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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION OF
PLACE TO SEA, PHASE 1

THIS DECLARATION, made this 28th day of January, 1997, by SOWARD BROTHERS CONSTRUCTION, INC., a North Carolina corporation, hereinafter referred to as "Declarant", (whether one or more);

W I T N E S S E T H

WHEREAS, Declarant is the owner of certain property in Federal Point Township, Carolina Beach, New Hanover County, North Carolina, which is more particularly described as follows:

BEING ALL of PLACE TO SEA, PHASE 1, as shown on the map thereof recorded in Plat Book 36, at Page 232, of the New Hanover County Registry, reference to which is hereby made for a more particular description.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the 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.

ARTICLE I.

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DEFINITIONS

A. Association. The Place to Sea Homeowners Association, a North Carolina non-profit corporation, composed of the owners of townhouse units in Place to Sea, as the same is recorded in Book _____, Page _____ et. seq. of the New Hanover County Registry.

B. Board. The Board of Managers of the Association.

C. By-Laws. By-Laws of the Association which are recorded in Book _____, Page _____ et. seq. of the New Hanover County Registry.

D. Common Elements. Shall be used interchangeably with "common areas" and shall mean or refer to all portions of a townhouse except the units; and

E. Limited Common Elements. Shall be used interchangeably with limited common areas and shall refer to all portions of the common elements which are designated for use with a particular unit.

F. Common Expenses. The expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

ARTICLE II.

DESCRIPTION OF BUILDINGS. The Declarant owns the buildings which Declarant has divided into four (4) units (herein "The Townhouse Units" or "The Units"), to be used for residential purposes. The buildings are located above the ground level. A plat of survey by Sherwin D. Cribb, Registered Land Surveyor, showing the location of said building is recorded in Map Book 36 at Page 232 and is incorporated by reference. The buildings are built out of wood frame construction. Each unit contains approximately 1160 heated square feet and are divided into four (4) townhouse units. The townhouse units are designated in said plat as Units 1 through 4 (sometimes referred as Units A-D). As used herein the term "Unit" shall mean "Townhouse Unit".

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The general common elements are shown in Map Book 36 at Page 232. Each unit owner will receive with the conveyance of his unit an undivided one-fourth (1/4th) interest in the general common elements. Said interest in the common elements will become a one-ninth (1/9th) interest upon the recordation of the Plat and Declarations for Place to Sea, Phase 2.

ARTICLE III.

USE RESTRICTIONS. The use of the property shall be in accordance with the following provisions:

A. Each of the Units shall be occupied only by an individual or a family and for no other purposes. No Unit may be divided or subdivided into a smaller unit nor any portion thereof sold or otherwise transferred.

B. The Common Elements shall be used for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Townhouse Units.

C. No use or practice shall be permitted on the Townhouse Property which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist. No Unit Owner shall permit any use of his Unit or of the Common Elements which will increase the rate of insurance upon the Townhouse Property or any part thereof. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. No single rooms may be rented.

D. Reasonable regulations concerning the use of the Townhouse Property may be made and amended from time to time by PLACE TO SEA HOA, INC. (herein referred to as the "Association") in the manner provided by its By-Laws. Copies of the By-Laws and regulations are recorded in Book ____, Page ____ et. seq. of the New Hanover County Registry.

ARTICLE IV.

A. EASEMENTS. Each of the unit owners shall have an easement in common with the other unit owners to use common elements, including but not limited to all sewer lines located in the other unit and serving his unit. Each unit shall be subject to an easement in favor of the owner of the other unit to use all common elements serving such other units and located in such unit. The Association shall have the right to be exercised by the Board of Managers or its Designee, to enter each unit from time to time, at reasonable hours as may be necessary for the operation of the property to inspect the same, to remove violations therefrom, and to maintain, repair or replace the common elements, if any, contained therein or else therein the building.

The Declarant hereby reserves and subjects the lands which are the subject to this Declaration to an easement of use and enjoyment by the owners and occupants of the respective townhouse units for ingress and egress to and from all of the common elements pertaining to PLACE TO SEA, PHASE 1. Easements are also hereby created for installation, use, maintenance, repair and replacement of all necessary public utilities, including but not limited to sewer, water lines, gas, electricity, telephone and cable television for the use of the above described property known as PLACE TO SEA, PHASE 1.

All easements herein created and described shall be easements appurtenant to, and shall run with the land by whomsoever owned, whether or not the same shall be contained or referred to in any future deed or conveyance, and shall at all times inure to the benefit and be binding upon the undersigned, all its grantees and their respective heirs, successors, personal representatives or assigns.

B. ENCROACHMENTS. The Declarant for itself, its heirs, successors and assigns, hereby waives any and all actions, causes of actions or claims that may or could arise from any structures located on said maps as hereinabove referenced that encroach onto the common area, and by acceptance of a deed the grantees/unit owners acknowledge and waive any claim or cause of action that may exist as a result of any encroachment of any structure onto the common area as hereinabove referenced.

ARTICLE V.

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 any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Invalidation of anyone of these covenants or restrictions by judgment or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

ARTICLE VI.

NOTICE. The name and address of the process agent to receive service of process in any matters affecting the property is as follows:

GRANGER D. SOWARD, SR.
519 Canal Drive, #6
Carolina Beach, North Carolina 28428

ARTICLE VII.

TAXES. Each individual unit and its one-fourth (1/4th)¹ undivided interest in the common elements shall be deemed to be a separate parcel and shall be separately assessed and taxed for all types of taxes authorized by law, including but not limited to special ad valorem levies and special assessments. Each unit holder shall be liable solely for the amount of taxes against his individual unit and undivided interest in the common elements and shall not be affected by the consequence resulting from the tax delinquency or any other unit holder. Neither the building, the property, nor any of the common elements shall be deemed to be a separate parcel for the purposes of taxation.

ARTICLE VIII.

ASSESSMENTS. Assessments against unit owners by the Board of Managers made pursuant to the By-Laws shall, if not paid when due, create a lien in favor of the Association against the unit of the defaulting owner and shall be collected as provided and in the By-Laws hereto attached.

ARTICLE IX.

LIENS. All liens provided for herein shall be subordinate, and are hereby subordinated, to the lien of any first mortgage or deed of trust given to any lender to secure a loan, the proceeds of which are used to finance the purchase of any unit or units, unless any such lien provided for herein shall have been recorded in the Office of the Clerk of Superior Court of New Hanover County prior to recordation to the said first lien mortgage or deed of trust in the Office of the Register of Deeds of New Hanover County, North Carolina.

ARTICLE X.

BINDING EFFECT. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner

¹Said interest to become one-ninth (1/9th) upon the recordation of the Plat and Declarations for Place to Sea, Phase 2.

of any unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

ARTICLE XI.

AMENDMENT. This Declaration may be amended at any time prior to December 31, 1998 by the Declarant, at its discretion, but not to impair the property value of the lot owners or upon the conveyance by Declarant of all nine (9) units whichever shall first occur. Thereafter, these restrictions may be amended by vote of the owners of two-thirds (2/3) of the members of the Homeowners Association, provided, however, no amendment shall be made to the last paragraph of Article IV Section 1 without unanimous consent of the Homeowners Association and the declarant/developer.

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

SOWARD BROTHERS CONSTRUCTION, INC.
[Signature] (SEAL)
President - GRANGER D. SOWARD, SR.

ATTEST
[Signature]
ROYAL D. SOWARD, JR., Secretary



STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, Tina M. Partin, a Notary Public in and for the aforesaid County and State, do hereby certify that ROYAL D. SOWARD, JR. personally appeared before me this day and acknowledged that he is Secretary of SOWARD BROTHERS CONSTRUCTION, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him as its Secretary.

WITNESS my hand and notarial stamp or seal, this the 28 day of January, 1997.

My commission expires:
8/5/97

[Signature]
NOTARY PUBLIC



STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

The foregoing certificate of Tina M. Partin, a Notary Public, is certified to be correct. This the 30 day of Jan, 1997.

MARY SUE OOTS - REGISTER OF DEEDS
BY: *[Signature]*
Deputy/Assistant

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RECORDED AND VERIFIED
MARY SUE OOTS
REGISTER OF DEEDS
NEW HANOVER CO. NC