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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR MURRAY FARMS SUBDIVISION

RECORDED AND INDEXED
MARY ANN CHILES
BY GIS/...

KNOW ALL MEN BY THESE PRESENTS.

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That Linden Ridge Partners, Inc., (herein called "Declarant"), a North Carolina General Partnership, is the Owner of all of the interest and equity in that certain tract of land described herein, to be known as Murray Farms Subdivision, Section 1, Phase 1, and it is the desire of the Declarant to insure 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 insure the same advantages to the other Lot Owners,

NOW, THEREFORE, the Declarant does hereby covenant, agree and declare to and with all persons, firms or corporations now owning or hereafter acquiring any property in MURRAY FARMS SUBDIVISION, SECTION 1, PHASE 1, as more particularly described in Exhibit A attached hereto and incorporated herein by reference, that all of the Lots in said subdivision are hereby made subject to the following Restrictions as to the use thereof, running with the land by whomsoever owned, to wit.

ARTICLE I

DEFINITIONS

1. "Association" shall mean and refer to Murray Farms Subdivision Property Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.
2. "Board of Directors" or "Board" means those persons elected or appointed and acting collectively as the Directors of the Association pursuant to its By-Laws.
3. "Building" shall mean and refer to a home and associate garage constructed or erected on a Lot shown upon a recorded map of the property.
4. "By-Laws" shall mean the by-laws of the Association as they now or may hereafter exist.
5. "Common Area" shall mean and refer to all land within the Murray Farms Subdivision conveyed to the Association by warranty deed recorded in the New Hanover County Registry and which deed specifically designates said area as Common Area and incorporates the provisions of these restrictions as to the use of said property as Common Area, along with any facilities and improvements erected or constructed thereon, for the exclusive use and enjoyment of the Members of the Association. In addition, subdivision sign(s), landscaping and fencing located at the entrance to Murray Farms Subdivision are declared to be Common Area. Additional Common Area may be annexed or "phased" into the subdivision as hereinafter provided.
6. "Common expenses" shall mean and include:
 - (a) All sums lawfully assessed by the Association against its Members,

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(b) Expenses of administration, maintenance, repair or replacement of the Common Areas and the stormwater system;

(c) Expenses declared to be common expenses by the provisions of these Restrictions or the By-Laws;

(d) Liability for such other insurance premiums as the Restrictions or By-Laws may require the Association to purchase;

(e) Expenses agreed by the Members to be common expenses of the Association;

(f) Any ad valorem taxes and public assessments levied against the Common Area.

7. "Common profits" shall mean and refer to the balance of all income, rents, profits and revenues of the Association remaining after the deduction of the common expenses or reserve therefore. Common profits shall not mean or include any sums lawfully assessed against Members by the Association.

8. "Conservation Area" shall mean and refer to any area designated as a Conservation Area on any recorded plat of the Subdivision. Conservation Areas may be located upon individual Lots or in Common Areas within the Subdivision.

9. "Declaration" shall refer to these Declarations of Covenants, Conditions, and Restrictions for Murray Farms Subdivision, and any supplements or amendments thereto.

10. "Declarant" shall mean and refer to Linden Ridge Partners, Inc., a North Carolina corporation, its successors and assigns to whom the rights of Declarant are expressly transferred, or if such successors or assigns should acquire more than one undeveloped Lot or undeveloped acreage for the purpose of development, or acquire title to the Property under a deed in lieu of foreclosure, judicial foreclosure, or foreclosure under power of sale contained in any deed of trust, or ONE otherwise denominated a "Declarant", hereby shall be deemed Declarant.

11. "Home" shall mean and refer to a detached, free-standing dwelling or place of residence and attached or detached garage constructed upon a Lot within the property.

12. "Lot" shall mean and refer to any plot of land, other than the Common Area, which is subject to these Restrictions and is shown on a recorded map of the Subdivision, and upon which a home has been or may be constructed.

13. "Member" shall mean and refer to every person who is a member of the Association. Each Owner as defined herein, shall be a Member.

14. "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 who have such interests merely as security for the performance of an obligation.

15. "Person" shall mean and refer to an individual, corporation, partnership, association, trustee or other legal entity.

16 "Property" shall mean and refer to that certain real property shown on that plat referred to above and any other real property which is made subject to these Restrictions.

17 "Subdivision" means all of the Property which shall be known collectively as Murray Farms Subdivision, and all real property which may be made subject to these Restrictions in the future

ARTICLE II

ANNEXATION OF ADDITIONAL PROPERTIES

1. Annexation by Membership. Except as provided in Section 2 below, annexation of additional property shall require the assent of two-thirds (2/3) of the Class A Members and two-thirds (2/3) of the Class B Members, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

2. Annexation by Declarant. If the Declarant, its successors or assigns, shall develop all or any portion of any land contiguous to or within one mile from the Property which is subject to the Restrictions, such additional tract or tracts may be annexed to said Properties without the assent of the Class A Members, by the execution and recording in the New Hanover County Registry of Supplemental Restrictions making said additional tract or tracts subject to these restrictions, provided however, the development of the additional tract(s) described in this section shall be in accordance with the same general scheme of development as Murray Farms Subdivision.

ARTICLE III

PROPERTY RIGHTS

1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every assessed Lot, subject to each of the following provisions;

(a) The right of the Association to formulate, publish and enforce rules and regulations as provided in ARTICLE V herein.

(b) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities and carrying out its maintenance responsibilities and in aid thereof to mortgage said property, and the rights of such mortgagee in said properties shall be subordinate to the rights of the Owners hereunder.

(c) The right of the Association to suspend the voting rights and rights to use of the Common Area and facilities by a Member, or any person to whom he has delegated his voting right, for any period during which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for an infraction of its published rules and regulations.

(d) Easements as provided in ARTICLE VI herein.

2. Delegation of Use. Subject to the provisions of the By-Laws and the rules and regulations of the Association, any Owner may delegate his right to the enjoyment of the Common Area

to the members of his family, his tenants, or contract purchasers, provided, every such delegee must reside in the home of the Owner.

3. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to any of the Property which is to be designated as the Common Area, to the Association, free and clear of all liens and encumbrances, at the time of or prior to, the conveyance of the last Lot in each respective section, except utility and drainage easements and easements to governmental authorities, upon condition that such area as shall be designated "Common Area" and shall be for the sole and exclusive use and benefit of Members, so long as such area is maintained in conformity with the requirements of these Restrictions, the By-Laws, and the Articles of Incorporation of the Association, at the sole expense of the Association, subject, however, to easements described in ARTICLE VI.

Similarly, the Declarant will convey to the Association, upon the same conditions and for the same uses and purposes. Common Areas which are parts of any additional phases of the Property developed by it in the future.

ARTICLE IV

ASSOCIATION

1. Function of Association. The Association shall be the entity responsible for management, maintenance, ownership, operation and control of the Common Area owned or leased by the Association within the Properties. The Association shall be the primary entity responsible for enforcement of these Protective Covenants and such reasonable rules regulating use of the Common Areas owned or leased by the Association as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural design guidelines and controls set forth in these Protective Covenants and in the Design Guidelines. The Association shall perform its functions in accordance with these Protective Covenants, the By-Laws, the Articles and applicable North Carolina law.

2. Membership. Every person who is record Owner of a fee or undivided fee interest in any Lot, including contract sellers, but excluding persons who hold an interest merely as security for the performance of any obligation, shall be a Member of the Association. There shall be only one vote per Lot in the Association except as otherwise provided in Section 2 of this ARTICLE IV. Membership shall be appurtenant to and may not be separated from Ownership of any Lot. The Board of Directors may make reasonable rules regarding proof of Ownership.

3. Voting Rights.

(a) Class "A". Class A Members shall be all Owners with the exception of the Declarant. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot, except as otherwise provided in this Section 2.

(b) Class "B". Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier.

1. when the Declarant owns twenty-five percent (25%) or less of the residential Lots in the Subdivision, including any property which may be annexed to the Subdivision, or
2. January 1, 2002

ARTICLE V

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

1. Common Area. The Association, subject to the rights of the Owners set forth in these Protective Covenants, shall manage and control the Common Area and all improvements thereon (including, without limitation, roads, road rights of way, furnishings, equipment, and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order and repair, consistent with these Protective Covenants and the Community-wide Standard.

2. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association improved or unimproved real estate located within the properties described in EXHIBIT A, personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth herein and in the deed.

3. Rules. The Association, through its Board, may make, revoke, amend and enforce reasonable rules governing the use of the Properties, in addition to further defining or limiting, and, where specifically authorized hereunder, creating exceptions to, those covenants and restrictions set forth in these Protective Covenants. Such rules shall be binding upon all Owners, occupants, invitees, lessees, guests and licensees.

4. Enforcement. The Association may impose sanctions for violations of these Protective Covenants, the By-Laws, or Rules and Regulations, including reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Area. In addition, the Association may exercise self-help to cure violations, and may suspend any services it provides to the Lot of any Owner who is more than 30 days delinquent in paying any assessment or other charge due to the Association. The Board may seek relief in any court for violations or to abate nuisances. The Board may assess the reasonable monetary fines authorized by this Section as a Individual Assessment authorized by Section 1, Phase 10.7 of these Protective Covenants.

5. Implied Rights; Board Authority. The Association may exercise any other right or privilege given to it expressly by these Protective Covenants or the By-Laws, or Chapter 55A of the North Carolina General Statutes, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in these Protective Covenants, the By-Laws, Articles, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

6. Indemnification. To the maximum extent allowed by North Carolina law, the Association shall indemnify every officer, director, and committee member against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be party by reason of being or having been an officer, director or committee member.

The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7. Dedication of Common Areas. The Association may dedicate portions of the Common Areas to any local, state, or federal governmental entity, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association.

8. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ASSOCIATION, THE Declarant, NOR ANY SUCCESSOR Declarant SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES. NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. EACH PERSON USING THE PROPERTIES ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF THIRD PARTIES.

ARTICLE V

COVENANT FOR ASSESSMENTS.

1. Creation of the Lien and Personal Obligation of Assessments. Every Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, and every other Owner of any Lot which is made subject to the terms and conditions of this Declaration, is deemed to covenant and agree to pay to the Association.

- (a) Annual assessments or charges;
- (b) Special assessments for capital improvements.
- (c) Initial capital assessment.

Such assessments shall be fixed, established and collected from time to time as hereinafter provided.

The initial capital assessment, the annual and the special assessments, together with such interest thereon, costs of collection thereof, and reasonable attorney's fees as may be established by the Association, shall be a charge on the land and shall be a continuing lien upon the Lot and the improvements thereon, against which each such assessment is made. Each such assessment, together with such interest and costs and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of the Lot at the time the assessment became due. The personal obligations of an Owner for delinquent assessments shall not pass to his successors in title unless expressly assumed by them and then only with the consent of the Association. The liability for all assessments by the record Owners of each Lot shall be joint and several.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for promoting the health, safety and welfare of the Owners and the Subdivision; enforcing these covenants and the By-Laws, rules, regulations of the Association; providing the services and facilities for the purposes of or related to the maintenance, use and enjoyment of the Common Area and facilities; for the purposes of payment of common expenses; and managing, repairing, maintaining and replacing the stormwater system, subdivision signs, and landscaping and fencing located at the entrance to the property.

3. Amount of Annual Assessment.

(a) Initial Annual Assessment. The initial annual assessment shall be ONE HUNDRED AND 00/100 (\$100.00) DOLLARS per Lot, effective September 20, 2000.

(b) Increase by Association. From and after the date specified in subparagraph (c)(1) above, the maximum annual assessment may be increased effective January 1 of each year by the Board of Directors, without a vote of the Membership of the Association, by a percentage which may not exceed twenty (20%) percent of the amount of the Assessment for the previous year.

(c) Increase by Members. From and after the date specified in subparagraph (c)(2) above, the annual assessment may be increased by an affirmative vote of a majority of the Members who are in person or by proxy, at a meeting duly called for such purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

(d) Criteria for Establishing Annual Assessment. In proposing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs.

(e) Lots Owned by Declarant. Declarant shall be exempt from the payment of the annual assessment for any unsold Lots for a period of two years after the date such Lots are platted of record in the Office of the Register of Deeds of New Hanover County as Lots in the Subdivision. Upon the expiration of two years from the date of recordation of said plat or plats, the obligations of the Declarant to pay the pro rata share of the annual assessment of the year remaining shall be due, and accrual of the obligation to pay assessments to the Association shall not begin until that date.

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 costs of construction or reconstruction, unexpected repairs, or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, setting forth the purpose of the meeting, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting.

5. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots, on a per Lot basis, and may be collected on a monthly, quarterly or annual basis as determined by the Board of Directors.

6. Date of Commencement of Annual Assessment. Due Dates. The annual assessments provided for herein shall be paid in monthly, quarterly or annual installments and the payment of such shall commence as to each Lot on January 1, 2001. The Board of Directors shall fix the amount of the annual assessment against each Lot at least two (2) months in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto thirty (30) days in advance of each annual assessment period. The due dates shall be established by the Board of Directors. The Association, upon demand at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

7. Initial Capital Assessment. Each initial Owner of a Lot agrees to pay an Initial Capital Assessment in the amount of One Hundred and no/100 Dollars (\$100.00), for the purpose of establishing the capital improvements fund of the Association. Said amount will be collected at closing of the sale of each Lot by the Declarant and shall be paid to the Association, to be maintained in a separate interest-bearing account.

8. Lien for Assessments.

(a) All assessments authorized in this Article shall constitute a lien against the Lot against which they are levied until paid. The lien shall also secure payment of interest, late charges (subject to the limitations of North Carolina law), and costs of collection (including reasonable attorneys fees). Such lien shall be superior to all other liens, except the liens of all ad valorem taxes or assessments, and any other liens which by law would be superior.

(b) The Association may record notice of the claim of lien in the Office of the Clerk of Superior Court of New Hanover County or file a suit to collect such delinquent assessments and charges. The Association may file Notice of Lis Pendens, bring an action of law against the Owner personally obligated to pay the same and/or bring an action to foreclose the lien against the property, or utilize any other remedy provided under North Carolina law. No Owner may waive or otherwise escape liability for the assessments provided for herein.

9. Effect of Nonpayment of Assessments: Remedies of the Association: Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or any portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at a rate not to exceed the maximum legal rate allowed in the State of North Carolina per annum and in addition, a late fee shall be assessed in such amount as may be determined by the Board of Directors. The Association may bring an action against the Owner personally obligated to pay the same, or foreclose the lien against the property in the same manner as provided in North Carolina for the foreclosure of deeds of trust, or both, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Association may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Lot. The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments.

10. Failure to Assess. Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release or any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Master Association Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Association may retroactively assess any shortfalls in collections.

11. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments or portion thereof which are not paid when due shall be delinquent. If the assessment or any portion thereof is not paid within thirty (30) days after the due date, the same shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum and in addition, a late fee shall be assessed in such amount as may be determined by the Board of Directors, with the initial late fee being \$5.00. The Association may bring an action against the Owner personally obligated to pay the same, or foreclose the lien against the Lot in the same manner as provided in North Carolina for the foreclosure of deeds of trust, and, in either event, interest, costs and reasonable attorney's fees of any such action shall be added to the amount or such assessment. No Owner may waive or otherwise escape liability for the

assessment provided for herein by non-use of the Common Area or abandonment of his Lot.

12. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein on any Lot shall be subordinate to the lien of any first mortgage and ad valorem taxes on each Lot. The sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to such mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

13. Exempt Property. The following property shall be exempt from payment of Assessments:

- (a) all Common Area Area;
- (b) any property dedicated to and accepted by any governmental authority or public utility;
- (c) any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Lot which is subject to assessment under Section 1, Phase 10.9 (in which case the Lot shall not be exempted from assessment); and
- (d) any Lot which is not approved by any governmental agency for residential use.
- (e) any Lot or Property owned of record by the Declarant, its successors or assigns.

ARTICLE VI

USE RESTRICTIONS

1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use and enjoyment of any Common Area and the stormwater drainage system. The Association shall assume all permit responsibility associated with the stormwater system and shall also insure compliance with all applicable laws, ordinances, rules and regulations regarding the stormwater system.

2. Residential Purposes. All Lots in said Subdivision shall be single-family residential Lots, and shall be used for residential purposes only.

3. Minimum Size of Residence. No residence smaller than 1,000 square feet of heated floor space, exclusive of porches, steps, walks, garages, carports, storage areas, etc., shall be constructed or located on any building Lot. Provided, that in cases where the area is not more than ten percent (10%) below the minimum above set out, Declarant, or its designated agents, may, at their option, approve the construction of the dwelling if it is in conformity with the general development of the Subdivision.

In computing the number of square feet allowed as provided herein, no square footage in any part of the dwelling that is constructed over a garage will be counted, unless it is on the same utility

hookup as the main dwelling and is a finished part of the constructed living space.

4. Construction Material. No concrete block, concrete brick, asbestos siding, aluminum siding, cinder block, tar paper, nor stucco composition shall be used for the exterior of any residence constructed on any building Lot herein conveyed, it being intended that only conventional frame, wood, masonite-type hardboard, vinyl, brick or clay brick exteriors utilized in buildings be constructed on the Lots

5. Setback Lines. 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 important trees and other vegetation, ecological and related considerations, no specific setback lines are established by these Restrictions. In order to assure, however, that the foregoing considerations are given maximum effect, Declarant reserves the right to control and approve absolutely the site and location of any house or dwelling or other structure upon any Lot and a pLot plan shall be furnished for approval before construction begins. In any event, no house shall be erected closer to the front Lot line than 20 feet or nearer to any side line than 5 feet or the minimum distances established by applicable New Hanover County ordinances, whichever shall be greater, unless a variance is received in writing prior to construction.

6. Roofs. The main roof structure on any residence must have a minimum pitch of 5/12' unless written permission to vary therefrom is first obtained from the Declarant. All shingles shall be earth tones, such as browns, grays and blacks.

7. Accessory Buildings. Construction plans and site location for any storage building or other building must be approved by Declarant in writing prior to construction and must conform in paint color, building style and other matters to the residence.

8. Mobile Homes or Vehicles. No house trailer, mobile home, travel trailer or other recreational vehicle, tent, shack or temporary structure of any nature shall be located on any Lot or used at any time as a residence, temporarily or permanently, nor may any modular and prefabricated homes and previously constructed houses be erected or placed on any Lot, without the express written consent of the Declarant.

9. Fence. No fence shall be erected or hedge grown on any Lot unless written approval thereof has first been obtained from Declarant. No fence and no hedge shall be permitted nearer the front Lot line than the rear corners of the house constructed on said Lot unless approved by Declarant. No garden shall be permitted nearer the front Lot line than fifteen (15) feet back of the back corner of the house. On Lots having buffer fences installed by the Declarant, the Owner shall be responsible to inspect and maintain the fence in its original condition unless the responsibility of maintenance of the fence is given to another entity in writing by the Declarant. All fences shall be constructed of wood or similar materials, with the finished side on the outside.

10. Tanks. No fuel tanks or similar storage receptacles may be exposed to view. Any such receptacles may be installed only within the main dwelling house, within an accessory building, within a screened area, or buried underground except that one natural gas or propane tank of a maximum of 60 gallons may be installed above ground. Each Lot Owner shall provide receptacles for garbage and all garbage cans, carts and bags must be kept in a screened area, accessory building or other storage facility, and not visible from the street, except on garbage pick-up days.

11. Water. All water to be used in said subdivision for any purpose whatsoever shall be obtained from the New Hanover County Water and Sewer District, its successors or assigns, unless

other sources are approved by the City-County Board of Health, or its successors, or the Declarant. An area within an eight (8) foot radius from each water meter shall be subject to an easement for maintenance and repair of such meter.

Lot Owners may, however, with the Declarant's consent, drill shallow wells for irrigation purposes and for non-domestic use provided said wells and pumps are located so as not to be visible from the streets, are properly enclosed and landscaped, and comply with any restrictions placed on the depth thereof as may be agreed between the Declarant and Cape Fear Utilities, Inc., its successors or assigns.

12. Sewage. Sewage disposal shall only be allowed by connecting with the New Hanover County sewer system or other suitable public sewer system, except as to those Lots that may be expressly exempted herefrom by the Declarant.

13. Sales. No yard sales or garage sales shall be permitted upon any Lot. No clothes line shall be permitted except portable clothes tree stands which shall not be visible from the street.

14. Nuisance. No noxious or offensive activity or situation shall be carried on or maintained on any Lot or part of any Lot, nor shall any use be made of any Lot which may be or may become an annoyance or nuisance to the neighborhood. Household pets are allowed subject to city and/or county ordinances and leash laws. No domesticated farm animals or fowls shall be kept on any Lot.

15. Interference with Use of Lot. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or of like nature as may diminish or destroy the enjoyment of other property in the development by the Owners.

16. Cleanliness. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly, or unkept condition of buildings or grounds on such Lot which would tend to decrease the beauty of the Subdivision.

17. Lights. All light bulbs or other lights installed in any fixture located on the exterior of any building on any Lot shall be clear, white or non-frost light or bulbs.

18. Subdivision of Lot. No Lot shall be subdivided, or its boundary line changed without the written consent of the Declarant. However, the Declarant hereby expressly reserves to itself the right to replat any Lot or Lots or change the alignment or placement of any road as may be necessary to carry out the scheme of development of the Subdivision, in Declarant's sole discretion including the right to extend streets and roadways for the purpose of providing access to adjacent properties and to take such other steps as are reasonably necessary to make such replatted Lot or Lots suitable and fit as a building site.

19. Landscape Maintenance. The Owner of each Lot shall keep the Lot mowed regularly, including that area from the Lot line to the edge of the paved street and clear of any unsightly objects, and in the event that the Owner of any Lot breaches this restriction, the Declarant reserves the right to enter upon the said Lot and mow the grass, clean up the Lot and remove unsightly trash, structures and objects at Owner's expense.

20. Street Lighting. The Declarant reserves the right to subject the Subdivision to a contract with Carolina Power and Light Company, or its successors and assigns, for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Carolina Power and Light Company by each

Owner.

21. Construction. Construction activity on a Lot shall be confined within the boundaries of said Lot. Each Owner shall have the obligation to collect and dispose of all rubbish and trash resulting from construction on his Lot. Upon Owner's failure to collect and dispose of such trash within fifteen (15) days after receipt of a written notice from Declarant, Declarant may collect and dispose of such rubbish and trash at the Owner's expense.

22. Mailbox. Each Lot in the Subdivision shall have only one (1) mailbox and one (1) paper box to be mounted on a single post, and all such boxes shall be as approved by Declarant. Such mailboxes or paper boxes may be provided by the Declarant or the builder. Any boxes provided by the builder shall be considered an improvement and must remain with the Lot. Owners shall maintain all such boxes so as to be neat and attractive in appearance.

23. Antennas. No outside radio or television antennas or receivers of any type shall be erected on any Lot or dwelling unit within the Subdivision, unless and until written permission for the same has been obtained from the Declarant. Declarant retains the right if it approves the erection of any antenna to specify the color, size and location of the antenna.

24. Future Development. Declarant is not liable and makes no representation as to the development of any other phase or section except the phase or section covered by the Declarations. Declarant may make changes in future sections of the Subdivision not subject to the Declarations, including, but not limited to, changes in design, type of structure, restrictions or character of section. All maps, brochures and plans are purely for planning and illustration purposes and are not to be relied upon as any promise or covenant of whatsoever kind or nature.

25. Driveway. Each Lot must have a paved driveway at a location approved by Declarant. Off-street parking for not less than two passenger automobiles must be provided on each Lot prior to the occupancy of any residence constructed on said Lot, which parking areas and the driveways thereto shall be constructed of concrete, asphalt, brick or landscape paving blocks. Only temporary parking shall be allowed on the streets of the Subdivision and only in designated areas and subject to the rules adopted by the Board.

26. Vehicles. No inoperable vehicle or vehicle without current registration and insurance, and no large vehicles or tractor-trailers will be permitted on any Lot or in the Subdivision. The Declarant shall have the right to have all such vehicles towed at the vehicle Owner's expense. No bus, van, school bus, boat, boat trailers, recreational vehicle, yard art or vehicle larger than 3/4 ton shall be parked, stored or kept in the Subdivision. Boats shall be kept inside a storage building or in the back yard not visible from the street or unsightly to the adjacent Lots.

27. Allowable Built-Up Area. Each Lot shall be subject to the requirement that the allowable built-upon area per Lot shall be limited to 3000 square feet of impervious surface, inclusive of right-of-way structures, pavement, walkways or patios of brick, stone, or slate, but not including wood decking. This covenant will be binding on all Owners, and all persons claiming under them, shall be appurtenant to and run with the land, and may be enforced by the State of North Carolina. Said covenant cannot be changed or deleted without consent of the State of North Carolina.

28. Signs. No signs (including "For Rent", "For Sale", and other similar signs) or property identification signs shall be erected or maintained on any Lot except with the express written permission of the Declarant, its successor or assigns, except as may be required by legal proceedings; provided, however, that the Declarant or its agents may place "For Sale" or "For Rent" signs on any Lots

for sale and in suitable places on the Common Area 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

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

30. Conservation Areas. In developing the Subdivision, the Declarant has agreed with the Department of the Army, Corps of Engineers, to restrict and prohibit any future filling or other detrimental activities in any Conservation Areas which exist in the Subdivision. All Conservation Areas shown and delineated on the plat of the Subdivision recorded in Map Book 40, Page 68, New Hanover County Registry, shall be left in their natural state. No buildings or site improvements shall be permitted within the Conservation Areas; however, piers, walkways, and other structures erected on pilings are permitted provided the pilings do not result in fill as defined by regulation or statute. Prohibited activities shall include denuding, clearing, cutting of trees, seeding, or altering the existing grade of any Conservation Area. No fill may be placed in an Conservation Area, nor may any excavation be performed in any Conservation Area. This covenant is intended to ensure continued compliance with the mitigation condition of authorizations issued by the United States of America, U.S. Army Corps of Engineers, Wilmington District, and therefore may be enforced by the United States of America. Notwithstanding any other provisions contained herein, this paragraph may not be amended, deleted, revised without the written consent of the United States Army, Corps of Engineers.

31. Offensive and Illegal Activities. No immoral, improper, illegal, noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereof tending to cause embarrassment, discomfort, annoyance or nuisance to the Association, the Declarant or any Owners. There shall not be maintained any plants or animals, odors, fumes, or device or anything of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. All laws, orders, rules, regulations, ordinances or requirements of any government agency having jurisdiction thereof, relating to any parties or the property, shall be complied with, by or at the sole expense of the Owner or of the Association, whichever shall have the obligation to maintain or repair such portion of the property.

ARTICLE VII

ARCHITECTURAL CONTROL

1. Architectural Review Committee. No structures, buildings, or improvements shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including change of color, until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by Declarant, or by an Architectural Review Committee (herein "Committee") composed of three (3) or more representatives appointed by the Declarant. Structures, buildings and improvements shall include, but not be limited to any dwelling, garage, fence, wall, sidewalk, hedge, mass planting, change in grade or slope, drainage pipe, drainage canal, ditch, swale, catch basin, swimming pool, treehouse, playhouse, sign,

flagpole, exterior illumination, monument or marker, outdoor statuary, exterior lights, security lights, storm door, well, utility facility mailbox, patio, deck, screening for outdoor decorative objects, shrubbery or landscaping. In the event said Declarant or the Committee fails to approve or disapprove such design and location within thirty (30) days after complete plans and specifications have been received by it, and notification of receipt of plans and specifications has been sent to the submitting Owner(s), approval will not be required and this Article will be deemed to have been fully complied with. Declarant shall notify Owner if complete plans and specifications have not been received. Declarant, subject to the provisions of Section 2 hereinafter, may assign these duties to the Board of Directors of the Association or to an architectural committee composed of three (3) or more representatives appointed by the Board.

2. Declarant's Authority. All duties and responsibilities conferred upon the Board or the Committee by the Declaration or the Bylaws of the Association may be exercised and performed by the Declarant or its Designee at its discretion, so long as Declarant shall own any Lot in the Properties or any additions annexed thereto by Supplemental Protective Covenants or Amendment to those Declarations.

3. Committee Members. Until 100% of the Properties have been developed and conveyed to Owners other than Builders, the Declarant retains the right to appoint all members of the Committee, who shall serve at the Declarant's discretion. Upon the expiration of such right, the Board shall appoint the members of the Committee, who shall serve and may be removed in the Board's discretion.

4. Architectural Standards. Until the appointment of the Committee, the Declarant shall adopt the Development Standards and Architectural Review Criteria (herein "Standards") and thereafter shall have sole and full authority to modify or amend them. Upon the appointment of the Committee, it shall be responsible for the adoption of and amendments to the Standards, subject to the approval of the Declarant or the Board, whichever entity has the authority to appoint the Committee. Any amendments to the Standards shall apply to construction and modifications commenced after the date of such amendment only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced.

5. Review of Plans. No construction or improvements shall be commenced, erected, placed or maintained on any Lot, nor shall any exterior addition, change or alteration be made thereto, until an application and the plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout, screening, and any other requirements of the Committee, shall have been submitted to and approved in writing by the Committee. The Standards shall set forth the procedure for submission, review and approval of the application and Plans. A reasonable fee for the review of said application and Plans may be required.

6. Review Standards. In reviewing each submission, the Committee may consider, among other things, visual aesthetics, natural platforms and finish grade elevations, harmony of external design with surrounding structures and environment, and location in the relation to surrounding structure and plant life.

7. Construction Deadline. If construction does not commence on a project for which Plans have been approved within 6 months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans for reconsideration.

8. Variances. The Committee, in its sole discretion, may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural

obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) stop the Committee from denying a variance in other circumstances.

9. Disclaimer. The Committee shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board, nor the Committee, shall be held liable for any injury, damages, or loss arising out of the review of any application and Plans, including, but not limited to the manner or quality of construction, defects in any plans or specifications, or deficiencies in kind or quality of materials used.

10. Enforcement.

(a) Any structure or improvement placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Board or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Lot owner and the benefited Lot and collected as an Individual Assessment.

(b) Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded by the Board from the Properties. In such event, neither the Association, its officers, nor its directors shall be held liable to any Person for exercising the rights granted by this paragraph.

(c) The Association shall have the authority to establish fines for violations of this Article and the Design Guidelines, including fines for continuing violations. The fine amounts may be deducted from any bond posted. If the fines are not paid, the Association may establish an Individual Assessment in accordance with the provisions of Article 10.

(d) In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the Committee.

11. Lot Clearing. No lot may be clear cut or substantially cleared without the written consent of the Declarant. In no event may any tree with a diameter in excess of eight (8) inches measured at the base of the trunk at ground level be cut without the written consent of the Declarant, the lot Owner by acceptance of his deed of conveyance and the considerations contained therein shall pay as damages to the Declarant the sum of \$200.00 for each tree cut in violation of this provision.

ARTICLE VIII

EASEMENTS

1. Utilities. All of the Property, including Lots and Common Area, shall be subject to a perpetual non-exclusive easement or easements in favor of all Owners for their use and the use of