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 NEW HANOVER COUNTY, NC
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**STATE OF NORTH CAROLINA
 COUNTY OF NEW HANOVER**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 FOR QUADS AT OLEANDER SUBDIVISION**

THIS DECLARATION is made this the 30th day of January, by **Noella Investments, LLC**, hereinafter referred to as Declarant.

WITNESSETH

WHEREAS, Declarant is the owner of certain properties located at 4926 Oleander Drive, Wilmington, New Hanover County, State of North Carolina 28403, which is more particularly described herein but is known generally as "Quads at Oleander" subdivision; and

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities and opportunities in said community and for the maintenance of the properties and the improvements thereon, and to that end desires to subject the real property as described above, together with any and all such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof, as well as to create an organization to administer the rules of the Subdivision, which such Association shall have enforcement powers as so defined hereinafter, and which Declarant shall be initially responsible for the management of; and

WHEREAS, Declarant desires to impose easements, covenants, conditions and restrictions upon all of the Property; and

WHEREAS, Declarant desires to create thereon a residential community of town homes;

NOW, THEREFORE, Declarant hereby declares that the Property hereinafter described shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of enhancing and protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

**ARTICLE I
 DEFINITIONS**

"Association" shall mean and refer to **Quads at Oleander Homeowners' Association, Inc.**, incorporated and organized under the laws of the state of North Carolina as a Non-Profit Corporation.

"Board of Directors" shall mean the elected body governing the Association as provided by North Carolina corporate law.

"Common Property" or "Common Area" shall mean those certain portions of the Property (including any improvements thereon) owned by the Declarant or the Association for the common use and enjoyment of the Owners, hereinafter defined, including any landscaping. The Common Property shall include any easement rights, roadways or Rights-of-Way, mailbox kiosks, roofing, siding, and the exterior portions of all buildings and any improvements constructed thereon. For purposes of maintenance and repair responsibility, the term "exterior portions" shall include all exterior surfaces, trim, doors, windows, gutters, downspouts, and exterior lighting fixtures, except for patios, balconies, and HVAC units, which shall remain the responsibility of the individual Unit Owner.

"Declarant" shall mean and refer to **NOELLA INVESTMENTS, LLC**, a North Carolina limited liability company, its successors and assigns. Declarant shall have the right to assign all or a portion of any rights granted to the Declarant in this Declaration. Declarant shall also have the right to assign all or a portion of any obligations of the Declarant in this Declaration. In the event of a partial assignment of some, but not all of Declarant rights and/or obligations, the assignee shall not be deemed the Declarant, but may exercise those rights, and in such case, shall only be responsible for those obligations of Declarant assigned to it. Additionally, any partial assignee that does not assume all of the obligations of Declarant shall not be deemed the Declarant.

"Declarant Development Period" shall mean and refer to that period of time during which: (i) the Declarant is the owner of any portion of the Property, including any Unit or Common Area; (ii) Declarant is in any way involved in the maintenance of streets, landscaping, or Common Area; (iii) Declarant is in any way involved in the marketing of the Property through advertisements, signs, listings or providing an on-site real estate agent; or (iv) Declarant is providing funds to the Association.

"Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for QUADS AT OLEANDER Subdivision, as it may be amended and supplemented (by Supplemental Declarations) from time to time as herein provided.

"Landscaped Right-of-Way" shall mean the medians and other areas within the public or private street rights-of-way within or adjoining the Property which are designated as Landscaped Rights-of-Way by the Declarant.

"Unit" shall mean and refer to any numbered or lettered unit of land shown upon any recorded map of the Property, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single-family dwelling site which is intended for residential purposes. The ownership of each Unit shall include, and there shall pass with each Unit as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in any Common Property as a member of the Association.

"Unit in Use" shall mean and refer to any Unit on which a residential structure has been fully constructed and is being or to be occupied as a residence.

"Mortgage" shall mean any mortgage, deed of trust, and any and all other similar instruments used for the purpose of encumbering property as security for the payment or satisfaction of an obligation.

"Mortgagee" shall mean the holder of a Mortgage.

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

"Planned Community Act" shall mean Chapter 47F of the North Carolina General Statutes as may be amended.

"Person" means any natural person, corporation, joint venture, partnership, association, trust, limited liability company, or any other legal entity.

"Property" shall mean and refer to that certain real property made subject to this Declaration, as defined herein, and any and all other additional property hereinafter made subject to this Declaration.

"QUADS AT OLEANDER Subdivision" or "Subdivision" shall mean and refer to all Property, Units, or Common Areas located in QUADS AT OLEANDER Subdivision.

"Supplemental Declaration" shall mean an addition or amendment to this Declaration which imposes additional or revised restrictions and obligations on the Property.

ARTICLE II

PLANNED COMMUNITY ACT

Declarant intends to create a planned community subject to the provisions of Chapter 47F of the North Carolina General Statutes. Nothing contained herein shall serve to limit any rights, procedures, enforcement mechanisms, or otherwise as provided in the North Carolina Planned Community Act (the "Planned Community Act"). However, if there is any conflict between the Planned Community Act and this Declaration, this Declaration shall control unless prohibited under the Planned Community Act.

ARTICLE III

PROPERTY, ADDITIONAL DECLARATIONS, SUPPLEMENTAL DECLARATIONS

Section 1. Property made subject to Declaration. The Property made subject to this Declaration is described as follows:

SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED BY REFERENCE.

The Property shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant and each Owner subject to this Declaration and the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth herein.

Section 2. Supplemental Declaration. The Declarant reserves the right to subject the Property to additional covenants, restrictions, easements, uses, privileges, changes, assessments, liens, options, rights, terms and provisions as Declarant in its sole discretion may determine and/or to amend this Declaration as necessary in its sole discretion. Such an addition or revision shall not require any other Owner approval during the Declarant Development Period. Any Supplemental Declaration must be in writing and filed with the New Hanover County Register of Deeds Office.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Unit shall be a Member of the Association and shall be subject to annual and/or other assessments. Membership shall be appurtenant to and may not be separated from ownership of a Unit which is subject to assessment. The Association shall be established before any Units are sold by Declarant.

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

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any such Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one vote or a fractional vote be cast with respect to any Unit, and in no event shall fractional votes be allowed.

Class B. The Class B Members shall be Declarant and Builder and shall be entitled to six (6) votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership at the earliest of the following events:

- (1) When all the Units that will ultimately be contained within the Subdivision and operated by the Association are conveyed to Owners, other than Builder or Declarant; or
- (2) When the Declarant makes the election, with the prior written consent and approval of all Builders, to give written notice to the Association of its decision to terminate Class B Membership.

Section 3. Dissolution of Association. The Association shall be dissolved upon the termination of the Declaration, or upon written assent given in writing and signed by not less than One Hundred Percent (100%) of all votes of the Association as are allocated to the Unit Owners. A termination agreement shall be recorded. The Association may be guided by the laws as so established in N.C.G.S. 47F on the termination of the Association. Upon Dissolution or insolvency of the Association, or upon loss of ownership of the Common Areas (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by this Declaration or by reason or merger and/or consolidation with the Common Area as allowed in this Declaration), any portion of the Common Area not under the jurisdiction of the City of Wilmington and being maintained by the Association, shall be offered to the City of Wilmington, or some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted as defined by the Association. Neither the City of Wilmington nor any other governmental entity need to accept such conveyance for it to be valid. Once received by the City of Wilmington or other governmental entity, such portion of the Common Area and assets shall be conveyed by deed by the Association to said entity, subject to the superior rights of the Owner of each Unit to an easement (if necessary) for reasonable ingress and egress to and from such Owners Unit and the public or private street(s) on which such Unit is located and subject to all other applicable rights of way and easements and to ad valorem property taxes subsequent to the date of conveyance. Should the City try to refuse the offer of dedication and conveyance, the Association may transfer and convey such Common Area and assets to any nonprofit corporation, association, trust or other

entity which is or shall be devoted to purposes and uses that would most near conform to the purposes and uses to which the Common Area was required to be devoted by this Declaration, such conveyance being made subject to the rights of the Owners and other matters set forth above.

ARTICLE V
USE AND BUILDING RESTRICTIONS AND RULES

Declarant reserves the right from time to time to waive each section of this Article V provided that any waiver is to be in writing, signed by Declarant and recorded in the New Hanover County Registry.

Section 1. General. This Article sets out certain use and building restrictions to which all Owners must comply. The Declarant may, from time to time, promulgate rules and regulations applicable to the use of the Property. Such rules and regulations shall be distributed to all Owners prior to the date that they are to become effective and shall thereafter be binding upon all Owners.

Any Owner shall have the power to file an injunction with the appropriate judicial authority to enforce all of the covenants and conditions contained in this Article.

The Board has discretion to grant variances, except as prohibited by the City of Wilmington or New Hanover County regulations, to all use and building restrictions found in this Article so long as such discretion maintains and does not violate the overall aesthetic nature of the Subdivision and such a variance is obtained in writing signed by the Board and recorded in the New Hanover County Registry.

Section 2. Owner's Responsibility/Association Responsibility. All maintenance of the interior of the Unit, including all fixtures, finishes, and systems contained therein, as well as the Unit patio, Unit balcony, and HVAC units serving that Unit, shall be the sole responsibility of the Unit's respective Owner. Each Owner shall maintain those areas in a manner consistent with this Declaration, ensuring they are kept in good condition, clean, and free from damage, debris, or unsightly conditions.

The Association shall be responsible for the maintenance, repair, and replacement of all portions of the exterior of each Unit, except for the patios, balconies, and HVAC units. The Association's responsibilities shall include, without limitation, roofing, siding, exterior painting, gutters, downspouts, exterior lighting, and other components forming the exterior surfaces or common structural elements of the buildings. The Association shall also be responsible for the maintenance and landscaping of all Common Areas, including lawns, trees, shrubs, and other plantings.

If the Association determines that any Owner has failed or refused to properly maintain, repair, or replace any items for which that Owner is responsible under this Section, the Association shall, except in an emergency, provide written notice to the Owner specifying the required maintenance, repair, or replacement. The Owner shall have ten (10) calendar days after receipt of such notice to complete such work or to commence and diligently pursue it to completion within a reasonable time. If the Owner fails to comply, the Association may perform such work and assess all related costs to the Owner as a specific assessment.

Each Owner is further responsible for keeping their Unit free of garbage, junk, trash, debris, and non-operable vehicles, and for preventing conditions that may cause unsightly appearance, health hazards, or pest infestation.

Common Areas and improvements thereon, as shown on the recorded maps of the Property, shall be maintained by the Association. Streets within the Properties shall be maintained and repaired by the Association until such time as they are accepted for public maintenance by the City of Wilmington or other appropriate government entity. Unit Owners shall not alter drainage patterns, interfere with or modify ditches or drainage systems, or install pipes or culverts without the Association's prior written approval.

Section 3. Land Use and Building Type. Each Unit shall be used exclusively for town home, non-transient, residential purposes and, except as allowed by the terms of this Declaration, no building or other structure shall be constructed, placed or allowed to remain on a Unit except one single-family dwelling, an attached or detached garage and an outbuilding or storage building which meets the requirements contained in this Declaration and any subsequent architectural guidelines. A home office may be maintained, and business activities can be carried out within the dwelling as long as there is no sign or other evidence that any type of business activity is being carried on inside the dwelling. There are to be no retail business or commercial customers to a dwelling. There shall be absolutely no business activity carried on outside the residential dwelling. Provided, however, Declarant and Builder shall have the perpetual right to take such action reasonably necessary to transact any business necessary to consummate the development of the Subdivision and sales and re-sales of Units, homes or other properties owned by Declarant or Builder or others outside of the Subdivision. This right shall include, but not be limited to, the right to maintain models, sales offices and parking associated therewith, have signs on any portion of the Subdivision, including Common Area, employees in the models and offices without the payment of rent or any other fee, maintain offices in models and use of the Common Area to show Units or homes. Declarant and Builder shall have all of the foregoing rights without charge or expense.

Notwithstanding the foregoing, the provisions in this Section shall in no way limit the ability of the Declarant to subject other subdivision property to additional covenants and/or restrictions.

Section 4. Architectural and Landscaping Standards. No exterior construction, alteration, addition, erection or landscaping of any nature whatsoever shall be commenced or placed upon any part of the Property, except such as is installed by Declarant, or as is approved in accordance with this Section, or as is otherwise expressly permitted herein. No exterior construction, addition, erection, alteration or landscaping shall be made unless and until plans and specifications showing at least the nature, kind, shape, height, materials, color, texture and location shall have been submitted in writing to and approved by the Board. Such plans must also be approved and a building permit obtained from the applicable governmental authorities if so required. Declarant reserves the right to approve any plans and specifications submitted by Builder to Declarant, which shall be in writing and signed by Declarant ("Builder Approval"). Builder Approval shall be deemed as a blanket approval that complies with all conditions, architectural standards, and design guidelines herein or supplemented hereafter. Furthermore, any Builder with Builder Approval shall not be subject to review or inspection by the Board.

The Board may employ architects, engineers, or other Persons as it deems necessary to enable the Board to perform its review. The Board may, from time to time, delegate any of its rights or responsibilities hereunder to one or more duly licensed architects or other qualified Persons, which shall have full authority to act on behalf of the committee for all matters delegated. Written design guidelines and procedures may be promulgated for the exercise of this review, which guidelines may provide for a review fee charged to the applicant. During the Declarant Development Period, Declarant shall have the sole right to appoint all members of the Board. Upon the expiration or earlier surrender in writing of such right, the Declarant shall turn full control of the Board over to

the Owners.

If the Board fails to approve or to disapprove submitted plans and specifications within sixty (60) calendar days after the completed plans and specifications have been submitted to it, the foregoing will be deemed approved. However, all activities commenced pursuant to such plans which have been deemed approved shall be consistent with such plans. In addition, no approval, whether expressly granted or deemed granted as provided herein, shall be inconsistent with this Declaration or any design guidelines promulgated hereunder unless a waiver or variance has been granted in writing.

As a condition of approval under this Section, each Owner, on behalf of such Owner and such Owner's successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement, and insurance to and on any change, modification, addition, or alteration made of a Unit. In the discretion of the Board, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of such Owner or such Owner's successors-in-interest. The Board shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property to inspect for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies available to the Board, in the event of noncompliance with this Section, the Board may record, in the appropriate public registry, a notice of violation naming the violating Owner and describing the Unit.

PLANS AND SPECIFICATIONS ARE NOT APPROVED FOR ENGINEERING OR STRUCTURAL DESIGN OR QUALITY OF MATERIALS AND BY APPROVING SUCH PLANS AND SPECIFICATIONS, NEITHER THE DECLARANT, THE BOARD OR THE MEMBERS THEREOF, NOR THE ASSOCIATION ASSUMES LIABILITY OR RESPONSIBILITY THEREFOR, OR FOR ANY DEFECT IN ANY STRUCTURE CONSTRUCTED FROM SUCH PLANS AND SPECIFICATIONS. NEITHER DECLARANT, THE ASSOCIATION, THE BOARD, NOR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND/OR AGENTS OF ANY OF THEM SHALL BE LIABLE IN DAMAGES TO ANYONE SUBMITTING PLANS AND SPECIFICATIONS TO ANY OF THEM FOR APPROVAL, OR TO ANY OWNER OF PROPERTY AFFECTED BY THESE RESTRICTIONS BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS. EVERY PERSON WHO SUBMITS PLANS OR SPECIFICATIONS AND EVERY OWNER AGREES THAT SUCH PERSON OR OWNER WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, THE ASSOCIATION, THE BOARD, THE BOARD, OR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM TO RECOVER ANY DAMAGES AND HEREBY RELEASES, REMISES, QUITCLAIMS, AND COVENANTS NOT TO SUE FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY JUDGMENT, NEGLIGENCE, OR NONFEASANCE AND HEREBY WAIVES THE PROVISIONS OF ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

Section 5. Signs. No sign of any kind shall be erected by an Owner within the Property or

Subdivision without the prior written consent of the BOARD except (a) when offering a Unit or residence for sale or for lease, not more than one (1) professionally lettered "For Sale" or "For Rent" sign having a maximum area of four (4) square feet and a maximum height of four (4) feet above ground level, (b) professional security signs (c) any signs required by legal proceedings, and (d) signs erected by Declarant or Builder. Professionally lettered "For Sale" or "For Rent" signs may be attached to a post of not more than Five Feet, Six Inches (5'6") in height. Notwithstanding the foregoing, the BOARD shall have the right to erect reasonable and appropriate signs. Declarant may elect to remove any sign not meeting the above qualifications without any advance notice to Owner and shall not be liable to Owner for such removal. Builder or Declarant, in its sole discretion, may install signs, banners, and other forms of signage on Units owned by Builder or Common Area for the purpose of advertising and promoting the sale of homes or Units within the Subdivision.

Section 6. Vehicles/Garages. The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, limousines and automobiles. All vehicles must be properly licensed, registered, inspected and otherwise kept in compliance with applicable governmental regulations. Vehicles shall not be allowed to park on any street within the Subdivision or on any portion of a Unit other than in the driveway or garage.

Each Unit shall be limited to a maximum of three (3) vehicles belonging to residents, plus one (1) additional vehicle for an overnight guest. Parking by guests shall be temporary in nature and shall comply with all Association rules regarding parking duration and location.

Notwithstanding the above, no towed vehicle, trailer, boat, boat trailer, recreational vehicle, motor home, mobile home, bus, truck (except standard pick-up trucks or sport utility vehicles), or commercial vehicle (including, without limitation, vehicles with commercial writing on their exteriors), go-cart, or similar recreational vehicle shall be permitted on any Unit except when such vehicle is fully enclosed and stored within the garage. Recreational vehicles of any type are prohibited from being parked or stored outside of a garage at any time.

No vehicle may be left upon any portion of the Property or Subdivision, if it is unlicensed or if it is in a condition such that it is incapable of being operated upon the public highways unless said vehicle is located in the garage. Any such vehicle shall be considered a nuisance and may be removed from the Property or Subdivision.

No motorized vehicles (including but not limited to ATV, mini-bikes or other comparable non-licensed vehicle) shall be permitted to be operated on the Property or paved roadways, pathways or unpaved Common Property except for public safety vehicles and vehicles authorized by the Board.

Section 7. Leasing. Units may be leased for residential purposes. All leases shall have a minimum term of at least two (2) days. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration and Supplemental Declarations, if any and any rules and regulations promulgated by the Declarant or the Association. The lease shall also obligate the tenant to comply with the foregoing, and the lease shall provide that the violation of any provision of this Declaration and Supplemental Declarations, if any, shall be a breach of said lease, subjecting the tenant to termination of the lease and eviction. In addition, any violations of the covenants contained in this Declaration by the tenant or any person residing at the Unit shall be the responsibility of the Unit Owner.

Section 8. Occupants Bound. All provisions of the Declaration, Bylaws, and of any rules and regulations, use restrictions or design guidelines promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants even though occupants are not specifically mentioned.

Section 9. Animals and Pets. No animals, livestock, poultry, or exotic animal of any kind may be raised, bred, kept, or permitted on any Unit, except that not more than two (2) dogs, cats, or other usual and common household pets may be kept on a Unit. Notwithstanding the foregoing, those pets which, endanger the health, make objectionable noise, have a vicious or dangerous propensity, or constitute a nuisance or inconvenience to the Owners of any Unit or the owner of any property located adjacent to the Subdivision, must be removed. No pets shall be kept, bred or maintained for any commercial purpose. No household pet that has caused damage or injury may be walked in the Subdivision. If the Declarant or Association determines, in its sole discretion, that a pet endangers the health, makes objectionable noise, has a vicious or dangerous propensity, or constitutes a nuisance or inconvenience, either may issue a written notice to Owner that said pet must be removed from the Subdivision within ten (10) calendar days. If Owner does not remove said pet within the time limit provided in the notification, Declarant or Association may have the pet removed from the Subdivision by an animal control authority or other appropriate authority. The cost of such removal shall be the responsibility of Owner and shall be an assessment against the Unit of Owner.

No structure for the care, housing or confinement of any animal shall be constructed, placed or altered on any Unit unless plans and specifications for such structure have been approved by the BOARD in accordance with this Declaration. A leash shall be used for all animals and pets which are outside the confines of their house or a fenced-in area. When domestic pets are off the Owners' Unit they must be leashed.

Section 10. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on such Owner's Unit. No property within the Subdivision shall be used, in whole or in part, for the storage of any property or thing that will cause such Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within the Subdivision, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Subdivision. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Units or property within the subdivision. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Unit unless required by law.

It shall be the responsibility of each Owner to timely address the removal of debris and/or rebuilding of a dwelling or structure in the event of damage caused by fire, storm, or other occurrence. If Owner does not begin the removal of debris and/or reconstructing within sixty (60) days of said occurrence, the Declarant and/or Association may remove any debris, the costs of which shall be the responsibility of Owner and shall be collected as an assessment, so as to return the Unit to a neat and clean appearance; provided, however, there shall be no removal of any debris if prohibited by an applicable governmental authority, on-going investigation or law.

Section 11. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Property or Subdivision except in an enclosed garage.

Section 12. Antennas. The BOARD may issue rules regarding the erection of exterior antennas, including, without limitation, satellite dishes; provided such rules do not prevent reception of acceptable quality signals or cause an unreasonable delay or cost. Unless screened and located in the rear of the home to provide minimum visual impact on neighboring properties and so as to be unseen from the streets, no exterior antennas of any kind, including without limitation, satellite dishes, shall be placed, allowed, or maintained upon any portion of the Property or Subdivision, including any Unit; provided such screening and location do not prevent reception of acceptable quality signals or cause an unreasonable delay or cost. In no event shall any such antenna or satellite dish in excess of one (1) meter in size be permitted in the Property or Subdivision except if installed by the Declarant as provided in this Section. Declarant shall have the right (but shall not be obligated), to erect a master antenna, satellite dish or other similar master system for the benefit of the Property or Subdivision. Each Owner acknowledges that this provision benefits all Owners, and each Owner agrees to comply with this provision despite the fact that the erection of an outdoor antenna or similar device would be the most cost-effective way to transmit or receive the signals sought to be transmitted or received.

Section 13. Tree Removal. No trees that are more than four (4) inches in diameter (twelve and one-half (12 1/2) inches in circumference) at a point four and one-half (4 1/2) feet above the ground shall be removed without the prior written consent of the BOARD except (a) dead or diseased trees, (b) trees that are located within ten (10) feet of a drainage area, a septic field, a sidewalk, a residence or a driveway, (c) trees removed by Declarant or Builder, or (d) trees removed during the construction of the original dwelling on a Unit.

Section 14. Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or occupant may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. During the Declarant Development Period, Declarant hereby reserves for the benefit of Declarant and the Association, if any, and their respective successors and assigns (perpetually) an easement across the Property and Subdivision property for the purpose of altering drainage and water flow. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property or Units, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 15. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 16. Garbage Cans, Woodpiles, Etc. All garbage cans, woodpiles, swimming pool pumps, filters and related equipment and other similar items shall be located or screened so as to be concealed from view of neighboring streets and property; provided, however, if rubbish, garbage or any other form of solid waste is to be disposed of by being collected on a regular and recurring basis, containers may be placed in the open on the evening before a pick-up is to be made as necessary to provide access to persons making such pick-up. All rubbish, trash, and garbage shall

be regularly removed (no less frequently than weekly) and shall not be allowed to accumulate. Trash, garbage, debris, or other waste matter of any kind may not be burned within the Property or Subdivision except by Declarant or Builder during the original construction on a Unit.

Section 17. Subdivision of Unit. No Unit shall be subdivided or its boundary lines changed except with the prior written approval of the BOARD and appropriate governmental entity. Declarant, however, hereby expressly reserves the right to re-plat any Unit or Units owned by Declarant for as long as Declarant has the right unilaterally to annex additional property to the Property pursuant to Article VI and Article VIII of this Declaration. Any such division, boundary line change, or re-platting shall not be in violation of the applicable subdivision and zoning regulations and shall not constitute a violation of the Declaration.

Section 18. Firearms. Hunting Prohibited. The use or discharge of firearms in the Subdivision is prohibited unless such firearm is used or discharged as a means of self-defense. The term "firearms" includes without limitation "B-B" guns, pellet guns, bows and arrows, sling shots and small firearms of all types. There shall be no discharging of firearms, guns or pistols of any kind, caliber, type or method of propulsion; and no target practice or hunting of any type shall be carried on or conducted on the Subdivision.

Section 19. Fences and Party Walls. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any portion of the Property or Subdivision, including any Unit, without the prior written consent of the BOARD. The BOARD may issue guidelines detailing acceptable fence styles or specifications, but all such fences or fencing type barriers must be made of material approved by the BOARD and in no event may an uncoated chain link or barbed wire fence be approved. Each wall or fence built as a part of the original construction on the Units which shall serve and separate any two (2) adjoining Units shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. All fencing on a party fence (common side Unit line fencing on property line) be double faced so that vertical wood slats are installed on both sides of framing if wooden fencing is the material of choice. The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions. If a party wall or fence is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owner or Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions. Any Owner performing any such repair or restoration shall have the right to go upon the adjoining Unit(s) to the extent necessary to perform such repair or restoration. Such repair or restoration shall be done expeditiously and upon completion, such Owner shall restore the adjoining Unit to as near the same condition which prevailed on it before the commencement of such repair and restoration as is reasonably possible. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

Section 20. Utility Lines. Except as may be permitted by the BOARD, no overhead utility lines, including lines for cable television, shall be permitted within the Property or Subdivision, except for temporary lines as required during construction and lines installed by or at the request of Declarant.

Section 21. Air-Conditioning Units. No window air conditioning units may be installed except as may be permitted by the BOARD, but in no event shall a window air conditioning unit be installed in any dwelling so as to be visible from the front of any Unit or any adjoining street.

Section 22. Lighting & Power. Except as may be permitted by the BOARD, exterior lighting visible from the street shall not be permitted except for (a) approved lighting as originally installed on a Unit; (b) one decorative post light, (c) street lights in conformity with an established street lighting program for the Property or Subdivision which may be established by the Declarant or Association and may be billed individually to Unit owners by the utility provider; (d) seasonal decorative lights from Thanksgiving to the following New Year's Day; or (e) front house illumination of model homes.

Declarant reserves the right to subject the property in the subdivision to a contract with the applicable utility providers 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 the applicable utility providers by each residential customer.

Section 23. Artificial Vegetation, Exterior Sculpture, Exterior Statuary and Similar Items. No artificial vegetation or plastic animal decorations, such as pink flamingos, etc., shall be permitted on the exterior of any property. Exterior sculpture, fountains, flags, bird baths, bird houses, and similar items must be approved by the BOARD.

Section 24. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the BOARD.

Section 25. Swimming Pools. No swimming pool or outside jacuzzi or hot tub shall be constructed, erected or maintained upon any Unit without the prior written consent of the BOARD, and in no event shall any above-ground swimming pool be permitted.

Section 26. Gardens and Play Equipment. No vegetable garden, hammock, statuary or play equipment (including, without limitation, basketball goals which are allowed to be erected beside the driveway) shall be constructed, erected or maintained upon any front area of any Unit unless the type and location thereof has been previously approved by the BOARD.

Section 27. Mailboxes. There shall be individual mailboxes installed pursuant to North Carolina law. The mailboxes shall be located within the subdivision at a place and size as determined by the Declarant for the benefit of all Owners within the subdivision and shall be individually identified (i.e. A, B, C, D).

Section 28. Exteriors. All exterior finishes and colors must be approved by the BOARD. Any change to the exterior color, finish or texture of any improvement located on a Unit, including, without limitation, the dwelling, the roof on any dwelling or any fence, must be approved by the BOARD.

Section 29. Chimneys. Prefabricated fireplaces shall be allowed as long as the chimney does not extend beyond the main ridge of the roof of the dwelling. If such chimney does extend beyond the main ridge of the roof of the dwelling, such chimney must be solid masonry construction.

Section 30. Clotheslines. No exterior clotheslines of any type shall be permitted upon any Unit.

Section 31. Entry Features. Owners shall not alter, remove or add improvements to any, entry features constructed by Declarant on any Unit, or any part of any easement area associated therewith without the prior written consent of the BOARD.

Section 32. Window Treatments. No foil or other reflective materials shall be used on any windows for sunscreens, blinds, shades or for any other purpose.

Section 33. Fuel or Water Tanks. No fuel tanks or water tanks shall be stored or maintained upon any Unit in such a manner as to be visible from any street or road or from any other Unit, unless used by Declarant in the ordinary course of developing the Property or Subdivision.

Section 34. Outbuildings and Similar Structures. No outbuilding, storage building or similar structure shall be erected, placed or allowed to remain on any Unit except those which are incidental to residential use, are constructed of the same or substantially identical materials as the residential dwelling on the Unit, are architecturally compatible with the residential dwelling on the Unit, are located no closer to the front boundary line of the Unit than the rear wall of the single-family residence located on the Unit and no closer to any side boundary line of a Unit than the applicable building setback requirements, and which have otherwise been approved by the BOARD.

Section 35. Erosion Control. No activity which may create erosion or siltation problems shall be undertaken on any Unit without the prior written approval of the BOARD of plans and specifications for the prevention and control of such erosion or siltation. The BOARD may, as a condition of approval of such plans and specifications, require the use of certain means of preventing and controlling of such erosion or siltation.

Section 36. Insurance. Nothing shall be kept, and no activity shall be conducted on the Property which will increase the rate of insurance applicable to residential use for the Property or any Units. No Owner shall do or keep anything, nor cause or allow anything to be kept, on his/her Unit or on the Common Property which will result in the cancellation of insurance on any portion of the Property, or Units therein, or which will be in violation of any law, ordinance or regulation. No waste shall be committed on any portion of the Common Property.

Section 37. Independent Covenants. Each and every covenant and restriction contained herein shall be considered to be an independent and separate covenant and agreement, and in the event any one or more of said covenants or restrictions shall, for any reason, be held to be invalid, or unenforceable, all remaining covenants and restrictions shall nevertheless remain in full force and effect.

Section 38. Rights Reserved for Declarant and Builder. The provisions of this Declaration shall not be applicable to prevent or hinder the activities of Declarant or Builder in: (1) marketing the Subdivision, which includes, but not limited to, signage, parking facilities, or use of model homes, (2) operating sales and construction offices, (3) developing the Property, or (4) constructing residential dwellings. Declarant reserves an easement for itself and for Builder, and their nominees, over, upon, across, and under the Subdivision as may be required in connection with the development of the Subdivision, and other lands designated by Declarant and/or Builder, and to promote or otherwise facilitate the development, construction and sale and/or leasing of Units, single-family dwellings, any portion of the Subdivision, and other lands designated by Declarant

and/or Builder. Without limiting the foregoing, Declarant specifically reserves for itself and for Builder the right to use all paved roads and rights of way within the Subdivision for vehicular and pedestrian ingress and egress to and from construction sites. Specifically, each Owner acknowledges that construction vehicles and trucks may use portions of the Common Area. Without limiting the foregoing, at no time shall Declarant and/or Builder be obligated to pay any amount to Association on account of Declarant's and/or Builder's use of the Common Area. Declarant and Builders intend to use the Common Area for sales of Unit and single-family dwellings. Further, Declarant and/or Builders may market other residences and properties located outside of the Subdivision from Declarant's and/or Builder's sales facilities located within the Subdivision. Declarant and Builder have the right to use all portions of the Common Areas in connection with their marketing activities, including without limitation, allowing members of the general public to inspect model homes, installing signs and displays, holding promotional parties, picnics and similar events, and using the Common Area for every other type of promotional or sales activity that may be employed in the marketing of single-family dwellings. The easements created by this Section 38, and the rights reserved herein in favor of Declarant and Builder, shall be construed as broadly as possible and supplement the rights of Declarant and Builder set forth in this Declaration. At no time shall Declarant and/or Builder incur any expense whatsoever in connection with its use and enjoyment of such rights and easements.

ARTICLE VI

RIGHTS RESERVED FOR DECLARANT

Notwithstanding anything contained herein to the contrary, during the Declarant Development Period, Declarant expressly reserves the right to (i) subject additional property to this Declaration by the method described herein; (ii) reasonably amend this Declaration without the consent of any Owners or Members; (iii) select, appoint and remove members of the Architectural Control Committee who need not be Members of the Association; (iv) select, appoint and remove the Officers and the Board of Directors of the Association who need not be Members of the Association. The Declarant may waive or assign any of the rights reserved herein to a Member, a non-Member, another entity (such as a management company) or the Association.

The Declarant Development Period shall automatically terminate when all of the Units that will ultimately be contained within the Subdivision and operated by the Association are conveyed to Owners, other than Builder. At any time, Declarant may terminate, with the consent of Builder, the Declarant Development Period by executing a Notice of Termination of Declarant Development Period and assigning all rights reserved herein to the Association. The Notice of Termination of Declarant Development Period shall be effective when filed in the Johnston County Registry.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, late charges, costs, and reasonable attorneys' fees shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, late charges, costs, and reasonable attorneys' fees shall also be the personal obligation

of the person(s) 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 an Owner's 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 welfare of the residents in the Property, for the improvement and maintenance of the Common Area, including Entry Features and Recreational Facilities, for the establishment of adequate reserves for the replacement of capital improvements, if any, located within the Common Area, for the payment of insurance premiums for contracts of hazard and liability insurance on the Common Area, for the payment of local ad valorem taxes or governmental charges, if any, on the Common Area, for any other major expense for which the Association is responsible, and for such other needs as may arise. The Association itself is responsible for ensuring proper liability insurance is always in effect, maintenance of all recreational facilities is being done properly, landscaping of common areas is being performed, and all local taxes, if any, have been properly paid on time.

Section 3. Budget and Reserves. The Association shall establish and maintain adequate reserve funds for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the property which the Association may be obligated to maintain by the Declarant or these Declarations.

Section 4. Assessment Amount and Due Date. When a Unit is sold to an Owner, other than Declarant or Builder, an initial capital assessment shall be collected from the Owner in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) for each Unit purchased. The Annual Assessment shall be Three Thousand Dollars (\$3,000.00) per year, which shall be assessed on an annual basis and paid in equal monthly installments of Two Hundred Fifty Dollars (\$250.00) each. The assessment shall be collected and prorated as against the Owner upon closing.

From and after December 31st of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased by not more than ten (10%) percent over the prior year's assessment by the Declarant during the Declarant Development Period and thereafter by the Board of Directors of the Association without a vote by the Members.

On and after December 31st of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased by more than ten (10%) percent above the prior year's assessment by a vote of a majority of the appropriate and affected class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 5. Special Assessments for Capital Improvements. In addition to the maximum assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, any extraordinary maintenance, including vegetation, fixtures and personal property related thereto and any property for which the Association is responsible, provided, however, any such assessment shall have the assent of a majority of the votes of each appropriate and affected class of Members who are voting in person or by proxy at a meeting duly called for this purpose. Provided, however, the Board of Directors, at its option may declare that a special assessment be levied against all Units, unless one hundred (100%) percent of the total vote of each class of Members vote to reject it ("a Board Issued Assessment"). This Board Issued Special Assessment shall be a reasonable amount, determined by the Board based on the scope and cost of