenant to and may not be separated from the ownership of each single family or multi family lot.

Section 2. ARCHITECTURAL REVIEW (or Architectural Control) The Declarant shall have the sole right of architectural review and control of development within the development. After the sale of the last lot by the Declarant, there shall be no architectural review required.

Section 3. OWNER shall mean and refer to the record owner(s), whether one or more persons or entities, of fee simple title to any lot which is part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. PROPERTIES shall mean and refer to all seven lots of CAPRI PLACE SUBDIVISION as described above, and any additional properties that may hereafter be brought within the jurisdiction of the Association as herein provided.

Section 5. ADDITIONAL PROPERTIES shall mean and refer to any lands in the vicinity of the Properties which now are owned by, or may be hereafter acquired or developed by the Declarant and annexed to and made a part of the properties by the Declarant and subjected to this declaration. No additional properties may be annexed without prior approval of HUD/VA, if so required. The annexation of such additional properties shall become effective by the recording in New Hanover County by the Declarant of an amended declaration for each new section annexed. Such Additional Property may be annexed into and made a part of the Properties without the assent of the Members so long as the Additional Property is subject to the same terms and conditions of this Declaration.

Section 6. COMMON AREA shall mean and refer to all real property shown as such, if any, on the recorded plat of Capri Place and to be owned by the Association for the common use and enjoyment of the owners, if any. The initial plan does not contain any common area.

Section 7. COMMON EXPENSES means expenditures made by or financial liabilities of the Association, together with any allocations to reserves. Common Expenses specifically include costs for maintaining and insuring any drainage easements, retention, and/or detention pond(s).

Section 8. DECLARANT shall be used interchangeably with Developer (which shall include singular, plural, masculine and neuter as required by the context) and shall mean and refer to TODD LEBER, and his successors and assigns, if such successors and assigns should acquire the remaining undeveloped property in CAPRI PLACE Subdivision from the Declarant for the purpose of development.

Section 9. DECLARATION shall mean this instrument as it may be from time to time amended or supplemented.

Section 10. EXECUTIVE BOARD shall be used interchangeably with the board of directors and means the body, regardless of name, designated in the Declaration of the Association.

Section 11. MEMBERSHIP shall mean and refer to every person or entity that has a membership in the Association.

Section 12. MAXIMUM IMPERVIOUS means the limit of impervious coverage on any lot, and is established to be 2,330 square feet per lot.

Section 13. SPECIAL DECLARANT RIGHTS means rights reserved for the benefit of the Declarant including without limitation the right (i) to complete improvements intended or planned by Developer for the property or additional property; (ii) to exercise any development or other right reserved to the Declarant by this Declaration of otherwise; (iii) to maintain within the Planned community sales offices, management offices, construction offices/trailers, signs advertising the Planned community, and models, (iv) to use the common elements for the purpose of making improvements within the planned community; (v) to make the planned community part of a larger planned community or group of planned communities, (vi) to make the planned community subject to a master association; (vii) to appoint or remove any officer or executive Board member of the Association or any other Master Association during the Declarant control period, (viii) to maintain Architectural Control until such time as Declarant sells or transfers all Lots in the subdivision, and (ix) to delegate any or all of the Declarant's rights permanently or for limited time periods.

Section 14. LIMITED COMMON AREAS AND FACILITIES CAPRI PLACE Subdivision has no initial Limited Common Area.

Section 15 ADDITIONAL SPECIAL DECLARANT RIGHTS. Declarant reserves the right, in its sole discretion, to construct improvements, or to allow construction of additional improvements, including, but not limited to drainage easements, and retention/detention ponds. Upon completion of such improvements Association Dues shall be recalculated to include the costs of insuring and maintaining such improvements.

Section 16 CAPRI PLACE. Shall refer to Capri Place Subdivision, as expanded from time-to-time, if applicable.

ARTICLE II
PROPERTY RIGHTS AND EASEMENTS

Section 1 Easements reserved to the Declarant

A. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable, and releasable easement and right of way, on, over, and under the ground for men and equipment to erect, maintain, inspect, repair, and use electric and telephone pole, wires, cables, conduits, fences, sewer lines, water mains and lines, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveyances or utilities on, in of over each lot, the rights of way of roads and streets, and such other areas as are shown on the plat, of the properties recorded or to be recorded in the office of the Register of Deeds of New Hanover County, provided further, that the Declarant may 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. These easements and rights of way expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. 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. The developer reserves the right to subject the real property in this subdivision to a contract with the Progress Energy, their successor or assigns, for the installation of street lighting, which requires a continuing monthly payment to such utility company by each residential customer.

C. The developer reserves to himself and his successors and assigns the right to maintain all drainage easements, retention, detention ponds, and related or similar facilities on any lot.

D. 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 Declarant and the Association, their successors and assigns, and any owner, purchaser,

Mortgagee, and other person having an interest in the Planned Community, 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. The Developer's easements shall pass to the Association following the sale of the last lot by Developer.

Section 2. Further Easements

A. All Lots shall be subject to certain drainage and storm water runoff easements as shown on the recorded map. These easements are necessary to control storm water runoff through and from and within the subdivision, thereby benefiting all Owners and surrounding property. These easements are required by the State of North Carolina and the County of New Hanover and were constructed as a condition to the approval of the development of the Properties. The drainage easements are designed in accordance with approved permitted standards and are to be maintained in accordance with that certain State Storm-water Management Systems Permit No. SW 2012001. The owners of Lots 4, 5, 6 and 7 are responsible for the ordinary maintenance (such as mowing) of the easements along the rear of their lots and the easements along the front and area between their lot and Capri Drive. The Association shall be responsible for maintaining the easements along rear of lots 1, 2 and 3, the two dry retention basins, and the easement along the west side of lot 1. However, the Association agrees to take and assume from the Declarant the responsibility of continued compliance with the above referenced Permit, and the Association is hereby granted access over all Lots to fulfill this responsibility. Specific restrictions concerning said easements are contained herein-below. In addition, every Owner shall keep said drainage easements crossing his or her Lot regularly mowed, clear of rubbish, trash and unsightly debris. In the event that the Owner of any Lot breaches the requirements and restrictions set forth in this paragraph, the Association is delegated and reserves the right to enter upon the said Lot and easement thereon, (such entrance shall not be deemed a trespass) and mow the grass, clean and remove such rubbish, trash and unsightly debris at Owner's expense, 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 therefore. Such lien shall be enforceable by Court proceedings as provided by law for enforcement of liens. This remedy is in addition to all other remedies which the Association has under the law, the Association's governing documents, and these Restrictions, including but not limited to the power to impose fines for the violation this Section.

B. All Lots shall be subject to such necessary and practical easements for water lines, sanitary sewers, storm drainage, gas lines, telephone and electric power lines, cable television and other utilities, public or private, as shall be necessary for the convenient use and enjoyment of the properties as a residential neighborhood. An easement over the courts, roads and streets is hereby granted for emergency vehicles, fire, rescue, power, telephone, cable and other such service related organizations.

C Each Lot in said subdivision is further subjected to such easements as may appear on or referenced on the recorded map .

ARTICLE III
THE ASSOCIATION, MEMBERSHIP AND DUES

Section 1. Every Lot Owner shall automatically become a member of the Association upon the acceptance and the recording of a deed to any Lot

(a) Membership and Voting Rights The qualifications for membership in the Association, the manner of admission to membership in the Association, the manner of termination of such membership, and the voting rights of the members of the Association shall be set forth in the Articles of Incorporation and Bylaws of the Association and this Declaration, as they may be amended from time to time thereafter, the provisions being incorporated herein by reference

(b) Assessments, Liability, Lien and Enforcement. Except as otherwise specifically set out in this Declaration, the Association has the authority and obligation to administer the operation and management of all drainage easements, retention and/or detention ponds, and common areas in CAPRI PLACE, it being recognized that the delegation of such duties to one entity is in the best interests of the owners of all residential lots in CAPRI PLACE. To properly administer the operation and management of CAPRI PLACE, the Association will incur, for the mutual benefit of all the owners of residential lots within CAPRI PLACE, costs and expenses sometimes herein referred to as "common expenses" To provide the funds necessary for such property 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 residential 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 of CAPRI PLACE, which for the purpose of these Articles shall be deemed to include, but not be limited to, the private streets and roads of CAPRI PLACE and all other improvements, the following shall be operative and binding upon the owners of all residential lots of CAPRI PLACE, including Owners as defined herein.

(1) Creation of the Lien and Personal Obligation of Assessments. As a member of the Association, the Developer, for each Lot owned within the Properties, and each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association.

(i) regular assessments or charges, and

(ii) special assessments for capital improvements or special assessments as established by the Declarant, and after the period of Declarant control,

Board of Directors of the Association, such assessments to be established and collected as hereinafter provided

The regular 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 assessments fall due. The personal obligation for delinquent assessments shall not pass to any successor in title unless expressly assumed by him.

(2) Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of CAPRI PLACE, and in particular for the maintenance, repair and replacement of any and all improvements made to all the drainage improvements and/or easements of the property and the entrance areas to the projects, as well as the acquisition and maintenance of any and all other common areas of the property of CAPRI PLACE, including the costs of repairs, repaving, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against any of the common areas, utility services and the procurement and maintenance of insurance as may be deemed necessary by the Board of Directors

(3) Maximum Annual Assessments: The maximum 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 ten percent (10%) 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 two-thirds (2/3) of the members who are voting in person or by proxy at a meeting called for this purpose. Assessments may be invoiced by month, by quarter, semi-annually or annually.

(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 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 drainage facilities in CAPRI PLACE, the Common Areas, or any other common area in CAPRI PLACE, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) 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 in CAPRI PLACE and may be collected on a monthly basis

(5) Notice and Quorum for any Action Authorized Under Sections B (3) and B (4): Written notice of any meeting called for the purpose of taking any action authorized under (3) and (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 sixty percent (60%) 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 (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.

(6) Rate of Annual Assessment The **INITIAL RATE** of assessments is \$100.00 per year for vacant lots, collected \$25.00 per quarter, and \$204.00 per year for lots with houses on them, collected \$51 00 per quarter. Annual and special assessments must be fixed at a uniform rate for all similarly situated lots in CAPRI PLACE and may be collected on a monthly basis, quarterly basis or as otherwise directed in the bylaws of the Association. The books and records of the Association will be kept in such a manner that it is possible to determine and ascertain such sums as are expended by the Association for the development, improvement, maintenance and upkeep of all common area facilities of the Association; provided, however, that due to the fact that the DEVELOPER shall not make any use whatsoever of any of the common areas other than as is necessary for the development, marketing and selling of lots in CAPRI PLACE, no lots owned by THE DEVELOPER shall be assessed for either annual or special assessments.

(7) Date and Commencement of Assessment, Due Dates: The annual assessments provided for herein shall be collected on a monthly or quarterly basis or as otherwise directed in the bylaws of the Association and shall commence as to all lots, except as provided herein below, on the date this Declaration is recorded. The first assessment shall be adjusted according to the number of months and days remaining in the current quarter year. At least thirty (30) days in advance of each year, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. 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. **Notwithstanding any other provision for covenants, Lot 6 shall be exempt from paying assessments of any type until August 1, 2016.**

(8) Effect of Nonpayment of Assessments; Remedies of the Association Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. 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 or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of any of the common areas of CAPRI PLACE or abandonment of his Lot.

(9) Lien 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 the 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 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, or corporation acquiring title to any Lot and its appurtenant undivided interest in common areas and facilities 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 for said Lot 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 members as a 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.

(10) Effect of Default by the Association in Payment of Assessments for Public Improvement. Upon default by the Association in the payment to any governmental authority entitled thereto of any assessments for public improvements to the drainage facilities, which default shall continue for a period of six (6) months, each Owner of a lot or unit in CAPRI PLACE shall become personally obligated to pay to the a portion of such assessments in an amount determined by dividing the total assessment due the governmental authority by the total number of lots and units in CAPRI PLACE. If such sum is not paid by the member thirty (30) days following the receipt of notice of the amount due, then said sum shall become a continuing lien on the lot of the then owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may bring either an action at law or may elect to foreclose the lien against the lot or unit of the owner.

Section 2. Except as otherwise specifically set out in this Declaration, the Association agrees to maintain the all drainage easements, retention and/or detention ponds, and all other drainage improvements of Capri Place. The Association further agrees to maintain general liability insurance on the Common improvements if required by New Hanover County regulations.

Section 3. Association Authority to Impose Fines The Association may impose fines subject to the laws of this state as they now or hereafter exist for violations of the covenants, conditions or restrictions of this Declaration. This remedy is in addition to all other remedies which the Association has under the law, the Association's governing documents, and these Restrictions.

ARTICLE IV
MANAGEMENT AND CONTROL

Following the period of Developer control, management for the affairs of the Association shall be the right and responsibility of its board of directors in accordance with applicable the declaration and the by-laws, PROVIDED, HOWEVER, that all of the powers and duties of the Board of Directors may be exercised by the Declarant until such time as five of the seven lots have been sold and conveyed by the Declarant to purchasers or until January 2016, whichever occurs first Management and control may be transferred to the Association at any time but no later than 6 months after the happening of either of the above events. The Developer may maintain architectural control, subject to Association controls otherwise set forth herein, until all lots have been sold, or until such control shall be expressly relinquished to the Association in writing, whichever occurs earliest

The Association and each of its Members agree that at anytime after (1) all work required under the Stormwater Permit has been completed (other than operation and maintenance activities), and (11) the Declarant is not prohibited under DENR regulations from transferring the Stormwater Permit to the Association, the Association's Manager shall, without any vote or approval of Lot Owners, and within 10 days after being requested to do so, sign all documents required by DENR for the Stormwater Permit to be transferred to the Association If the Association fails to sign the documents required by this paragraph, the Declarant shall be entitled to specific performance in the courts of North Carolina requiring that the Association Manager signs all documents necessary for the Stormwater Permit to be transferred to the Association. Failure of the Manager to sign as provided herein shall not relieve the Association of its obligations to operate and maintain the stormwater facilities covered by the Stormwater Permit

The stormwater retention/detention pond(s) and related facilities constitute Common elements/Area, and the Association is responsible for operation and maintenance of such The Association shall indemnify and hold harmless the Declarant, its successors and assigns, from any obligation and costs for operation and maintenance under the stormwater permit after the permit is transferred to the association, as provided for above

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ARTICLE VI
RIGHTS OF DEVELOPER

The Declarant shall have, and there is hereby reserved to the Declarant, the Special Declarant Rights as herein defined and the following rights, powers, and

privileges which shall be in addition to the Special Declarant rights and any other rights, powers, and privileges reserved to the Declarant herein

Section 1. The Architectural Control. The Declarant shall have the sole right of architectural review and control of development within the development. After the sale of the last lot by the Declarant, there shall be no architectural review required.

Section 2. Plan of Planned Community. The right to change, alter or re-designate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Planned Community including, but not limited to, the right to change, alter or re-designate road, utility, storm-water, and drainage facilities and easements as needed or required for the continued development of the subdivision

Section 3. Amendment of Declaration by the Declarant. This Declaration may be amended without member approval 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 incorporate or reflect any platting change as permitted by this article or otherwise 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 belonging to, sponsored by, or under the substantial control of the United States Governmental 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 the property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from the official of any such corporation or agency, including, without limitation, the Department of Veteran affairs, 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, provided that the changes made substantially conform to such request or

suggestion Notwithstanding anything else herein to the contrary, only the Declarant, during the Declarant Control period, shall be entitled to amend this Declaration pursuant to this section.

The joinder and consent of the Association shall be required for any such amendments

ARTICLE VII USE RESTRICTIONS

Declarant hereby subjects each Lot and each Lot shall be held, whether stated in the deed or not, to the following covenants, conditions and restrictions, running with the land

Section 1. Residential No Lot shall be used except for residential purposes; however, the Declarant shall have the right to operate a model home on a Lot owned by it for sales purposes No mobile home, modular home or prefabricated residential structure shall be erected or placed or allowed to remain upon any Lot.

Section 2. Temporary Structures. No structure of a temporary character, house trailer, barn, tent, shack or temporary structure of any nature shall be erected or placed or kept on any Lot or used at any time as a residence, provided however, that this shall not prevent the Declarant from maintaining a construction trailer or office on any part of the Properties until the construction of dwellings on all Lots is completed.

Section 3. Set Backs: Since the establishment of standard 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 trees and other related considerations, no specific setback lines are herein established. Reference is, however, made to any governmental mandated setbacks as may be required by subdivision ordinances or zoning laws. In order to assure; however, that the foregoing considerations are given maximum effect, the Architectural Control Committee reserves the right to control and approve absolutely the site and location of any house or dwelling or other structure upon any Lot, subject to the limitations herein set forth and those plans and guidelines pre-approved Notwithstanding the above, the Declarant and not the Architectural Control Committee, reserves the right to control and approve absolutely the site and location of any house or dwelling or other structure upon any Lot which is to be constructed by the Declarant, subject to the limitations herein set forth and those plans and guidelines pre-approved.

Section 4. Subdivision of Lot No Lot shall be subdivided, or its boundary line changed without the written consent of the Declarant so long as Declarant owns a Lot, and thereafter without the written consent of the Architectural Control Committee. However, the Declarant, prior to an affected Lot being conveyed, hereby expressly reserves the right to re-plat any Lot or change the alignment or placement of any road as required in Declarant's sole discretion and to take such other steps as are reasonably

necessary to make such re-platted Lot suitable and fit as a building site, said steps to include, but not limited to, the relocation of easements, walkways and rights of way to conform to the new boundaries of the said re-platted Lots

Section 5. Water and Sewer. Potable water and sewer service is through Cape Fear Public Utility Authority. No septic tanks are permitted upon any Lot. Each Lot Owner will be required to pay regular charges and fees imposed by the utility provider.

Section 6. No Offensive Activities: No obnoxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the neighborhood. There shall not be maintained any plants or animals or device or thing of any sort whose normal activities or existence are in any way obnoxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. Nor shall any Lot be used for commercial, industrial or professional business purposes, or in any other manner in violation of the zoning laws.

Section 7. Animals: No domesticated farm animals or poultry of any kind shall be kept on any Lot or in any dwelling. House pets are permitted, provided they are not kept for commercial purposes, or bred for commercial purposes. House pets shall not be allowed to run free, and must at all times be kept properly leashed and under the control of their owner, and must not become a nuisance to the neighborhood.

Section 8. Lot Maintenance. Every Owner shall keep his or her Lot mowed regularly. Every Owner shall keep their Lot clear of rubbish, trash and unsightly debris. In the event that the Owner of any Lot breaches the requirements and restrictions set forth in this paragraph, the Association is delegated and reserves the right but not the obligation to enter upon the said Lot (such entrance shall not be deemed a trespass) and mow the grass, clean and remove such rubbish, trash and unsightly debris, and/or perform driveway or sidewalk maintenance at Owner's expense; 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 therefore. Such lien shall be enforceable by Court proceedings as provided by law for enforcement of liens. This remedy is in addition to all other remedies that the Association has under the law, the Association's governing documents, and these Restrictions, including but not limited to the power to impose fines for the violation this Section.

Section 9. Construction Activity Except for construction or reconstruction on a Lot by the Declarant which has no time limits, any exterior construction or reconstruction activity undertaken by an Owner must be completed within nine (9) months after beginning the same, acts of God notwithstanding, unless an extension of time is granted by the Architectural Control Committee

Section 10 Stormwater Covenants:

The following Covenants which shall run with the land are intended to insure ongoing compliance with North Carolina State Stormwater Management Permit Number SW2012001, as issued by the Division of Water Quality under NCAC 2H.1000. The State of North Carolina is made a beneficiary of these covenants to the extent necessary to maintain compliance with the stormwater management permit. The covenants are to run with the land and be binding on all persons and parties claiming under them. The covenants pertaining to stormwater may not be altered or rescinded without the express written consent of the State of North Carolina Division of Water Quality. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division of Water Quality. The maximum allowable built-upon area for each lot is no more than 2,330 square feet. This allotted amount includes any built-upon area constructed within the lot property boundaries, and that portion of the right-of-way between the front lot line and the edge of the pavement. Built-upon area includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, and coquina, but does not include raised, open wood decking, or the water surface of swimming pools. If this lot is or becomes within CAMA's regulated AEC, where the Division of Coastal Management calculates a different maximum allowable built-upon area for the lot than is shown herein, the governing maximum build-upon area for the lot shall be the more restrictive of the two. Filling in or piping of any vegetative conveyances (ditches, swales, etc.) associated with the development surrounding this lot, except for average driveway crossings, is strictly prohibited by any persons. This lot will maintain a thirty foot (30') wide vegetated buffer between all impervious areas and surface waters. Any roof drain on structures on this lot shall terminate at least thirty feet (30') from the mean high water mark of surface waters. Any of these provisions may be amended, modified or terminated to comply with storm water rules now or hereafter adopted by the State of North Carolina by an instrument in writing executed by Grantor as developer of the subdivision or its successors or assigns acting in the same capacity.

ARTICLE VIII
STORMWATER/RUNOFF FACILITIES

Section 1. Transfer of Permit. The Association and each of its Members agree that at anytime after (i) all work required under the Storm-water Permit has been completed (other than operation and maintenance activities), and (ii) the Declarant is not prohibited under DENR regulations from transferring the Storm-water Permit to the Association, the Association's Manager shall, without any vote or approval of Lot Owners, and within 10 days after being requested to do so, sign all documents required by DENR for the Storm-water Permit to be transferred to the Association. If the Association fails to sign the documents required by this paragraph, the Declarant shall be entitled to specific performance in the courts of North Carolina requiring that the Association Manager signs all documents necessary for the Storm-water Permit to be transferred to the Association. Failure of the Manager to sign as provided herein shall not relieve the Association of its obligations to operate and maintain the storm-water facilities covered by the Storm-water Permit.

Section 2. Hold Harmless The storm-water retention/detention pond(s) and related facilities constitute Common elements/Area, and the Association is responsible for operation and maintenance of such. The Association shall indemnify and hold harmless the Declarant, its successors and assigns, from any obligation and costs for operation and maintenance under the storm-water permit after the permit is transferred to the association, as provided for above

ARTICLE IX LOTS SUBJECT TO DECLARATION/ENFORCEMENT

Section 1. Lots Subject to Declaration. The covenants and restrictions contained in this declaration are for the purpose of protecting the value and desirability of the planned community and the lots. All present and future owners, tenants and occupants of lot and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, as the declaration may be amended from time to time, and all Rules and Regulations set by the Declarant, or Executive Board after the period of Developer Control. 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 run with and bind the land and shall bind any person having as any time any interest or estate in any lot, their heirs, successors and assigns, 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, unless amended or terminated by the Lot Owners

Section 2. Miscellaneous. 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. The remedies provided herein are cumulative and are in addition to any other remedies provided by law

ARTICLE X RIGHTS OF INSTITUTIONAL LENDERS

Institutional lender or Institutional lenders as the term is used herein, shall mean and refer to banks, savings and loans, savings banks, insurance companies, the veteran's administration, the Federal Housing Authority, the Federal National Mortgage Association, and other reputable mortgage lenders, guarantors, and insurers of such first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any lot, or shall be the owner of any lot, such Institutional Lender or lenders shall have the following rights

A. To be furnished with at least one copy of the Annual Financial statement and report of the association, including a detailed statement of annual carrying charges or