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FOR REGISTRATION REGISTER OF DEEDS
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STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
SECTION 3, OCEAN FOREST LAKES

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, made
this 11th day of ~~August~~ ^{October}, 2004, by DOMINION LAND CORPORATION, a
North Carolina Corporation, hereinafter referred to as "Declarant";

W I T N E S S E T H :

Whereas, Declarant is the owner and developer of certain real
property located in Federal Point Township, New Hanover County,
North Carolina, (hereinafter referred to as the "Properties") which
is more particularly described as follows:

Being all of Section 3, OCEAN FOREST LAKES, as shown on
the plat thereof recorded in Map Book 46 at Page 359
of the New Hanover County Registry, reference to which
is hereby made for a more particular description.

Now, therefore, Declarant hereby declares that SECTION 3 OCEAN
FOREST LAKES, as 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 real property and be
binding on all parties having any right, title, or interest in the
described Properties or any part thereof, their heirs, successors
and assigns, and shall inure to the benefit of each owner thereof.

**Returned to & Prepared
by Daniel D. Mahn**

ARTICLE I

DEFINITIONS

Section 1. "Association" and "HOA" shall be used interchangeably to mean and refer to **SECTION 3, OCEAN FOREST LAKES HOMEOWNERS ASSOCIATION, INC.**, its successors and assigns, a private non-profit corporation formed or to be formed by the Declarant primarily as a Homeowners Association for the lot owners in **SECTION 3, OCEAN FOREST LAKES**, all of whom shall be members of the Association.

Section 2. "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 Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including easements and the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, which shall include any real property, improvements thereon, and other amenities conveyed to the Association by the Developer. The Common Area to be owned by the Association at the time of the conveyance of the first lot is set forth on the plat of **SECTION 3, OCEAN FOREST LAKES**, as recorded in Map Book 46 at Page 359 of the New Hanover County Registry.

Section 5. "Lot" shall mean and refer to any of the numbered lots as shown on the plat of **SECTION 3, OCEAN FOREST LAKES**, recorded in Map Book 46 at Page 359 of the New Hanover County Registry.

Section 6. "Declarant" or "Developer" shall mean and refer to DOMINION LAND CORPORATION, or its successor in interest if such successor should acquire undeveloped property from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean this instrument as it may be from time to time amended or supplemented.

Section 8. "Membership" shall mean and refer to the rights, privileges, benefits, duties, and obligations, which shall inure to the benefit and burden of each member of the Association.

Section 9. "Member" shall mean and refer to every person or entity who has a membership in the Association.

Section 10. "Mortgagee" shall mean a beneficiary under a mortgage or Deed of Trust.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements. Every Owner shall have a right and easement for access and the use of the "Access & Utility Easement" and the "Utility Easement" as shown on the recorded plat of **SECTION 3, OCEAN FOREST LAKES** which shall be appurtenant to and shall pass with the title to every lot, subject, however, to the following:

- a. The rights of the Declarant as set forth herein.
- b. The right of the Association to impose regulations for the use of the easements and improvements thereon, which regulations may further restrict the use of the easements.

Section 2. Delegation of Use. Owner may delegate, in accordance with the By-Laws, his right of use and access to the easements and improvements on the easements to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

EASEMENTS/DRIVEWAYS

Section 1. Easements are reserved and may be granted by Declarant or the Association as necessary for installation and maintenance of underground utilities and drainage facilities.

Section 2. An easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services to enter upon the lots in the performance of their duties.

Section 3. In case of an emergency originating in or threatening any lot, regardless of whether any Lot Owner is present at the time of such emergency, the Board of Directors, or any other person authorized by it, shall have the right to enter upon any lot for the purpose of remedying or abating the causes of such emergency and making any other necessary repairs not performed by the Lot owners, and such right of entry shall be immediate.

Section 4. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over, and under the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in, or over each lot and such other areas as are shown on the plat of the 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 expressly include the right to cut any trees, bushes, or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. It further reserves the right to locate wells, pumping stations, and tanks within residential areas, or on any residential lot now or subsequently designated for such use or to locate same upon any lot with the permission of the owner of such lot. 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.

Section 5. The Declarant reserves unto itself, its successors and assigns, the right to subject the real property in this Subdivision to a contract with Progress Energy Carolinas for the installation of street lighting, which contract requires a continuing monthly payment to Progress Energy Carolinas by each residential customer for street lighting service. All street lighting shall be coordinated with a general street lighting scheme to be established in both **SECTION 3, OCEAN FOREST LAKES** and Woodlake at Lords Creek Subdivision.

Section 6. All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the undersigned, its successors and assigns, and any owner, purchaser, mortgagee and other person

having an interest in said land, or any part or portion thereof, regardless of whether or not reference to said easement 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.

Section 7. Driveways may be constructed within those areas shown on the recorded plat of the subdivision as "50' PRIVATE R/W" for access to the lots in the subdivision. However, at such time as the said street rights of way are ready to be developed and paved, any such driveways located in the areas shown as "50' PRIVATE R/W" will be removed by the developer of Woodlake at Lords Creek Subdivision and connected to the developed street.

ARTICLE IV

UTILITIES

Section 1. Until water and sewer services are available in Woodlake at Lord's Creek Subdivision being developed adjacent to **Section 3, OCEAN FOREST LAKES**, water and sewer service for **SECTION 3, OCEAN FOREST LAKES** shall be provided by private wells and individual septic systems.

Section 2. At such time as water and sewer systems are installed at Woodlake at Lord's Creek Subdivision and water and sewer services are made available to lot owners in Woodlake at Lord's Creek Subdivision, all lot owners in **Section 3, OCEAN FOREST LAKES**, shall be required to tap on to the said water and sewer systems at the lot owner's expense.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every 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:

- a. CLASS "A". Class A members shall be the Owners of any lot, with the exception of the Declarant so long as the

Declarant owns such lots, and each Class A member 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. 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.

b. CLASS "B". The Class B member shall be the Declarant or Developer and Declarant or Developer shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to regular Class A membership on the happening of either of the following events, whichever occurs earlier:

- (1) when the total votes outstanding in Class A, Class B, and Class D membership equals the total votes outstanding in the Class C membership; or
- (2) on December 31, 2010.

ARTICLE VI

MANAGEMENT AND CONTROL

Management of the affairs of the Association shall be the right and responsibility of its Board of Directors in accordance with this 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 75% of the lots in **SECTION 3, OCEAN FOREST LAKES** have been sold and conveyed by the Declarant to purchasers or until December 31, 2010, whichever occurs first. Management and control may be transferred to the lot owners at any time but in all events, no later than 120 days after the happening of the earlier of the above events.

ARTICLE VII

COVENANTS FOR ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENT. The Declarant, for each lot owned within the Properties, hereby covenants, 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:

- a. Annual assessments or charges;
- b. Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided;
- c. Insurance assessments; and
- d. Penalty assessments for failure to abide by the provisions of this Declaration.

The annual, special, insurance, and penalty assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each 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 property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively to promote the health, safety, welfare and convenience of the residents in the Subdivision and for the improvement and maintenance of all easements, utilities, **and to pay a pro rata share of the maintenance, repair, and replacement expenses of the access roads and access easements located in Ocean Forest Lakes Subdivision**, specifically including, but not limited to, the maintenance and repair of access easements as shown on the recorded subdivision plat, maintenance and repair of all utility easements as herein provided, and all other utility facilities and utility equipment not otherwise maintained and repaired by municipal, public, or private utility authorities, maintenance and operation of all lighting facilities, prorata maintenance and repair of the private streets in Ocean Forest Lakes, the costs of enforcing this Declaration, the payment of all other expenses associated with the function of the Association, and, in addition, doing any other things necessary or desirable in the opinion of the Association to keep the property in neat and good order, and to provide for the health, safety, welfare and convenience of the Owners and residents of **SECTION 3, OCEAN FOREST LAKES**. Although the owners of Lots in **SECTION 3, OCEAN FOREST LAKES**, are not members of the Ocean Forest Lakes Homeowners Association, a portion of the assessments collected by the SECTION 3, OCEAN FOREST LAKES HOMEOWNERS ASSOCIATION shall be paid to the Ocean Forest Lakes Homeowners Association for the pro rata share of

the maintenance, repair, and replacement expense of the roads in Ocean Forest Lakes based on the ratio of the number of lots in **SECTION 3, OCEAN FOREST LAKES** to the number of lots in Ocean Forest Lakes and all other lots served by the said roads.

Section 3. ANNUAL ASSESSMENTS. Lots shall not be subject to annual assessments until the lot is sold by the Declarant or Developer to an Owner. A lot shall become subject to annual assessments from the day following the day of conveyance by the Developer to the Owner. The annual assessments shall be determined and payable as follows:

- a. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the annual assessments shall be in an amount determined to be fair and reasonable by the Directors of the Association to carry out the responsibilities of the Association.
- b. From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased each year not more than ten (10%) percent above the maximum assessment for the previous year without a vote of the membership.
- c. From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased above ten (10%) percent by vote of two-thirds thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.
- d. The annual assessment shall be collected on a quarterly basis. Upon the closing of a lot subject hereto, there shall be an assessment due for the remainder of the quarter in which the closing occurs, plus the amount of the assessment due for the following quarter.

Section 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement, including the access roads and access easements, fixtures and personal property related thereto, provided that any such assessment shall have the assent of a

majority of the votes of those members affected by or benefitting from such capital improvements who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. INSURANCE. The Board of Directors, on behalf of the Association, as a common expense, shall at all times keep the property of the Association, if any, insured against loss or damage by fire or other hazards and other such risks, including, but not limited to, directors' liability and public liability insurance, upon such terms and for such amounts as may be reasonably necessary from time to time to protect the Properties, which insurance shall be payable in case of loss to the Association for all members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. Such insurance shall be obtained without prejudice to the right of each member to insure his personal property for his own benefit at his own expense. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by members or their mortgagees.

Section 6. INSURANCE ASSESSMENTS. All insurance policy premiums for the benefit of the Association purchased by the Board of Directors or its designee and any deductibles payable by the Association upon loss shall be a common expense, and the Association shall levy against the Owners equally as an additional annual assessment, (herein called "Insurance Assessment") which shall be in addition to the amounts provided for under Section 3 above, an amount sufficient to pay the annual cost of all such insurance premiums.

Section 7. WORKING CAPITAL ASSESSMENT. At the time title is conveyed to an Owner, each Owner shall contribute to the Association a non-refundable working capital reserve an amount at least equal to a three months' estimated common assessment. Such funds shall be used solely for initial operating and capital expenses of the Association, such as pre-paid insurance, supplies, equipment, etc. Amounts paid into the working capital fund are not to be considered as advance payment of regular assessments. Any working capital funds remaining at the end of the first full operating year shall be transferred to and become part of the general funds of the Association, in the discretion of the Board of Directors.

Section 8. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such

meeting called, the presence of members or proxies entitled to cast fifty-one percent (51%) of all of the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 9. RATE OF ASSESSMENT. Both annual and special assessments shall be collected on a quarterly basis and shall be determined as follows:

The annual assessment for the Class A members shall be a prorata portion of the expenses incurred for the maintenance, upkeep, and repair of (1) those areas labeled "50' Private R/W" as shown on the recorded subdivision plat, (2) such amounts as assessed to members of the Ocean Forest Lakes Homeowners Association for maintenance of the private streets in Ocean Forest Lakes Subdivision, and such amounts as shall be determined that are necessary to carry on all of the other functions of the Association.

Special Assessments shall be a prorata portion of the amounts necessary for capital improvements to (1) the "50' Private R/W" as shown on the recorded subdivision plat, and (2) such amounts as assessed to members of the Ocean Forest Lakes Homeowners Association for capital improvements to the private streets in Ocean Forest Lakes Subdivision.

Section 10. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS AND DUE DATES. The annual assessments provided for herein shall commence as to all lots on the first day following the day of conveyance of the lot to an Owner. 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 for each class of membership shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors and the Board of Directors shall have the authority to require the assessments to be paid in prorata monthly installments. 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 unit have been paid.

Section 11. EFFECT OF NONPAYMENT OF ASSESSMENTS AND 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 maximum legal rate, together with all costs and reasonable attorney's fees associated with their collection, and all such sums shall become a lien upon the Owner's lot. The Association may bring an action at law against the Owner personally obligated to pay the same, 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 Area or abandonment of his unit.

Section 12. SUBORDINATION OF THE LIEN TO MORTGAGES. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 13. PENALTY ASSESSMENTS. Penalty assessments shall be established, assessed, and collected by the Board of Directors of the Association for failure by a member to abide by the provisions of this Declaration. Penalty assessments, together with interest, costs of collection, and attorneys fees shall be assessed and collected in the same manner as annual and special assessments and shall be a continuing lien upon the lot until paid by the lot owner as provided by this Article VII.

ARTICLE VIII

FIDELITY BONDS

Section 1. GENERAL. The Association shall maintain blanket fidelity bonds for all officers, directors, employees and all other persons handling or responsible for funds of the Association. If the Association shall delegate some or all of the responsibility for the handling of its funds to a management agent, such fidelity bonds shall be maintained by such management agent for its officers, employees and agents handling or responsible for funds of or administered on behalf of the Association.

Section 2. AMOUNT OF COVERAGE. The total amount of fidelity bond coverage required shall be based upon best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three months aggregate assessments on all units plus reserve funds.

Section 3. OTHER REQUIREMENTS. Fidelity bonds required herein must meet the following requirements:

- a. Fidelity bonds shall name the Association as an obligee.
- b. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions.
- c. The premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as a common expense.
- d. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association, to any insurance trustee and each Eligible Mortgage Holder.

ARTICLE IX

ARCHITECTURAL CONTROL

Section 1. BUILDING AND SITE IMPROVEMENTS. No dwelling, wall, fence, storage building, outbuilding or other structure shall be commenced, erected, or maintained upon any lot in the Properties, nor shall any exterior addition to or change in or alteration therein (including color of paint or finish) be made 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 the Declarant, or its designee, or, after the sale of all lots by the Declarant, by the Board of Directors of the Association, or by an architectural committee composed of two (2) or more representatives appointed by the Board. The initial committee shall consist of Nathan S. Sanders and Candice O. Alexander. These persons shall be the only members of the committee, and they shall not be replaced until all of the houses to be built on all lots in the subdivision, including houses on any additional lots annexed thereto, have been approved. In the event the Declarant, or its designee, or, if applicable, the Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with, provided that such addition, change, or alteration is in general conformity with the overall plan, design, and appearance of the subdivision in general. Refusal or approval of any such plans, location or specification may be based upon any ground, including purely aesthetic, that in the sole and uncontrolled discretion of the Declarant or Architectural Control Committee shall be deemed sufficient. One copy of all plans and related data shall be furnished to the Declarant or Architectural Control Committee, as the case may be, for its records. Neither the Declarant nor the Architectural Control Committee shall be responsible for any structural or other defects in plans and specifications submitted to it or any structure erected according to such plans and specifications.

Section 2. APPROVAL OF PLANS.

A. No house plans will be approved unless the proposed house shall have a minimum of 1248 square feet of enclosed dwelling area. The term "enclosed dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling; provided, however, that such term does not include garages, terraces, decks, open porches, and like areas; provided, further, that shed type porches, even though attached to the house are specifically excluded from the definition of the aforesaid term "enclosed dwelling area".

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

approved absolutely by the Declarant or the Architectural Control Committee, as the case may be. Provided, however, that no dwellings shall be constructed closer to any lot line than allowed by the applicable county zoning and subdivision ordinances.

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

D. No structure shall be erected, altered, placed or permitted to remain on any lot, except one single family dwelling not to exceed two and one-half stories in height, unless the Declarant or the Architectural Control Committee, as the case may be, approves in writing a structure of more than two and one-half stories, and one or more small accessory buildings (which may include a detached private garage, or guest facilities) provided that the use of such dwelling or accessory building does not in the opinion of the Declarant or Architectural Control Committee overcrowd the site, and provided further, that such buildings are not used for any activity normally conducted as a business.

E. All service utilities, fuel tanks, clothes lines, trash receptacles, toys, lawn mowers, wood piles, and similar articles of personal property are to be enclosed within a fenced area, wall or plant screen of a type and size approved by the Declarant or the Architectural Control Committee, so as to preclude the same from causing an unsightly view from any highway, street or right of way within the subdivision, or from any other residence within the subdivision. All mail and newspaper boxes shall be uniform in design, and the design for mail and newspaper boxes shall be furnished by the Declarant. No fences shall at any time be placed or permitted to remain on any lot without approval of the Declarant or the Architectural Control Committee as herein provided.

F. Off street parking for not less than two (2) passenger automobiles must be provided on each lot prior to the occupancy of any dwelling constructed on said lot which parking areas and the driveways connected thereto shall be constructed of concrete, brick, asphalt, or turf stone, or any other material approved by the Declarant, or its designee. No parking shall be permitted in yard areas or on streets. There may not be more than three (3) vehicles parked at any residence except with specific, written approval of the Developer or the Association.

Section 4. MAINTENANCE BY ASSOCIATION. The Association, at its expense, shall be responsible for operating, maintaining,

repairing, and replacing the easement areas, including all drainage lines, pipes and ditches, except those constructed by individual lot owners and located within individual lots. The Association shall have the right to enter upon any lot at reasonable times for the purpose of maintaining, repairing and replacing all utility and drainage lines and pipes which might be located on such lot; and each Owner hereby grants permission to the Association to enter upon his or her lot for such purposes.

In the event that such need for maintenance, repair or replacement (other than such being caused by fire, lightning, wind-storm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage Insurance Policies) is caused through the willful or negligent act of the Owner, his family, guests, or invitees, the cost of such maintenance, replacement, or repairs, shall be added to and become a part of the assessment to which such Lot is subject.

Section 5. DEVELOPER OR ASSOCIATION APPROVAL. The following guidelines shall generally be observed in regard to the approval of storage buildings, outbuildings, fences, antennae and satellite dishes, for which approval by the developer or the association is required by this Declaration:

A. Storage Buildings and other Outbuildings:

1. Plans and proposed location must be submitted for approval by the Developer, its designee, or the Association.
2. No metal storage buildings or out buildings are allowed.
3. All materials, colors, and color patterns of the storage building or outbuilding must be the same as the dwelling located on the same lot (i.e. the walls of the storage building/outbuilding shall be the same as the walls of the dwelling, the trim on the storage building/outbuilding shall be the same as the trim on the dwelling, the shingles on the storage building/outbuilding shall be the same as the shingles on the dwelling).
4. Storage buildings and outbuildings must have an extended eave and fascia board.

5. As much as reasonably possible, storage buildings or outbuildings must be located in such manner as to be out of view of any street within Ocean Forest Lakes and must be at least five (5) feet from any property line.
6. Small "storage chests" may be allowed on a case by case basis subject to Developer or Association approval. If allowed, such "storage chest" must be located up against the rear of the house so as to hide such "chest" from view from the street.

B. Fences:

1. The design, height, type, color, location, and general appearance of any fence constructed or installed on any lot must be first approved by the Developer, its designee, or the Association. The only fencing that may be installed by a lot owner shall be at the sides and rear of the lot. All fencing and fenced areas installed on a lot by the developer shall be retained and maintained by the lot owner.
2. Fences that can be seen from any street must be of treated wood. No "pre-fabricated" fence panels shall be allowed.
3. No fence shall be higher than six (6) feet or extend nearer to the street than the front setback line of the main dwelling constructed on the lot.
4. a. All posts must be pressure treated and rated for "in-ground" use. This is normally .40 retention.
b. All posts must be placed at least two (2) feet into the ground and must be set in concrete footings.
5. Fences must be of either a shadow-box style or a solid picket style.
6. All boards must be at least 3/4" thick with a smooth (dressed) surface.
7. If a solid picket is used, care must be exercised so that no nails protrude out of the adjoining lot owner's side of the fence.

8. Joints and miters must be tight.
9. There shall be no rough edges, splinters, or burrs left on the fence.
10. Only stainless steel or galvanized fasteners may be used.
11. There must be at least three (3) horizontal 2"x 4" frame members. The top frame member shall be no more than 4" below the top of the lowest vertical fence boards. The bottom frame member should be no more than 6" above the bottom of the vertical fence boards. The third frame member should be centered between the top and bottom horizontal frame members.

C. Satellite Dishes and Antennae:

1. The location, design, size, and specifications of a satellite dish or other antenna must first be specifically approved in writing by the Developer or the Association.
2. No satellite dish shall be allowed that is greater than 18" in diameter.
3. As much as reasonably possible, satellite dishes and other antennae must be located at the rear of the house and out of sight from any street.
4. In the event that the location, design, size, or specifications of a satellite dish or other antenna are changed after approval by the Developer or the Association, such approval may be revoked.
5. In the event that a satellite dish or other antennae shall malfunction or otherwise operate in such a manner as to cause interference with the television or radio reception of other lot owners or occupants within the subdivision, Developer or the Association shall revoke the approval of such apparatus until such time as the owner of the apparatus shall cause the interference to cease.

ARTICLE X

USE RESTRICTIONS

Section 1. LAND USE AND BUILDING TYPE. All lots shall be used for residential purposes only except that so long as the Declarant or the Developer shall retain ownership of any lots, it may utilize any such lot for sales or rentals, offices, models, or other usage for the purpose of selling or renting lots within the subdivision including the right to place "For Sale" or "For Rent" signs on such lot. The Declarant may assign this limited commercial usage right to any other person or entities as it may choose; provided, however, that when all lots have been sold, this right of commercial usage by the Declarant, its successors and assigns shall immediately cease. Co-ownership of lots shall not be prohibited. Except as herein provided, any building erected, altered, placed, or permitted to remain on any lot shall be subject to the provisions of Article IX of this Declaration of Covenants, Conditions, and Restrictions relating to Architectural Control.

Section 2. NUISANCES. No noxious or offensive activity shall be carried on or upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. There shall not be maintained any plants or animals, nor device or thing of any sort whose normal activities or existence are in any way noxious, dangerous, unsightly, unpleasant or other nature as may diminish or destroy the enjoyment of other property in the neighborhood by the owners thereof. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly, or unkept condition of buildings or grounds on such lot which would tend to substantially decrease the beauty of the neighborhood as a whole or the specific area.

Section 3. LOT MAINTENANCE. In the event that any Lot Owner shall fail or refuse to keep such premises free from weeds, underbrush or refuse piles, or unsightly growth or objects, then, after thirty days notice from the Architectural Control Committee, the Association or its designee shall enter upon such lot and remove the same at the expense of the Owner, and such entrance shall not be deemed a trespass, and in the event of such removal a lien shall arise and be created in favor of the Association for the full amount of the cost thereof chargeable to such Lot, including collection costs, and such amounts shall be due and payable within thirty (30) days after the Owner is billed therefor. Such lien shall be enforceable by Court proceedings as provided by law for enforcement of liens.

Section 4. JUNK VEHICLES AND TRACTOR TRAILERS. No inoperable vehicle or vehicle without current registration, current state inspection sticker, current license plate, and current insurance will be permitted on the premises, and no tractor-trailers will be permitted on the premises. The Association shall have the right to have all such vehicles towed away at the owner's expense.

Section 5. DIRECTIONAL SIGNS, "FOR SALE SIGNS", "FOR RENT SIGNS", OTHER SIGNS The Developer reserves for itself, its successors and assigns, a temporary easement to place directional signs upon any of the lots in said Subdivision, in order to assist prospective purchasers in locating other lots or houses which are for sale in the Subdivision, or in other future subdivisions coming out of adjoining lands. The right to place and maintain such signs shall terminate five (5) years from the date of this instrument.

Except for signs placed by the Developer, or with the express written permission of the Developer or the Association (after control of the Association is turned over to the owners pursuant to this Declaration), no "For Sale" or "For Rent" signs, or any other sign shall be allowed on any lots, or in or on any houses, or on any of the common areas or limited common areas within the subdivision.

Section 6. TEMPORARY STRUCTURES. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any lot any time as a residence either temporarily or permanently. Provided however, that this provision shall not prevent the Declarant, its designees or assigns from maintaining a construction trailer or office on any lot or in the common area until the construction of dwellings on all lots in the subdivision is completed.

Section 7. RECREATIONAL VEHICLES. Boats, motor boats, campers, recreational trailers, motor homes, or similar type vehicles shall only be permitted to remain on a lot if such vehicles are parked in the back yard out of sight from any street.

Section 8. FENCED STORAGE AREAS. All houses situated on a corner lot shall be required to have a fenced area within which shall be kept all lawnmowers, bicycles, toys, grills, stored materials, and other such items.

Section 9. WINDOW COVERINGS. To insure consistency and attractiveness within the Subdivision, white window treatments must be installed in all of the windows of all homes within ten (10) days of occupancy, such that the total view of all windows from the outside of the house is white window treatments. Window treatments

inside of the house and not visible from the outside of the house or unit are in the discretion of the homeowner. Bedsheets, towels, blankets, etc. are not considered acceptable window treatments.

Section 10. EXTERIOR LIGHTS. All light bulbs or other lights installed in any fixture located on the exterior of any building or any lot shall be clear, white, or non-frost lights or bulbs. During periods of normally recognized holidays, colored lights may be allowed so long as such lights are reasonable, do not remain longer than the holiday period and a reasonable time thereafter, and do not create a nuisance in the neighborhood. The Board of Directors shall have the right to limit the amount of lighting during holiday periods if such lights create a nuisance.

Section 11. VEHICLE REPAIRS. No repairs to any vehicle may be made in driveways, only in garages or in an owner's backyard and not visible from the street. No inoperable or immobile vehicle, whether or not containing current registrations, shall be permitted to remain in any driveway or on any street.

Section 12. MAINTENANCE OF LOT, NUISANCES. It shall be the duty of each homeowner to keep his or her property in a neat and tidy condition, well maintained, with no unsightly debris or litter or the like in view. No homeowner shall place on his lot, or cause or allow to be placed on his lot, any kind of statue, sculpture, "objet d'art", yard decoration, artificial wildlife, or any other similar type of object. No noxious or offensive trade or activity shall be carried on or maintained on any lot, nor shall any activity be conducted which constitutes an annoyance or nuisance to the neighborhood.

Section 13. ANIMALS. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lot in the subdivision, except that dogs, cats, or other household pets may be kept for the purpose of providing companionship for the private family. Animals are not to be raised, bred, or kept for commercial purposes or for food. It is the purpose of these provisions to restrict the use of any lot so that no person shall quarter on said lots cows, horses, bees, hogs, sheep, goats, guinea fowls, chicks, geese, rabbits, chickens, turkeys, skunks, snakes, or any other animal that may interfere with the quietude, health, or safety of the community. No more than four (4) household pets will be permitted on any lot. Pets must be restrained or confined inside a fenced area or within the house. It is the pet owner's responsibility to keep their lot clean and free of pet debris. All animals must be properly tagged for identification, and further, must be kept on a leash unless such animal is confined within a fenced area. When such animals are not confined within a fenced

area of the owner's yard, it is the pet owner's responsibility to remove any pet debris left by their pet upon any of the lots or common areas within the subdivision. Any costs incurred by the other lot owners or the Association as hereinafter set out, for the removal of pet debris left by the pet of a lot owner upon any lot or upon any part of the common areas shall be a charge against the pet owner's lot and shall be assessed against that individual lot owner as a special assessment and subject to the regulations regarding liens and assessments as hereinafter set forth.

Section 14. ALTERATIONS. No person shall undertake, cause, or allow any alteration of construction in or upon any portion of the Common Areas except at the direction or with the express written consent of the Association.

Section 15. SUBDIVIDING. No lot shall be subdivided, or its boundary lines changed, except with the prior written consent of the Declarant during the period of Declarant control of the Association and thereafter by the Board. However, the Declarant hereby expressly reserves unto itself, its successors and assigns, the right to re-plat any two (2) or more lots shown on the plat of the subdivision of the Property in order to create one or more modified lots; to further subdivide tracts shown on any such subdivision plat into two or more lots; to recombine one or more tracts or lots or a tract and lots to create a larger tract; to eliminate from this Declaration lots that are not otherwise buildable or are needed for access to any area of the Properties or are needed for use as private roads or access areas, and to take such steps as are reasonably necessary to make such re-platted lots or tracts suitable and fit as a building site or access area or roadway, said steps to include, but not to be limited to the relocation of easements, walkways, and rights-of-way to conform to the new boundaries of the said re-platted lots.

Section 16. PARKING. All vehicles must be parked in driveways and no vehicles may be parked at any time on lawns, roadways, easements, or common areas. No vehicle shall be allowed to block any street, roadway, easement, or other access area. There may not be more than three (3) vehicles parked at any residence except with specific written approval of the Developer or the Association.

ARTICLE XI

ANNEXATION AND DEVELOPMENT OF ADDITIONAL PROPERTIES

Section 1. The Developer hereby reserves the right to annex additional land located adjacent to the tracts hereinabove

described which may be owned or hereafter acquired by the Declarant, without the consent of the members. Any property annexed for such purpose will be subject to and under the jurisdiction of the Association and shall be designated as consecutively numbered phases or such other similar designations for any additional phase added.

Section 2. The rights reserved by the Developer also include the power to amend this Declaration of Restrictions to subject any property described above to the jurisdiction of the Association and to the rights and obligations of this Declaration of Restrictions without the consent of the members.

Section 3. A tract located adjacent to the subdivision has been approved for development and will be developed as a Performance Residential Subdivision, said approval being given by the New Hanover County Technical Review Committee on May 26, 2004.

ARTICLE XII

GENERAL PROVISIONS

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

Section 2. SEVERABILITY. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no manner affect any other provisions which shall remain in full force and effect.

Section 3. LOTS SUBJECT TO DECLARATION. All present and future owners, tenants and occupants of Lots and their guests or invitees, shall be subject to, and shall comply with the provisions of the Declaration, and as the Declaration may be amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any lot shall constitute an agreement that the provisions of the Declaration are accepted and ratified by such owner, tenant or occupant. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable by the Association, or the Owner of any lot, their respective legal representatives, heirs, successors and assigns, and shall run with and bind the land and shall bind

any person having at any time any interest or estate in any lot as though such provisions were made a part of each and every deed of conveyance or lease.

Section 4. AMENDMENT OF DECLARATION. The covenants and restrictions of this Declaration may be amended at any time without the consent of the members by an instrument signed by the Declarant and duly recorded in the New Hanover County Register of Deeds.

After the Declarant has sold all of the lots within the subdivision, the covenants and restrictions of this Declaration may be amended by an instrument signed by the owners of a majority of the lots subject to this Declaration and duly recorded in the New Hanover County Register of Deeds.

IN WITNESS WHEREOF, DOMINION LAND CORPORATION has hereunto caused this instrument to be executed in its corporate name by its duly authorized officers and its corporate seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

DOMINION LAND CORPORATION

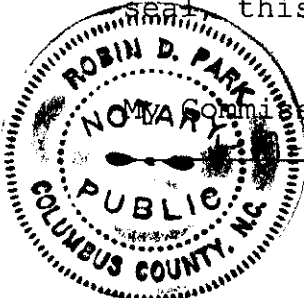
By: Nathan S. Sanders
Nathan S. Sanders, President

STATE OF NORTH CAROLINA
COUNTY OF ~~NEW HANOVER~~ Columbus

I, a Notary Public of the County and State aforesaid, certify that Nathan S. Sanders personally appeared before me this day and acknowledged that he is President of DOMINION LAND CORPORATION, a North Carolina Corporation, and that by authority duly given and as the act of the Corporation, he signed the foregoing instrument in its name as its President. Witness my hand and notarial stamp or seal, this 11th day of ~~August~~, 2004.

OCT

My Commission Expires: 11/19/08
Robin D. Park
Notary Public





REBECCA T. CHRISTIAN
REGISTER OF DEEDS, NEW HANOVER
216 NORTH SECOND STREET

WILMINGTON, NC 28401

Filed For Registration: 10/14/2004 11:26:17 AM
Book: RE 4528 Page: 342-365
Document No.: 2004054920
DECL 24 PGS \$80.00

Recorder: MARVIS ANN STORER

State of North Carolina, County of New Hanover

The foregoing certificate of ROBIN D PARK Notary is certified to be correct. This 14TH of October 2004
REBECCA T. CHRISTIAN , REGISTER OF DEEDS

By: *Marvis Ann Storer*
Deputy/Assistant Register of Deeds

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

2004054920

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