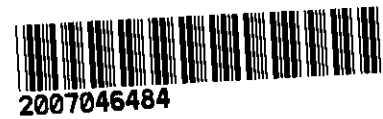


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FOR REGISTRATION REGISTER OF DEEDS
REBECCA P. SMITH
NEW HANOVER COUNTY, NC
2007 SEP 18 02:02:51 PM
BK: 5232 PG: 1625-1648 FEE: \$80.00

INSTRUMENT # 2007046484

RETURN TO:

Prepared by: J. L. Seay, Jr., Attorney,
Wilmington, NC

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
SYCAMORE GROVE, PHASE ONE

This Declaration, made this 10th day of September, 2007, by SCHROEDER BUILDERS, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant" or "Developer" for the purposes hereinafter stated;

WITNESSETH:

Whereas, Declarant is the owner of certain real property located in New Hanover County, North Carolina, known as SYCAMORE GROVE, Phase One, which is shown on a plat recorded in Map Book 52, Page 19 in the Office of the Register of Deeds of New Hanover County, to which reference is made for a more particular description, together with Phase Two and Phase Three of SYCAMORE GROVE, which are shown on a plat or plats to be recorded in the New Hanover County Registry (herein the "Property").

NOW THEREFORE, Declarant declares that the Property described above shall be held, sold and conveyed subject to the North Carolina Planned Community Act set forth in Chapter 47F of the North Carolina General Statutes (the "Act"), as well as the following easements, restrictions, covenants, and conditions.

ARTICLE I

DEFINITIONS

SECTION 1. Additional Property shall mean and refer to any lands which are now owned or may be hereafter acquired or developed by Declarant, in addition to the above described Property, and annexed to and made a part of the Planned Community (as hereinafter

defined). Specifically, Additional Property means planned Phase Two and Phase Three of Sycamore Grove, which consist of land currently owned by Declarant, and lands which Declarant may acquire and develop which adjoin what Declarant currently owns.

SECTION 2. Allocated Interest shall mean the Common Expense Liability and votes in the Association allocated to each Lot.

SECTION 3. Association shall mean and refer to Sycamore Grove HOA, Inc. a North Carolina non-profit corporation, its successors and assigns, the owners association organized pursuant to Section 47F-3-101 of the Act for the purposes set forth herein.

SECTION 4. Association Maintenance Area(s) shall mean any land areas or facilities which the Association is obligated to operate or maintain which are not Common Elements. Examples include but are not limited to sidewalks, drainage easements for storm water runoff plan or pond maintenance, landscaping/signage easements.

SECTION 5. Common Elements or Common Area shall mean and refer to all lands and easements within or appurtenant to the Planned Community which are owned by the Association, other than a Lot, and intended for the common use and enjoyment of the Owners, including, without limitation, all common amenities, Recreation Space (Passive and Active as defined by New Hanover County Subdivision Ordinance) as shown and designated on the recorded plat, and storm water retention ponds within the Planned Community.

SECTION 6. Common Expenses means expenditures made by or financial liabilities of the Association together with any allocations to reserves.

SECTION 7. Common Expense Liability means the liability for Common Expenses allocated to each Lot as permitted by the Act, this Declaration or otherwise by law.

SECTION 8. Declarant shall be used interchangeably with Developer (which designations shall include singular, plural, masculine and neuter as required by the context) and shall mean and refer to Schroeder Builders, LLC., its successors and assigns, if such successors or assigns should acquire undeveloped property from the Declarant or a Lot not previously disposed of for the purpose of development and reserves or succeeds to any Special Declarant Right.

SECTION 9. Declaration shall mean this instrument as it may be from time to time amended or supplemented.

SECTION 10. Executive Board shall be used interchangeably with the Board of Directors and means the body, regardless of name, designated in this Declaration to act on behalf of the Association.

SECTION 11. Limited Common Elements shall mean areas and facilities, if any, within any Lot which are for the exclusive use of the Lot owner but which the Association is obligated to maintain pursuant to the terms of this Declaration.

SECTION 12. Lot(s) shall mean and refer to any numbered portion of the Planned Community designated by recorded plat for separate ownership by a Lot Owner.

SECTION 13. Owner(s) shall mean the Declarant or other person or entity who owns a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Owner also means Member.

SECTION 14. Person means a natural person, corporation, limited liability company, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, or agency or other legal or commercial entity.

SECTION 15. Planned Community shall mean and refer to the Property to be known as Sycamore Grove subdivision, plus any Additional Property made a part of Planned Community by the exercise of any Special Declaration Right.

SECTION 16. Purchaser means any Person, other than a Declarant or a Person in the business of selling real estate for the purchaser's own account, who by means of a voluntary transfer acquires a legal or equitable interest in a Lot, other than (i) a leasehold interest (including renewal options) of less than 20 years, or (ii) as security for an obligation.

SECTION 17. Special Declarant Rights means rights reserved for the benefit of a Declarant including without limitation the right (i) to complete improvements indicated on plats and plans filed with or referred to in this Declaration; (ii) to exercise any development right reserved to the Declarant by this Declaration or otherwise; (iii) to maintain sales offices, management offices; signs advertising the Planned Community, and models; (iv) to use easements through the common elements for the purpose of making improvements within the Planned Community or within real estate which may be added to the Planned Community; (v) to make the Planned Community part of a larger planned community or group of planned communities; (vi) to appoint or remove any officer or Executive Board member of the Association or any Master Association during the Declarant Control Period, and (vii) to exercise all other special rights as herein-below stated.

ARTICLE II

PROPERTY RIGHTS AND EASEMENTS

SECTION 1. Owners' Property Rights and Easement of Enjoyment. Every Owner shall have and is hereby granted a right and easement of enjoyment in and to the Common Elements/Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The Association may make and amend reasonable rules and regulations governing use of the Common Elements including the amenities located thereon by the Owners;
- (b) The Association may mortgage or convey the Common Elements, or dedicate or transfer all or part of the Common Elements, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by at least eighty percent (80%) of the Members, excluding the Developer; provided, however, that the Association may without the consent of the Owners grant easements over the Common Elements for drainage systems and public utilities servicing the Planned Community.
- (c) The Board of Directors on behalf of the Association, as a Common Expense, may at all times keep the Common Elements and other assets of the Association, if any, insured against loss or damage by fire or other hazards and such other risks, including public liability insurance, upon such terms and for such amounts as may be reasonable necessary from time to time to protect such property, which insurance shall be payable in case of loss to the Association for any Members. The Association shall have the sole authority to deal with the insurer in the settlement of claims. In no event shall the insurance coverage obtained by the Association be brought into contribution with insurance purchased by Members or their mortgagees.

SECTION 2. Easements in Favor of Declarant and the Association. The following easements are reserved to Declarant and the Association, their successors and assigns:

- (a) Easements as necessary in, over and upon the rear, front and side ten feet of each Lot for the installation and maintenance of utilities and drainage facilities; including the right of Declarant and the Association, or its assigns, to go upon the ground with men and equipment to erect, maintain, inspect, repair and use electric and telephone lines, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, cable or other public conveniences or utilities on, in or over each Lot; the right to cut drain ways, swales and ditches for surface water whenever such action may appear to the Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance; the right to cut any trees, bushes or shrubbery; the right to 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. No structures or plantings or other material shall be placed or permitted to remain upon such easement areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. These easement areas (whether or not shown on the recorded plats for the Planned Community) and improvements within such areas shall be maintained by the respective Owner; except those

Association Maintenance Areas for which the Association is responsible, or those easements which a public authority or utility company is responsible.

- (b) Easements over all streets, access easements, and Common Elements within the Planned Community as necessary to provide access, ingress and egress, and utilities to the next two planned Phases of Sycamore Grove, and any Additional Property.
- (c) An easement of unobstructed access over, on, upon, through and across each Lot at all reasonable times to perform any maintenance and repair to pond or pond access easements as shown on recorded maps, entranceway easements as shown on recorded subdivision maps, including signage, landscaping and brick walls located thereon, and any other easements as shown on recorded subdivision maps.
- (d) The Members of the Association are collectively granted a private easement over and through all Pond Access Easements, as shown on recorded maps, for purposes of walkways, ingress and egress to ponds.

SECTION 3. Other Easements.

- (a) An easement is hereby granted to all police, fire protection, ambulance and all similar persons, companies or agencies performing emergency services, to enter upon all Lots and Common Elements in the performance of their official duties.
- (b) The Association is granted an easement over each Lot and Street for the purposes of providing sidewalk maintenance. The Association is granted an easement over each Lot to provide maintenance work thereon, when an Owner fails to provide maintenance and upkeep in accordance with this declaration.
- (c) Easements are reserved as shown on the recorded plats of Sycamore Grove, all Phases, for the purpose indicated on said plat.

SECTION 4. Nature of Easements. All easements and rights described herein are perpetual easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the Declarant and the Association, their successors and assigns, and any Owner, purchaser, mortgagee and other person having an interest in the Property or any Additional Property, or any part or portion thereof, regardless of whether or not reference 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.

ARTICLE III.

HOMEOWNERS' ASSOCIATION

SECTION 1. Formation of Association. The Association shall be incorporated no later than the date the first Lot in the Planned Community is conveyed. The Association shall be a non

profit corporation organized pursuant to the Nonprofit Corporation Act of the State of North Carolina for the purpose of establishing an association for the Owners of Lots to operate and maintain the Common Elements, the Association Maintenance Areas including sidewalks, and any Limited Common Elements in accordance with this Declaration, its Charter and Bylaws. The Association shall be empowered to perform and/or exercise those powers set forth in Section 47F -3 – 102(1) through (17) of the Act as it may be amended from time to time.

SECTION 2. Membership. Every Lot Owner shall be a “Member” of the Association. Membership shall be appurtenant to and may not be separated from Lot ownership.

SECTION 3. Voting Rights. The Association shall have two classes of voting Membership.

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determined, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting with respect to any Lot is hereby prohibited.

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

- (a) when the total vote outstanding in the Class A Membership equals the total vote outstanding in the Class B Membership; or
- (b) on December 31, 2012; or
- (c) upon the voluntary surrender of all Class B Membership by the holder thereof.

The period during which there is Class B Membership is sometimes referred to herein as the “Declarant Control Period”.

SECTION 4. Government Permits. All duties, obligations, rights and privileges of the Declarant under any water, sewer, stormwater and utility agreements, easements and permits for the Planned Community with municipal or governmental agencies or public or private utility companies shall be the duties, obligations, responsibilities, rights and privileges of the Association.

ARTICLE IV.

COVENANTS FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner covenants and agrees to pay to the Association the following assessments (collectively the "Assessments"):

- A. Annual Assessments;
- B. Special Assessments for Capital Improvements;
- C. Insurance Assessments;
- D. Ad Valorem Tax Assessments; and
- E. Working Capital Assessments.

The 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 respective Lot against which the Assessments are made. Each such Assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

SECTION 2. Purpose of Annual Assessments. The Annual Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and residents of the Property and Additional Property and for the maintenance, repair and replacement of the Common Elements, the Association Maintenance Areas and any Limited Common Elements. The funds arising from said assessments or charges, may be used for any or all of the following purposes: Operations, maintenance and improvement of the Common Elements, Association Maintenance Areas and any Limited Common Elements, including payment of utilities; enforcing this Declaration; paying taxes, insurance premiums, legal and accounting fees and governmental charges; establishing working capital; paying dues and assessments to any organization or master association of which the Association is a member; and in addition, doing any other things necessary or desirable in the opinion of the Association to keep the Common Elements, Association Maintenance Areas and Limited Common Elements in good operating order and repair.

SECTION 3. Annual Assessments. The Executive Board shall adopt a proposed annual budget at least 90 days before the beginning of each fiscal year. Within 30 days after adoption of the proposed budget for the Planned Community, the Executive Board shall provide to all of the Lot Owners a summary of the budget and notice of a meeting to consider its ratification, including a statement that the budget may be ratified without a quorum. The budget is ratified unless at the meeting a majority of all of the Lot Owners in the Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Executive Board. The Annual Assessment for each Lot shall be established based on the annual budget thus adopted; provided, however, that the first Annual Assessment shall be set by the

Declarant prior to the conveyance of the first Lot to an Owner. The due date for payment shall be established by the Executive Board. The Executive Board shall have the authority to require the assessments to be paid in periodic installments. The Association shall, upon demand, and for a reasonable charge furnish a certificate signed by an office of the Association setting forth whether the assessments on a specified Lot have been paid.

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 upon the Common Elements, Association Maintenance Areas and any Limited Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the Members of each class who are voting in person or by proxy at a meeting duly called for this purpose. Written notice of any meeting of Owners called for the purpose of approving Special Assessments shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting.

SECTION 5. Insurance Assessments. All premiums on insurance policies 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 may in any assessment year levy against the Owners equally an "Insurance Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay the annual cost of all such deductibles and insurance premiums not included as a component of the Annual Assessment.

SECTION 6. Ad Valorem Tax Assessments. All ad valorem taxes levied against the Common Elements, if any, shall be a Common Expense, and the Association may in any assessment year levy against the Owners equally an "Ad Valorem Tax Assessment", in addition to the Annual Assessments, which shall be in an amount sufficient to pay such ad valorem taxes in such year not included as a component of the Annual Assessment.

SECTION 7. Working Capital Assessments. At the time title to a Lot is conveyed to an Owner by Declarant, the Owner shall pay the sum of \$150.00 to the Association as Working Capital to be used for operating and capital expenses of the Association. Amounts paid into the working capital fund are not to be considered as advance payment of the Annual or any other assessments.

SECTION 8. Rate of Assessment. The Association may differentiate in the amount of Assessments charged when a reasonable basis for distinction exists, such as between vacant Lots and Lots with completed dwellings for which certificates of occupancy have been issued by the appropriate governmental authority, or when any other substantial difference as a ground of distinction exists between Lots. However, Assessments must be fixed at a uniform rate for all Lots similarly situated.

SECTION 9. Commencement of Assessments. Assessments for each Lot shall commence upon the date of acceptance by an Owner of a deed from Declarant.

SECTION 10. Effect of Nonpayment of Assessments and Remedies of the Association. Any Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowable by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Lot. All unpaid installment payments of Assessments shall become immediately due and payable if an Owner fails to pay any installment within the time permitted. The Association may also establish and collect late fees for delinquent installments.

SECTION 11. Lien for Assessments. The Association may file a lien against a Lot when any Assessment levied against said Lot remains unpaid for a period of 30 days or longer.

(a) The lien shall constitute a lien against the Lot when and after the claim of lien is filed of record in the office of the Clerk of Superior Court of the county in which the Lot is located. The Association may foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes. Fees, charges, late charges, fines, interest, and other charges imposed pursuant to Sections 47E-3-102, 47F-3-107, 47F-3-107A and 47F-3-115 of the Act are enforceable as Assessments.

(b) The lien under this section shall be prior to all liens and encumbrances on a Lot except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Lot) recorded before the docketing of the claim of lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot.

(c) The lien for unpaid assessments is extinguished unless proceedings to enforce the tax lien are instituted within three years after the docketing of the claim of lien in the office of the Clerk of Superior Court.

(d) Any judgment, decree, or order in any action brought under this section shall include costs and reasonable attorneys' fees for the prevailing party.

(e) Where the holder of a first mortgage or deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust, such purchase and its heirs, successors and assigns shall not be liable for the Assessments against the Lot which became due prior to the acquisition of title to the Lot by such purchaser. The unpaid Assessments shall be deemed to be Common Expenses collectible from all of the Lot Owners including such purchaser, its heirs, successors and assigns.

(e) A claim of lien shall set forth the name and address of the Association, the name of the record Owner of the Lot at the time the claim of lien is filed, a description of the Lot, and the amount of the lien claimed.

ARTICLE V
RIGHTS OF DEVELOPER

The Declarant shall have, and there is hereby reserved to the Declarant the Special Declarant Rights as herein defined and the following rights, powers and privileges of which shall be in addition to the Special Declarant Rights and any other rights, powers and privileges reserved to the Declarant herein:

SECTION 1. The Architectural Control Committee. All duties and responsibilities conferred upon the Architectural Control Committee by this Declaration or the Bylaws of the Association shall be exercised and performed by the Declarant or its designee, so long as Declarant shall own any Lot within the Property or any Additional Property.

SECTION 2. Plan of Planned Community. The right to change, alter or redesignate the allocated planned, platted, or recorded use or designation of any of the lands constituting the Planned Community including, but not limited to, the right to change, alter or redesignate road, utility and drainage facilities and easements and to change, alter or redesignate such other present and proposed amenities or facilities as may in the sole judgment and discretion of Declarant be necessary or desirable. The Declarant hereby expresses reserves unto itself, its successors and assigns, the right to re-plot any one (1) or more Lots shown on the plat of any subdivision of the Property or Additional Property in order to create one or more modified Lots; to recombine one or more tracts shown on 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 or are needed for use as public or private roads or access areas, whether serving the Planned Community or other property or are needed for Common Elements or amenities, 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 or Common Elements.

SECTION 3. Amendment of Declaration by the Declarant. This Declaration may be amended by the Declarant, without approval or consent of Class A Members, as follows:

- A. In any respect, prior to the sale of the first Lot.
- B. Declarant subjects any Additional Property to this Declaration.
- C. To correct any obvious error or inconsistency in drafting, typing or reproduction.
- D. To qualify the Association or the Property and Additional Property, or any portion thereof, for tax-exempt status.
- E. To include any platting change as permitted herein.

F. To conform this Declaration to the requirements of any law or governmental agency having legal jurisdiction over the Property or any Additional Property or to qualify the Property or any Additional Property or any Lots and improvements thereon for mortgage or improvement loans made, insured or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of the United States Government or the State of North Carolina, regarding purchase or sale of such Lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of property, including without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Department of Veterans Affairs, U. S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially confirm to such request or suggestion. Notwithstanding anything else herein to the contrary only the Declarant, during the Developer Control Period, shall be entitled to amend this Declaration pursuant to this Section.

SECTION 4. Annexation of Additional Property. Declarant may annex to and make a part of the Planned Community all Additional Property as herein defined so long as developed in accordance with the same general scheme as the other portions of the Planned Community known as Sycamore Grove and subjected to this Declaration. Otherwise, annexation of Additional Property to the Planned Community shall require the assent of 67% of the Class A Member who are voting in person or by proxy at a meeting called for this purpose.

SECTION 5. Sales Model. So long as the Declarant shall retain ownership of any Lot, it may utilize any such Lot for offices, models or other purposes relating to the development, construction, sale or rental of Lots and dwellings, including the right to place "For Sale" or "For Rent" signs on any Lots. The Declarant may assign this limited commercial usage right to any other person or entity.

ARTICLE VI.

USE RESTRICTIONS, ARCHITECTURAL CONTROL AND MAINTENANCE

SECTION 1. Approval of Plans for Building and Site Improvements. No dwelling, wall, fence or other structure shall be commenced, erected, or maintained upon any Lot, nor shall any exterior addition to or change in or alteration therein (including painting or repainting of exterior surfaces) be made until the plans and specifications showing the nature, kind, shape, heights, materials, colors 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 Declarant, by the

Board of Directors of the Association, or by an Architectural Control Committee composed of three (3) or more representatives appointed by the Board. In the event the Declarant, or its designee, or if applicable, the Board, or the Architectural Control 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. Refusal or approval of any such plans, location or specification may be based upon any ground, including purely aesthetic and environmental considerations, that in the sole and uncontrolled discretion of the Declarant, the Board, or Architectural Control Committee shall be deemed sufficient. One copy of all plans and related data shall be furnished to the Declarant, the Board, or Architectural Control Committee, as the case may be, for its records. Neither the Declarant, its designee, the Board, nor the Architectural Control Committee shall be responsible for any structural defects or other defects in plans and specifications submitted to it, or for any defects in such structure erected according to such plans and specifications.

SECTION 2. Minimum Standards for Site Improvements.

A. Each dwelling shall have a minimum of 2400 square feet of enclosed, heated dwelling area. The term "enclosed, heated dwelling area" as used in the minimum requirements shall be the total enclosed area within a dwelling which is heated by a common heating system' provided, however, that such term does not include garages, terraces, decks, open porches, and like areas.

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, the Board, or the Architectural Control Committee, as the case may be; provided, however, that no structure shall be constructed closer to an adjoining property line than is permitted by applicable governmental regulations. Sycamore Grove has been approved by the County of New Hanover as a Residential Performance Based Subdivision, the underlying regulations for which, require that buildings situated on lots located on the periphery of the Planned Community be set back no less than twenty feet (20') from the adjoining peripheral property line.

C. The exterior of all dwellings 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, or except with a written extension for good cause shown, signed by the Declarant or Board or Architectural Control Committee.

D. All service utilities, trash cans, fuel tanks, and wood piles are to be enclosed within a wall or plant screen of a type and size approved by the Declarant, the Board or the Architectural Control Committee, so as to preclude the same from causing an unsightly view

from any highway, street or way within the subdivision, or from any other residence within the subdivision. All mail and newspaper boxes shall be uniform in design and appearance. Design for mail and newspaper boxes shall be furnished by Declarant. Clotheslines are not permitted on any Lot.

E. 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 thereto shall be constructed of concrete, brick, asphalt, or turf stone, or any other material approved by Declarant, the Board or Architectural Control Committee. On street overnight parking is not permitted. The Association has the right to have vehicles parked within street rights of way towed at the Owner's expense.

F. All light bulbs or other lights installed in any fixture located on the exterior of any building or any Lot for the purpose of permanent illumination shall be clear, white or non-frost lights or bulbs.

SECTION 3. Use Restrictions.

A. Land Use and Building type. No Lot shall be used for any purpose except for residential purposes. All numbered Lots are restricted for construction of one single-family dwelling (plus such other accessory buildings as may be approved by the Declarant, the Board of the Architectural Control Committee).

B. Nuisances. No noxious or offensive activity shall be carried on 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 or dangerous, as may diminish or destroy the enjoyment of other Lots by the Owners thereof. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept condition of buildings or grounds on the Owner's Lot which would tend to decrease the beauty of the neighborhood as a whole or the specific area.

C. 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 without the written consent of the Association or its designee; provided, however, that this shall not prevent the Declarant, its designees or assigns from maintaining a construction trailer or office on any part of the Planned Community until the construction of dwellings on all Lots and Common Elements improvements are completed.

D. Vehicles/Boats. No boat, motorboat, jet skis, camper, trailer, motor or mobile homes, recreational vehicle, tractor/trailer, or similar type vehicle, shall be parked, placed or permitted to remain on any Lot in such manner that the same is visible from the street. No inoperable vehicle or vehicle without current registration and insurance will be permitted on any Lot, street or Common Elements. The Association shall have the right to have all such vehicles

towed away at the owner's expense. No repairs to any vehicle may be made on streets or in driveways but only in garages or other areas and not visible from the street.

E. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes; provided further that they are not allowed to run free, are at all times kept properly leashed or under the control of their owner and do not become a nuisance to the neighborhood.

F. Statuary, TV Satellite Dishes and Outside Antennas. No yard statuary or TV satellite signal receiving dishes are permitted on any Lot and no outside radio or television antennas shall be erected on any Lot or dwelling unit unless and until permission for the same has been granted by the Board of Directors of the Association or its Architectural Control Committee; provided, however, satellite dishes not over 18" in diameter which cannot be seen from the street are permitted.

G. Signs. No sign(s) may be placed or maintained on any Lot or street except one "for sale" sign, which shall not exceed two feet by three feet in size, street and traffic control signs approved by the Association or the appropriate governmental authority, and signs placed or maintained by the Developer, Association or their agents.

H. Fencing. Wood fencing will generally be approved if no greater than six feet (6') in height and located in the rear yard and up to the rear of the house. No chain link fence shall be permitted on any Lot. Fencing plans must be submitted to the Architectural Review Committee for approval for design, material and location on the Lot.

I. Subdividing. Subject to any rights reserved to the Declarant herein, 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 of Directors of the Association.

SECTION 4. Lot Maintenance. Each Owner shall keep his/her Lot free from weeds, underbrush or refuse piles, dead trees, or unsightly growth or objects; and all shrubs, trees, grass and plantings shall be kept neatly trimmed and properly cultivated. Each Owner shall keep any drainage easement which crosses his/her respective Lot, as shown on the recorded subdivision map(s), clean and free of debris or other obstruction. More substantive required maintenance regarding drainage easements for continued compliance with State required storm water runoff permits shall be the responsibility of the Association.

SECTION 5. Building Maintenance. Each Owner shall maintain the exterior of all buildings, walls, fences, sheds and other improvements on his/her/its Lot in good condition and repair, and shall promptly replace worn and rotten parts, and shall repaint all painted surfaces as needed, and shall not permit the roofs, rain gutters, downspouts, exterior walls, windows, doors, or other exterior portions of the improvements to deteriorate in an unattractive, dilapidated manner. If necessary, the maintenance referenced herein shall be supervised and regulated by

the Association through its Architectural Control Committee as herein provided. In the event that an Owner shall fail to comply with these maintenance requirements, the Association is hereby expressly authorized but not obligated, and such Owner hereby expressly agrees, that said maintenance and/or repair may be effected by the said Association with the expenses incurred for the same to be assessed against the individual Lot so affected, as a special assessment.

SECTION 6. Road Maintenance. The streets, as shown on the recorded plat of Sycamore Grove, have been dedicated to the public, pending final North Carolina Department of Transportation approval and inclusion into the state system for maintenance responsibilities. Until such final approval by the State is given, the Association shall be responsible for all maintenance and repair of said streets; however, each Owner shall be responsible to promptly repair damage done to any street in Sycamore Grove, caused by such Owner's construction activity, or the construction activity of such Owner's contractors, subcontractors or materialmen, and in particular to promptly repair damage to streets arising from the transportation of construction material, machinery and equipment over said streets to and from Owner's Lot.

ARTICLE VII

LOTS SUBJECT TO DECLARATION/ENFORCEMENT

SECTION 1. Lots Subject to Declaration. The covenants and restrictions contained in this Declaration are for the purpose of protecting the value and desirability of the Planned Community known as Sycamore Grove, all Phases, Additional Properties, and the Lots contained therein. 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 run with and bind the land and shall bind any person having at any time any interest or estate in any Lot, their heirs, successors and assigns, as though such provisions were made a part of each and every deed of conveyance or lease, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated by the Lot Owners.

SECTION 2. Enforcement and Remedies. The covenants and restrictions of this Declaration shall inure to the benefit of and be enforceable (by proceedings at law or in equity) by the Association, or the Owner of any Lot, their respective legal representatives, heirs, successors and assigns, or as otherwise provided herein by the State of North Carolina. The Executive Board shall be entitled to enforce its Articles of Incorporation, Bylaws and Rules and Regulations. In addition to the remedies otherwise provided for herein concerning the collection of Assessments, the following remedies shall be available: