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DECLARATION OF
COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR

PEMBROKE JONES PARK AT LANDFALL,
PHASE III, SECTIONS B, C AND D,
ALSO KNOWN AS
LANDFALL HIGHLANDS SUBDIVISION

RECORDED AND VERIFIED
REBECCA P. TUCKER
REGISTERED CLERK
NEW HAMPSHIRE
FEB 18 3 42 PM '91

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CASE
1529 0878

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RETURNED TO S. Keith Cooper
919-256-6112

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DECLARATION
OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR
PEMBROKE JONES PARK AT LANDFALL,
PHASE III, SECTIONS B, C AND D,
ALSO KNOWN AS
LANDFALL HIGHLANDS SUBDIVISION

THIS DECLARATION, made on the date hereinafter set forth by Landfall Associates, a North Carolina general partnership, with its principal office located in New Hanover County, North Carolina, hereafter referred to as "Declarant";

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain property in or near the Town of Wrightsville Beach, Harnett Township, County of New Hanover, State of North Carolina, referred to as "Pembroke Jones Park at Landfall, Phase III, Sections B, C and D, also known as Landfall Highlands", which is more particularly described on Exhibit "A" attached hereto (the "Property");

WHEREAS, the Property is subject to the Declaration of Covenants for PJP at Landfall, recorded in Book 1399, Page 1310 of the New Hanover County Registry, as amended from time to time (the "PJP Restrictions"); and

WHEREAS, it is the desire and intention of Declarant (as defined herein) to impose on the Property additional conditions, easements, covenants and agreements under a general plan or scheme of improvement for the benefit of the Property herein described and the future owners thereof; and

WHEREAS, the Property and any additional property added hereto, shall be comprised of single-family residential lots.

NOW, THEREFORE, Declarant hereby declares that all of the Property described on Exhibit "A" 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 title to, the Property and be binding on all parties having any right, title or interest in the described 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. "Association" shall mean and refer to Landfall Highlands Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

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Section 2. "Board" or "Board of Directors" shall mean those persons elected or appointed and acting collectively as the Board of Directors of the Association.

Section 3. "Common Elements" shall mean all real property and any improvements constructed thereon, if any, owned by the Association for the common use and enjoyment of the Owners or Members or designated classes of Members of the Association, including Limited Common Elements as may be designated on any subdivision map of the Property or by the Association.

Section 4. "Common Expenses" shall mean and include:

(a) All sums lawfully assessed by the Association against its members; and

(b) Expenses of administration, maintenance, repair, or replacement of the Common Elements and Limited Common Elements.

Section 5. "Declarant" shall mean and refer to Landfall Associates, a North Carolina general partnership, or its successors and assigns to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose.

Section 6. "Limited Common Elements" shall mean those portions of the Common Elements that serve only a single Lot or a limited number of Lots, and which may include, but specifically is not limited to, driveways, walkways, parking areas or areas serving only specified Lots, and such other similar areas as may be designated by a subdivision map of the Property or by the Association.

Section 7. "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map of the Property, as such map or maps may be from time to time amended or modified, for detached single-family residential use.

Section 8. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 9. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 10. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee or other legal entity.

Section 11. "Property" shall mean and refer to that certain real property described on Exhibit "A" hereto attached, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

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Section 12. "PJP Association" shall mean and refer to Pembroke Jones Park Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 13. "PJP Common Elements" shall mean and refer to any real property and any improvements thereon located within the Property which have been conveyed to the PJP Association for maintenance by said Association, and for the use and enjoyment of all members of the PJP Association, including Owners within the Property.

Section 14. "PJP Common Expenses" shall mean and refer to all sums lawfully assessed against its members by the PJP Association for the administration, maintenance, repair or replacement of the PJP Common Elements, or any other expenses determined by the Board of Directors of the PJP Association to be common expenses of that association.

Section 15. "PJP Restrictions" shall mean and refer to the Declaration of Covenants for Pembroke Jones Park at Landfall, recorded in Book 1399, Page 1310 of the New Hanover County Registry, as amended from time to time.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Elements together with and including the right of access, ingress and egress, both pedestrian and vehicular, on and over the drives, walkways and parking area of the Common Elements, all of which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational or other similar facility situated upon the Common Elements;

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

(c) the right of the Association to dedicate, sell, lease or transfer all or any part of the Common Elements, or any interest therein, to any public agency, authority, or utility, or to any other person for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication, sale or transfer shall be effective unless

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it has been approved by two-thirds (2/3) of each class of Members and an instrument of dedication, sale, lease, or transfer properly executed by the Association has been recorded. On such instrument the Secretary of the Association shall certify that two-thirds (2/3) of each class of Members have approved the dedication, sale, lease or transfer and that certificate may be relied upon by any third party without inquiry and shall be conclusive as to any grantee, its successors or assigns; provided, however, conveyances for general utility purposes, as specified herein, may be made by the Association without consent of the members;

(d) the right of the Association to limit the number of guests of Members;

(e) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Elements and facilities and in aid thereof to mortgage the Common Elements, and the rights of such mortgagee in the Common Elements shall be subordinate to the rights of the Members hereunder;

(f) the right of the Association in accordance with its Articles of Incorporation or Bylaws to impose rules and regulations for the use and enjoyment of the Common Elements and improvements thereon, which rules and regulations may further restrict the use of the Common Elements and to create Limited Common Elements.

(g) the right of Owners of Lots on additional lands annexed to the Property initially, or subsequently, to the easements of enjoyment and rights of ingress, egress and access, as specified above, to the initial Property and all lands included in subsequent phases.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Elements and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Title to the Common Elements. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the common elements located within the Property to the Association or to the PJP Association, in Declarant's sole discretion, free and clear of all encumbrances and liens, prior to the conveyance of the first Lot, except for encumbrances of utility, service, access, storm drainage and other similar service or utility easements. Similarly, the Declarant will convey to the Association or to the PJP Association common elements which are a portion of any additional property as the same is annexed in the future at the time of conveyance of the first Lot located on that additional property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

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

Section 2. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the vote for such Lot shall be exercised as they among themselves determine, or as set forth in the Bylaws, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned (as further defined in Section 4 of this Article III) including Lots later added pursuant to annexation of additional Property as set forth in the Declaration. The Class B membership shall cease and be converted to Class A membership with one vote for each Lot owned on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; but provided, that the Class B membership shall be reinstated if thereafter, and before the time stated in sub-paragraph (b) below, such additional lands are annexed to the Property without the assent of Class A members on account of the development of such additional lands by the Declarant, all as provided for in Article VII below, or

(b) five (5) years from the date of conveyance of the first Lot by Declarant.

Section 3. The right of any Member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and the articles and Bylaws of the Association and according to the provisions of Article II, Section 1(b) herein.

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ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association if lawfully assessed by the Association: (1) any annual assessments or charges which are Common Expenses; (2) any special assessments for extraordinary maintenance and capital improvements; (3) any special assessments for purchase, construction or reconstruction of improvements; and (4) to the appropriate governmental taxing authority, a pro rata share of assessments for public improvement to the Common Elements and public roads if the Association shall default in payment thereof. Annual and special assessments, together with interest and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is 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 the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

The Association shall also have the authority, through the Board of Directors, to establish, fix and levy a special assessment on any Lot to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money, or both, by the Association for repair or remedy.

Each Owner covenants for himself, his heirs, successors and assigns, to pay each assessment levied by the Association on the Lot described in such conveyance to him within ten (10) days of the due date as established by the Board, and further covenants that if said assessment shall not be paid within thirty (30) days of the due date, the payment of such assessment shall be in default and the amount thereof become a lien upon said Owner's Lot as provided herein and shall continue to be such lien until fully paid.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the paying of Common Expenses to promote the recreation, health, safety and welfare of the Owners of Lots; and, in particular, but not limited to, for the acquisition, improvement and maintenance of

property, services, amenities and facilities, and for the use and enjoyment of the Common Elements, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Elements, the providing for security to the Property, the procurement and maintenance of insurance in accordance with the Bylaws or as deemed appropriate by the Board, the payment of common antenna or cable service, the employment of counsel, accountants and other professionals for the Association when necessary, and such other needs as may arise.

Section 3. Amount of Assessment.

(a) Initial Maximum Assessment. There shall be no separate annual assessment of the Association unless and until the Board of Directors of the Association shall establish such an annual assessment.

(b) Board Authority. The Board of Directors may fix, increase and decrease the annual assessment at any amount, in their sole discretion.

(c) Declarant Expenses. Until such time as Declarant shall no longer control the Board, Declarant shall pay any Association expenses not otherwise covered by the assessments hereunder.

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 that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Elements, any extraordinary maintenance, including fixtures and personal property related thereto and any property for which the Association is responsible, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Replacement Reserve. Out of the Common Expenses assessment, the Board shall create and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements and any Limited Common Elements which the Association may be obligated to maintain.

Section 6. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to case forty percent (40%) of all the votes of each class of membership shall

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constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis or other periodic basis established by the Board.

Section 8. Date of Commencement of Annual Assessments; Due Dates; Initial Working Capital. The annual assessments provided for herein shall commence as to all Lots on the day specified by the Board of Directors. Once annual assessments have commenced as to Lots in the Property, all Lots in subsequently annexed properties shall be subject to assessment commencing on the first day of the first month following the date such additional properties are annexed to the Property. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent 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 if it deems appropriate, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of issuance.

After the Board establishes an annual assessment for the Association, in addition to the regular assessments to be charged and paid hereunder, each new Lot Owner shall, at the time of the initial sale of a Lot by Declarant to a Lot Owner, pay to the Association a sum equal to two (2) months' assessment on that Lot as additional working capital of the Association. These amounts need not be segregated but may be commingled with regular assessment funds. This working capital amount shall be paid by the Lot Owner notwithstanding the fact that Declarant may have made prior regular assessment payments of the Association on the Lot being sold pursuant to the provisions of the first sentence hereunder.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and shall bear interest from the due date at the highest rate then permitted by North Carolina law not to exceed eighteen (18%) percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, costs, late payment charges and reasonable attorneys' fees, or foreclose

the lien against the Lot. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Lot.

The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of Lien in the Office of the Clerk of Superior Court in New Hanover County in the manner provided therefor by Article 2 of Chapter 44A of the North Carolina General Statutes, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after thirty (30) days after the due date of the assessment or any installment thereof 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 all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed 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.

Section 10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax 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, but shall not abate the personal obligation of the prior owner. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and any portion of the Property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

PJP ASSOCIATION: MEMBERSHIP, MAINTENANCE ASSESSMENTS AND PROPERTY RIGHTS

Section 1. In addition to membership in the Association, every record Owner of a Lot in the Property shall also be a member of the PJP Association. Membership in PJP Association is appurtenant to, and may not be separated from, ownership of a

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Lot. Each owner shall have the voting rights specified under Article III of the PJP Declaration.

Section 2. In addition to the covenant for assessments to the Association, every Owner of a Lot within the Property, by acceptance of a deed therefor, whether or not so expressed in such deed, is deemed to covenant and agree to pay to the PJP Association all maintenance assessments imposed upon its members by the PJP Association under Article IV of the PJP Association. The lien rights created under Article IV of the PJP Declaration shall apply to the Property.

Section 3. In addition to property rights in the Common Elements of the Property, every record Owner of a Lot within the Property shall have the property rights in all of the PJP Common Elements set out in Article II of the PJP Declaration.

ARTICLE VI

ARCHITECTURAL CONTROL

No site preparation (including, but not limited to grading, elevation work, landscaping, sloping or tree work) or initial construction, erection or installation of any improvements, including but not limited to, buildings, fences, signs, walls, bulkheads, screens, landscaping, plantings, yard furniture, play areas, and play equipment or other equipment, furniture or structures shall be commenced, erected, placed, altered or maintained upon the Property or any Lot, nor shall any addition to, or change, or alteration therein be made by any Owner, other than Declarant, until the plans and specifications showing the nature, kind, shape, height, materials, exterior colors, siding, location and elevations of the proposed improvements or landscaping or yard equipment or furniture shall have been submitted to, and approved in writing by, as to harmony of external design and location in relation to surrounding structures and topography, the Board of Directors of the Association, or by an Architectural Committee composed of three (3) or more persons appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such submission 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; provided that plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be approved notwithstanding the foregoing.

Upon request the Board shall provide any Owner with a letter stating that any such work plans and specifications have been approved and the same may be relied upon by third parties.

The Board or Architectural Committee, as the case may be, shall utilize any Architectural Review Guidelines of the PJP Association and the additional architectural guidelines for the Association, as either of such guidelines may change from time to time. In the event of any inconsistencies between the Architectural Review Guidelines of the PJP Association and the additional architectural guidelines of the Association, the guidelines for the Association shall control.

Refusal of approval of plans, location or specifications may be based upon any grounds, including purely aesthetic and environmental, that in the sole discretion of the Board or Committee, it shall deem sufficient. The Association shall not be responsible for any defects in the plans and specifications submitted to it or in any structure erected according to such plans and specifications.

The Association, through the Board, the Committee or their appointed agents, shall have the right, at its election, but shall not be required, to enter upon any of the Property during site preparation or construction, erection, or installation or improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

The Board or the Architectural Committee appointed by the Board, as the case may be, shall have power to, and may allow variances of, and adjustments of, the restrictions on use and building restrictions established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions contained herein; provided, however, that variances or adjustments are done in conformity to the intent and purposes hereof; and provided also, that in every instance such variance or adjustment will not be materially detrimental or injurious to the Property or other Lots in the immediate neighborhood. Variances and adjustments may be of the height, size, and setback requirements, but shall not be limited thereto.

In the event of the grant of any variance in the building or use restrictions, the Association shall execute a document attesting to such grant and the specific nature thereof in form suitable for recording, so that the Lot Owner may record same in the New Hanover County Registry. Such document shall be prepared at the cost of the Lot Owner and shall be binding upon the Association and may be relied upon by third parties.

Any reference to "Association" in this Article or that on Restrictions of Use or Building Restrictions shall mean the Board or the Architectural Committee, whichever shall be vested with approval authority by the Board.

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ARTICLE VII

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation of additional property, except as provided in Section 2 of this Article VII, shall require the assent of two-thirds (2/3) of the Class B membership, if any, present in person or by proxy at a meeting duly 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 setting forth the purposes of the meeting. The presence of members or of proxies entitled to cast forty percent (40%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership or two-thirds (2/3) of the Class B membership are not present in person or by proxy, members not present may give their written assent to the action taken thereat.

Section 2. If within five (5) years of the date of conveyance by Declarant of the first Lot, the Declarant should develop additional land within the boundaries of that property described on Exhibit "B" attached hereto, or such other lands as Declarant may hereafter acquire contiguous thereto, such land may be annexed by the Declarant without the consent of members; and, in doing so, Declarant may file and record such amendments to this Declaration as are necessary without the consent of the members in order to subject such additional lands to the terms of this Declaration and the jurisdiction of the Association.

Section 3. Annexation of additional lands shall be accomplished by recording in the Office of the Register of Deeds of New Hanover County, a Declaration of Annexation, duly executed by the Declarant, if the Declarant has the right to annex pursuant to Section 2 above, (and by the Association if pursuant to Section 1 above), describing the lands annexed and incorporating the provisions of this declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Property on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except any local governmental authority if required by its ordinances.

Section 4. Subsequent to recordation of the Declaration of Annexation by the Declarant, and prior to the conveyance of the first Lot therein, the Declarant shall deliver to the Association or to the PJP Association one or more deeds conveying any Common

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Elements or PJP Common Elements within the lands annexed as such Common Elements or PJP Common Elements are developed.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Elements. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Property. No portion of the Property (except for a temporary office of the Declarant or building models used by Declarant) shall be used except for single-family residential purposes and for purposes incidental or accessory thereto.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

Section 4. Animals. No animals, birds, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats, pet birds or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are controlled in accordance with applicable governmental ordinances and are not a nuisance to other Owners.

Section 5. Insurance. Nothing shall be kept, and no activity shall be conducted, on the Property which will increase the rate of insurance applicable to residential use for the Property or any Lots. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, on his Lot or on the Common Elements which will result in the cancellation of insurance on any portion of the Property, or Lots therein, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the Common Elements.

Section 6. Offensive Behavior. No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof. All laws, orders, rules, regulations, ordinances, or requirements of any governmental agency having jurisdiction thereof, relating to any Lot or any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain such portion of the Property.

Section 7. Structural Integrity. Nothing shall be done in, to, or upon any of the Common Elements which will impair the structural integrity of any building, or other improvement or portion of the Common Elements or which would impair or alter the exterior of any building, improvement or portion thereof, except in the manner provided in this Declaration.

Section 8. Business. No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any Lot, except that the Declarant or its agents may use any unsold Lots for sales or display purposes, Declarant may maintain a sales or rental office on the Property and Declarant may maintain golf courses, clubs, marinas or other amenities to the Property.

Section 9. Signs. No Lot Owner shall display, or cause or allow to be displayed, to public view any sign, placard, poster, billboard, or identifying name or number upon any Lot, or any portion of the Common Elements, except as allowed by the Association pursuant to its Bylaws or regulations or as required by local governmental authority; provided, however, that the Declarant or its respective agents, may place "For Sale" or "For Rent" signs on any Lots for sale and in suitable places on the Common Elements approved by the Association; provided, however, that during the development of the Property and the initial marketing of Lots, the Declarant may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable laws. Such permitted signs shall be placed in the approximate center of a Lot and six feet from the road curb. No sign shall be nailed to trees.

Section 10. Alterations. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Elements except at the direction or with the express written consent of the Association.

Section 11. Common Elements Use. The Common Elements shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the Property, subject to any rules or regulations that may be adopted by the Association pursuant to its Bylaws.

Section 12. Parking. No boats, trailers, campers, motorhomes, trucks or tractors shall be parked on any Lot, on the Common Elements, or on any right of way of any roads or street within the Property or adjoining the Property by any Lot Owner, his family members, tenants or contract purchasers, except inside an enclosed garage located on a Lot or in a specified storage area established by the Association or except as otherwise may be permitted by Rules and Regulations of the Association. Delivery and maintenance vehicles are permitted in the Property, but may not be parked overnight on any Lot, Common Elements or

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